MEJORITY
CAPITAL LIMITED

ANNUAL REPORT

CONTENTS

CHAIRMAN AND CEO'S LETTER

Mejority Capital reports the full year financial report of the consolidated entity (the "Group") consisting of Mejority Capital and its controlled entities for the year ending 30 June 2019.

The year has been a transformational period for the business amidst an overall challenging environment for financial services. This has seen the Company's profitability adversely impacted by the negative performance of the Company's Asian focused investment portfolios in the past 12 months.

Marked-to-market, the Asia portfolios were down approximately A$540,000 during the year. Overall the final position was a fair value loss of A$299,000.

The Company also impaired a further A$140,000 related to a rental bond for the previously divested Hong Kong operations.

The result has been further impacted by 'one off' items attributable to the Company's expansion strategy as noted below:

The Company's controlling interest in Smart Money Company ("SMC") has required a significant restructuring which has resulted in some one-off costs related to redundancy payments and occupancy expenses. A significant reduction in staff costs and occupancy costs between SMC and Pinnacle Securities has resulted in both operations now trading profitably.

The company's cash position has reduced in the year with the purchase of a strata office to headquarter the business operations. The Executive and Board continue to closely monitor the company's cash position and its future requirements. However, cash is also supported by liquid equity positions as required.

Yours sincerely,

Simon Lill
Chairman
Sydney, 30 September 2019

Neil Sheather
CEO & Director

Your directors present their report together with the consolidated financial statements of the Group comprising of Mejority Capital Limited (the 'Company') and its subsidiaries for the financial year ended 30 June 2019 and the auditor's report thereon.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report unless otherwise indicated:

DIRECTORS	Mr. Simon Lill (appointed 18 May 2011)
	Mr. Neil Sheather (appointed 10 November 2014)
	Dato Soon Woei Wong (appointed 05 April 2016)
	Damion Ryan (appointed 15 June 2018)

PRINCIPAL ACTIVITIES

The Group is a diversified financial services firm with operations in Australia. The Group provides a wide range of financial services including corporate advisory, funds management and wealth management to retail, wholesale, and corporate clients.

The Group's key objective is to create and grow the wealth for all stakeholders, including our clients and shareholders. We seek to meet these objectives by delivering tailored financial solutions in an efficient, transparent and customer focused approach. A key target for the Group in achieving its stated aims in the coming twelve months is to expand its' client base and improve its customer retention, through geographical expansion and key personnel appointments. It will also seek to grow its Corporate Authorised Representative base.

FINANCIAL REVIEW

The net loss after tax for the year ended 30 June 2019 was $1,208,901 (2018: net profit of $215,711).

The Group's revenues from core operations were $2,030,987 and remain consistent compared to the previous year (2018: $2,051,100).

The Group maintained a commitment to its proprietary investment portfolios, by investing additional capital during the year. The portfolio performance in the second half of the year was disappointing, with the main contributors being increased volatility in a number of Asian markets along with stock specific factors.

The fair value loss in financial assets for the financial year was $299,048 (2018: $341,458).

The Group sold one of its subsidiaries, Pinnacle Adviser Services for $70,000 and made a gain on sale of $6,311.

A significant restructure has been undertaken for the acquired business of Smart Money Company during the 2019 financial year. The non-recurring restructuring expenses amounted to $378,049.

DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group sold one of its subsidiaries, Pinnacle Adviser Services for $70,000 and made a gain on sale of $6,311.

A significant restructure has been undertaken for the acquired business of Smart Money Company during the 2019 financial year. The non-recurring restructuring expenses amounted to $378,049.

LIKELY DEVELOPMENTS

The Group continues to evaluate various opportunities to expand the revenue and earnings base through adding more advisers and advisory groups.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There was no other matter or circumstance that has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

INFORMATION ON DIRECTORS

CURRENT

MR. SIMON LILL *Chairman* Age 57

Experience and expertise

Mr. Lill has a BSc and a Masters of Business Administration, both from The University of Western Australia. He has a background of over 30 years of stockbroking, capital raising, management, business development and analysis for a range of small and start-up companies, both in the manufacturing and resources industries. In recent times he has specialised in turn-around situations, working to assist companies return to ASX trading from having been placed in administration.

Other current directorships

Company	**Date Appointed**	**Date Ceased**
Purifloh Limited	2 September 2013	Continuing
De Grey Mining Limited	4 October 2013	Continuing
XPD Soccer Gear Limited	28 March 2018	Continuing

Former Directorships in Last Three Years
None

Interests in shares and options as at the date of this report:

Ordinary fully paid shares	10,000
Options over ordinary shares	-

INFORMATION ON DIRECTORS (CONTINUED)

MR. NEIL SHEATHER *Executive director* Age 49

Experience and expertise

Mr. Sheather has held senior positions in the stockbroking industry for over 20 years, including directorships, responsible executive and management roles. He has also more recently held portfolio management responsibilities. He has supplemented these roles with a Graduate Diploma of Applied Finance and a Masters of Business Administration from Newcastle University.

Mr. Sheather has run the Australian operations on behalf of the Group since inception and has been instrumental in the last 12 months in gradually re-structuring the financial outcomes of those operations.

Other current directorships

Company	**Date Appointed**	**Date Ceased**
Siburan Resources Limited	28 July 2016	Continuing
XPD Soccer Gear	28 March 2018	Continuing

Former directorships in last 3 years
None

Interests in shares and options as at the date of this report:

Ordinary fully paid shares	5,636,155
Options over ordinary shares	-

DATO ("SIR") SOON WOEI WONG *Non - Executive director Age 52*

Dato Wong was an academic and athletic scholar. He holds a B.Sc. (Cum Laude) and a MBA (Hons) in Finance from Oral Roberts University, USA. He was in the National Dean's List and Who's Who Among Students in American Colleges and Universities. He was conferred the Most Outstanding MBA Student Award 1992, Oral Roberts University Graduate School of Business.

He has 25 years of business experience spanning between Shanghai, Hong Kong, Kuala Lumpur, Australia and South Africa with interests in property development, financial services, bio-technologies, green energy, enterprise solutions and investments in PLCs.

He is a Certified Wellness Planner (Open University Malaysia); currently the President of Wellness Living Society of Malaysia, Deputy President of the American Universities Alumni Association of Malaysia (AUAM) and Honorary Chairman of Pertubuhan Kebajikan Sayang Anak-Anak Yatim KL & Selangor.

Other current directorships
None

Former directorships in last 3 years
None

Interests in shares and options as at the date of this report:

Ordinary fully paid shares	2,500,000
Options over ordinary shares	-

INFORMATION ON DIRECTORS (CONTINUED)

DAMION RYAN *Executive director Age 48*

Damion Ryan has over 20 years of experience in financial services. He started in the industry in 1996 as a SEATS operator with CommSec.

Since then he has held numerous roles on the retail and institutional dealing desks from CSFB to CMC Markets Stockbroking. Most recently, he was the managing director at CMC Markets Stockbroking for 7 years, prior to which he had been acting as general manager.

Other current directorships
None

Former directorships in last 3 years
None

Interests in shares and options as at the date of this report:

Ordinary fully paid shares	Nil
Options over ordinary shares	Nil

COMPANY SECRETARY

Mr. Simon Lill

MEETING OF DIRECTORS

The number of meetings of the Company's Board of Directors held in the 12 months to 30 June 2019 and the number of meetings attended by each Director were:

	Directors Meetings	
	Eligible	**Attended**
Simon Lill	5	5
Neil Sheather	5	5
Soon Wong	5	1
Damion Ryan	5	5

SHARES UNDER OPTION

No options have been granted since the end of the previous financial year (2018: Nil). At the date of this report, the Company did not have any listed class options over unissued ordinary shares. There were no shares issued on the exercise of options during the financial year.

REMUNERATION REPORT (AUDITED)

This report outlays the remuneration arrangements in place for the Directors of Mejority Capital Limited. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The following were key management personnel of the Group at any time during the year and unless otherwise indicated were key management personnel for the year:

Non-Executive Chairman:	Mr. Simon Lill
Managing Director:	Mr. Neil Sheather
Executive Director	Mr Damion Ryan (appointed 15 June 2018)
Non-Executive Director:	Mr. Soon Wong

Remuneration philosophy – (Audited)

The Board reviews the remuneration packages applicable to the executive and non-executive Directors on at least an annual basis. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties, responsibilities, and level of performance and that the remuneration is competitive in attracting, retaining, and motivating people of the highest quality. Independent advice on the appropriateness of remuneration packages is obtained, where necessary, although no such independent advice was sought during the financial year.

Remuneration committee – (Audited)

The Group does not have a formally constituted remuneration committee of the Board. The Directors consider that the Group is not currently of a size nor are its affairs of such complexity as to justify the formation of a Remuneration committee. The Board assesses the appropriateness of the nature and amount of remuneration of Directors and its senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and management team.

Remuneration policy objective and structure – (Audited)

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The present limit of approved aggregate remuneration is $400,000 per year.

The Board reviews the remuneration packages applicable to the non-executive Directors on an annual basis. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

It has been agreed that all non-executive Directors will be paid a fee of $3,000 per month, with the Chairman paid a fee of $5,000 per month. Non-executive Directors may also be remunerated for additional services performed at the request of the Board.

Executive Directors remuneration – (Audited)

Objective

The Group aims to reward the Executive Directors with a level of remuneration commensurate with their position and responsibilities within the Group so as to:

- align the interests of the Executive Directors with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

REMUNERATION REPORT (AUDITED) (CONT'D)

Service agreements – *(Audited)*

Mr. Sheather has a formal employment agreement which came into effect from 29 June 2015, the trigger being the Company's ASX reinstatement. The agreement provides for monthly remuneration of $18,500 per month, for which he provides management, Responsible Officer and Director services. The agreement is reviewed annually and has allowances for variable based performance increases to salary, payable on an annual basis.

Mr Damion Ryan has a formal employment agreement which came into effect from 1 November 2017. Mr Ryan was appointed as Director on 15 June 2018. The agreement provides for monthly remuneration of $10,833.33 per month, for which he provides management and Responsible Officer services. An additional fee of $3,000 per month is paid for his Director services to the Company.

The following tables outlines the remuneration arrangements in place for the Directors and key management personnel (KMP) of the Group both in 2019 and the prior year.

(a) Details of remuneration – (Audited)

2019		**Short-term**		**Long-term**		
Name	**Director Fees and Salaries**	**Consulting Fees**	**Cash Bonus**	**Super-annuation**	**Total**	**Options as Percentage of Remuneration**
	$	**$**	**$**		**$**	**%**
Directors						
S Lill[1]	60,000	-	-	-	60,000	0%
N Sheather[2]	248,000	-		19,000	267,000	0%
S Wong	36,000	-	-	-	36,000	0%
D Ryan	166,000	-	-	12,350	178,350	0%
Total	**510,000**	**-**	**-**	**31,350**	**541,350**	

2018		**Short-term**		**Long-term**		
Name	**Director Fees and Salaries**	**Consulting Fees**	**Cash Bonus**	**Super-annuation**	**Total**	**Options as Percentage of Remuneration**
	$	**$**	**$**		**$**	**%**
Directors						
S Lill[1]	60,000	-	-	-	60,000	0%
N Sheather[2]	228,121	-	65,000	6,333	299,454	0%
M Chew	23,991	-	-	-	23,991	0%
S Wong	36,000	-	-	-	36,000	0%
D Ryan	13,833	-	-	1,029	14,862	0%
Total	**361,945**	**-**	**65,000**	**7,362**	**434,307**	

[1] The Director fees and salaries paid to Mr. Simon Lill also include his duties as Group Company Secretary.
[2] Mr Neil Sheather was awarded bonuses for the successful divestment of Mejority Securities Ltd (HK).

REMUNERATION REPORT (AUDITED) (CONT'D)

(b) Listed option-holdings of Key Management Personnel – (Audited)

The movement during the reporting period, by number of options over ordinary shares in the Company held, directly, indirectly, or beneficially, by each key management person, including their related parties, is as follows:

2019 **Name**	**Opening Balance 1 July 2018**	**Additions/ (option expired)**	**Other***	**Closing Balance 30 June 2019**
KMP				
Options over ordinary shares				
S Lill	-	-	-	-
N Sheather	-	-	-	-
S Wong	-	-	-	-
D Ryan	-	-	-	-
Total	**-**	**-**	**-**	**-**

2018 **Name**	**Opening Balance 1 July 2017**	**Additions/ (option expired)**	**Other***	**Closing Balance 30 June 2018**
KMP				
Options over ordinary shares				
S Lill	10,000	(10,000)	-	-
N Sheather	626,700	(626,700)	-	-
M Chew	-	-	-	-
S Wong	2,500,000	(2,500,000)	-	-
D Ryan	-	-	-	-
Total	**3,126,700**	**3,126,700**	**-**	**-**

The listed options were all issued during the 2015 financial year and all options expired during the year. There were no Options issued to Directors during the year or previous years by way of remuneration.

(c) Shareholdings of Key Management Personnel – (Audited)

The movement during the reporting period in the number of ordinary shares in Mejority Capital Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2019 **Name**	**Opening Balance 1 July 2018**	**Purchased**	**Other***	**Closing Balance 30 June 2019**
KMP				
Ordinary shares				
S Lill	10,000	-	-	10,000
N Sheather	5,536,155	100,000	-	5,636,155
S Wong	2,500,000	-	-	2,500,000
D Ryan	-	-	-	-
Total	8,046,155	100,000	**-**	8,146,155

* Other changes represent shares held at the time the Director commenced or ceased to be a director of the Company.

2018 **Name**	**Opening Balance 1 July 2017**	**Purchased**	**Other***	**Closing Balance 30 June 2018**
KMP				
Ordinary shares				
S Lill	10,000	-	-	10,000
N Sheather	3,805,475	1,730,680	-	5,536,155
M Chew	18,857,547	-	-	18,857,547
S Wong	2,500,000	-	-	2,500,000
D Ryan	-	-	-	-
Total	**25,173,022**	**1,730,680**	**-**	**26,903,702**

* Other changes represent shares held at the time the Director commenced or ceased to be a director of the Company.

(d) Share based compensation – (Audited)

The Company has not granted any options over unissued ordinary shares or ordinary fully paid shares during or since the end of the financial year to any Directors or officers as part of their remuneration (2018: Nil).

There were no shares granted during the reporting period as compensation (2018: Nil).

(e) Other transactions and balances with Key Management Personnel – (Audited)

There were no director fees payable to Mr Neil Sheather as at balance date (2018: $4,400).

There were no other transactions or balances with key management personnel, other than as reported within this report. (2018: Nil).

Shares Issued as a Result of Exercise of Options – (Audited)

No shares of Mejority Capital Limited were issued during or since the end of the financial year ended 30 June 2019 as a result of the exercise of an option (2018: Nil).

Voting at the 2018Annual General Meeting – (Audited)

At the 2018 AGM, 99.8% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018.

Consequences of performance on shareholder wealth – (Audited)

In considering the Group's performance and benefits for shareholder wealth, the Board of Directors have regard to the following indices in respect of the current financial year and the previous four financial years[1]:

	2019	**2018**	**2017**	**2016**	**2015**
Profit/(loss)[2] attributable to owners of the Company ($)	(1,071,940)	215,711	(810,272)	(3,120,775)	(98,115)
Dividends paid (cents)	Nil	Nil	Nil	Nil	Nil
Change in share price	(0.001)	0.007	(0.020)	(0.160)	0.195

[1] The Group commenced financial services trading operations during the financial year ended 30 June 2015, and on 29 June 2015, was reinstated to trading on the ASX.
[2] Profit or loss amounts have been calculated in accordance with Australian Accounting Standards (AASBs).

The overall level of key management personnel's compensation is assessed on existing remuneration agreements, level of underlying revenues provided by the KMP and financial performance of the Group.

End of Remuneration Report (audited)

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's Constitution requires it to indemnify directors and officers of any entity within the Group against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the Company's auditors under the terms of their engagement.

The Directors and officers of the Group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium paid was $49,308 and relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome;
- other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings other than as disclosed within this report.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services are reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for audit services provided by the auditor (Crowe South QLD) of the Company, its related practices and non-related audit firms. There were no non-audit services provided by the auditor during the year.

	2019	**2018**
	$	**$**
(a) Audit services		
Crowe South QLD		
- Audit and review of financial reports	**78,000**	**83,500**

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13, and forms part of the directors' report for the financial year ended 30 June 2019.

This report is made in accordance with a resolution of directors.

Simon Lill
Chairman

Sydney, 30 September 2019

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Auditor's Independence Declaration

As auditor of Mejority Capital Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mejority Capital Limited during the year.

Crowe South QLD
Crowe South QLD

Logan Meehan
Partner – Audit & Assurance

Gold Coast
Date: 30 September 2019

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $	2018 $
Continuing Operations			
Revenue			
Rendering of services	3	**1,938,350**	2,013,399
Gain on sale of investment		**6,311**	-
Interest income		**395**	7,935
Property rental income		**12,924**	-
Other income		**79,712**	37,701
		2,037,692	2,059,035
Expenses			
Product commissions		**(613,610)**	(935,752)
Audit fees		**(78,000)**	(83,500)
Corporate and professional expenses		**(1,215,770)**	(876,689)
Change in fair value of equity investments at fair value through profit or loss		**(299,048)**	(341,458)
Impairment of receivables		**(139,414)**	-
Depreciation expense	4	**(26,875)**	(8,672)
Amortisation expense	4	**(9,500)**	-
Employee expenses		**(160,390)**	(139,577)
Restructuring expenses	4	**(378,049)**	-
Occupancy expenses		**(211,055)**	(133,017)
Interest & finance expenses	4	**(91,791)**	(12,127)
Other expenses		**(23,091)**	(30,304)
LOSS BEFORE INCOME TAX		**(1,208,901)**	(502,061)
Income tax benefit/(expense)		**-**	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(1,208,901)**	(502,061)
DISCONTINUED OPERATION			
Profit from Discontinued operations, after income tax		**-**	717,772
(LOSS)/PROFIT AFTER TAX FOR THE YEAR		**(1,208,901)**	215,711
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Transfer of foreign currency translation to gain on disposal of subsidiary in profit or loss		**-**	20,902
TOTAL OTHER COMPREHENSIVE (LOSS)/PROFIT		**(1,208,901)**	236,613
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		**(1,208,901)**	236,613
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		**(1,071,940)**	215,711
NON-CONTROLLING INTEREST		**(136,961)**	-
		(1,208,901)	215,711

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	CONSOLIDATED 2019	2018
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		**(1,071,940)**	215,711
NON-CONTROLLING INTEREST		**(136,961)**	-
		(1,208,901)	215,711
(LOSS)/EARNINGS PER SHARE			
Basic and diluted (cents)	17	**(0.99)**	0.18
Basic and diluted (cents) – continuing operations	17	**(0.99)**	(0.41)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	CONSOLIDATED 2019	2018
ASSETS		**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	6	**248,415**	1,017,234
Trade and other receivables	7	**150,462**	486,114
Other investments	8	**3,309,862**	3,415,502
Prepayments		**54,400**	135,263
TOTAL CURRENT ASSETS		**3,763,139**	5,054,113
NON-CURRENT ASSETS			
Intangibles	10	**85,500**	-
Goodwill	10	**241,429**	-
Property, plant and equipment	12	**1,117,087**	16,584
TOTAL NON-CURRENT ASSETS		**1,444,016**	16,584
TOTAL ASSETS		**5,207,155**	5,070,697
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**451,829**	165,000
Contract liabilities		**40,790**	-
Loans and borrowings	14	**1,055,360**	-
TOTAL CURRENT LIABILITIES		**1,547,979**	165,000
NON-CURRENT LIABILITIES			
Loans and borrowings	14	**-**	-
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**1,547,979**	165,000
NET ASSETS		**3,659,176**	4,905,697
EQUITY			
Issued capital	15	**8,715,533**	8,715,533
Accumulated losses	16	**(4,881,776)**	(3,809,836)
Total equity attributable to equity holders of the Company		**3,833,757**	4,905,697
Non-controlling interest		**(174,581)**	-
TOTAL EQUITY		**3,659,176**	4,905,697

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED	ISSUED CAPITAL $	RESERVES $	ACCUMULATED LOSSES $	NON-CONTROLLING INTERESTS $	TOTAL $
BALANCE AT 1 JULY 2017	8,715,533	(20,902)	(4,025,547)	-	4,669,084
Profit attributable to members of the parent entity	-	-	215,711	-	215,711
Exchange differences arising from the translation of foreign operations	-	20,902	-	-	20,902
Total comprehensive income for the year, net of tax	-	20,902	215,711	-	236,613
Transactions with owners of the Company recognised directly in equity					
Shares issued	-	-	-	-	-
BALANCE AS AT 30 JUNE 2018	8,715,533	-	(3,809,836)	-	4,905,697

CONSOLIDATED	ISSUED CAPITAL $	RESERVES $	ACCUMULATED LOSSES $	NON-CONTROLLING INTERESTS $	TOTAL $
BALANCE AT 1 JULY 2018	**8,715,533**	**-**	**(3,809,836)**	-	**4,905,697**
Loss attributable to members of the parent entity	**-**	**-**	**(1,071,940)**	**(136,961)**	**(1,208,901)**
Transfer of foreign currency translation reserve to gain on disposal of subsidiary in profit or loss	**-**	**-**	**-**	**-**	
Total comprehensive loss for the year, net of tax	**-**	**-**	**(1,071,940)**	**(136,961)**	**(1,208,901)**
Transactions with owners of the Company recognised directly in equity					
Changes in ownership interests in subsidiaries					
Acquisition of subsidiary with non-controlling interests	**-**	**-**	**-**	**(37,620)**	**(37,620)**
BALANCE AS AT 30 JUNE 2019	**8,715,533**	**-**	**(4,881,776)**	**(174,581)**	**3,659,176**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**2,045,832**	2,075,890
Payments to suppliers and employees		**(2,354,908)**	(2,873,044)
Interest income		**395**	935
Interest and other finance costs		**(44,631)**	(12,127)
Income tax paid		**-**	-
Net movement in client monies		**(1,079)**	(66,742)
Net cash (used)/provided in operating activities	25	**(354,391)**	(875,088)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		**(1,127,378)**	(6,181)
Payments for listed equities		**(385,399)**	(1,144,328)
Payments for other investments		**(230,000)**	-
Payment for subsidiaries, net of cash acquired		**(90,000)**	
Deposit paid for investments		**-**	(90,000)
Loan repayment from third party		**100,000**	
Investment loan to third party		**-**	(100,000)
Proceeds from sale of other investments		**240,000**	-
Proceeds from sale of direct equity investments		**191,989**	717,391
Disposal of subsidiary, net of cash disposed of		**-**	999,665
Dividends		**1,000**	1,891
Net cash (used)/provided by investing activities		**(1,299,788)**	378,438
CASH FLOW FROM FINANCING ACTIVITIES			
Loan for property acquisition		**1,100,000**	-
Repayment of loan		**(214,640)**	-
Net cash (used)/provided in financing activities		**885,360**	-
Net (decrease)/increase in cash held		**(768,819)**	(496,650)
Cash at beginning of year		**1,017,234**	1,504,182
Net foreign exchange differences		**-**	9,702
Cash and cash equivalents at end of year	6	**248,415**	1,017,234
Cash and cash equivalents held by continuing operations		**248,415**	1,017,234

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The consolidated general purpose financial statements for Mejority Capital Limited (the 'Company') and its subsidiaries (the 'Group') have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). These financial statements have been prepared on an accruals basis on historical cost convention, except for the following items in the Consolidated Statement of Financial Position:

- Financial Investments – Equity based financial assets measured at fair value through profit or loss are measured at fair value.

Mejority Capital Limited is a for-profit entity for the purpose of preparing the financial statements. Its principal activity is the provision of broking, investment management and corporate services within the financial services sector in Australia.

Mejority Capital Limited is the Group's Ultimate Parent Company, and is a Public Company incorporated and domiciled in Australia.

The consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 30 September 2019.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a degree of judgement or complexity, or areas where assumptions and estimates have been made in the preparation of the financial statements are disclosed in Note 2.

SUMMARY ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Going concern

The financial report has been prepared on a going concern basis which assumes the commercial realisation of the future potential of the Group's assets and discharge of its liabilities in the normal course of business. The Group recorded a net loss of $1,208,901 (2018: profit of $215,711) for the year ended 30 June 2019, net operating cash outflow of $354,391 (2018: 875,088) and has cash and cash equivalents balance of $248,415 (2018: $1,017,234).

Notwithstanding the accumulated losses and operating cash outflows, the Directors believe that it is appropriate to prepare the financial statements on the going concern basis for the following reasons:

(i) The projected business cash flows as at the date of this report suggests that the Group will generate sufficient revenues to meet its business and corporate running costs.

(ii) The Group has financial assets totalling $3,309,862 which can be converted to cash within 12 months.

(iii) The Group also has the capacity to raise additional funds at an appropriate time in the future.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Going concern (Continued)

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

(b) Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 30 June 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(c) Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(d) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker(s) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Rendering of services
Revenue arising from brokerage, commissions, fee income and corporate finance transactions are recognised by the Group on an accruals basis as and when services have been provided, which is deemed to be the trade date of the transaction. Provision is made for uncollectible debts arising from such services.

(ii) Interest income
Interest income is recognised on a time proportion basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Dividend income
Dividends are bought to account as revenue when the right to receive the payment is established.

(iv) *Education and administration income*
Revenue arising from education agreements and administration services are recognised by the Group on an accruals basis as and when services have been provided, which is deemed to be the trade date of the transaction. Provision is made for uncollectible debts arising from such services.

(f) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax base of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Financial leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, plant and equipment

Properties, office, IT and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Properties, office, IT other equipment are subsequently measured using the cost model, less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of properties, office, IT and other equipment. The following useful lives are applied:

- Properties: 25-50 years
- Office and IT equipment: 2-5 years
- Other equipment: 3-12 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(l) Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification of financial assets and financial liabilities

Policy applicable from 1 July 2018

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

Loans and receivables are now classified as amortised cost.

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL:
– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Net gains (apart from dividends) and losses are recognised in OCI and are never reclassified to profit or loss.

1.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows;
– prepayment and extension features; and
– terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment

Financial instruments and contract assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL: – debt securities that are determined to have low credit risk at the reporting date; and – other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is more than 90 days past due.

(l) Financial instruments (continued)

Measurement of ECLs

Policy applicable before 1 July 2018

The Group classified its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at a fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (continued)

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Intangible assets

Recognition of intangible assets

Financial markets trading rights and licences are capitalised on the basis of the costs incurred to acquire. These licences have an infinite life and as such and not amortised but are subject to annual impairment testing.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(r) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(s) Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at the foreign exchange rate ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Assets held for sale and discontinued operations

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Adoption of New and Revised Accounting Standards

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

- **AASB 9** ***Financial Instruments***

The Company has adopted AASB 9 *Financial Instruments* which came effective in the current year.

The requirements of AASB 9 represent a significant change from AASB 139 *Financial Instruments: Recognition and Measurement.*

The nature and effects of the key changes to the Company's accounting policies resulting from its

adoption of AASB 9 are summarised below. The change in accounting policy has not had a significant impact on the Company's financial results.

- **AASB 15** ***Revenue from Contracts with Customers***

The AASB has issued a new standard AASB 15: *Revenue from Contracts from Customers* for the recognition of revenue, which came in effect from 1 July 2018. This has replaced AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

ASSB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

The Company has assessed the financial impact of the new standard and it does not have a significant impact on the Company's revenue recognition policies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) New Accounting Standards for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	**AASB 16 *Leases***
Nature of Change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $149,921. The group has assessed that these lease commitments will likely become finance leases under the new standard, and hence an asset and corresponding financial liability of approximately $149,921 will be recognised upon adopting the new standard.
Mandatory application date	Must be applied for financial years commencing on or after 1 January 2019. The group does not currently intend to adopt AASB 16 before its mandatory date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

i) Fair value measurement hierarchy (refer to Note 19)

The Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 (if any) is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Intangible assets

The fair value of customer relationships acquired in a business combination is based on the based on the multi-period excess earnings method whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

ii) Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

iii) Unrecognised deferred tax asset

Recognised and unreccognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

3. RENDERING SERVICES INCOME

The group derives the following types of services income:

	CONTINUING OPERATIONS		DISCONTINUED OPERATION*		TOTAL	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Trading commissions	**1,481,691**	1,912,983	**-**	58,988	**1,481,691**	1,917,971
Corporate transaction fees	**175,189**	100,416	**-**	-	**175,189**	100,416
Education and administration services	**281,470**	-	**-**	-	**281,470**	-
	1,938,350	2,013,399	**-**	58,988	**1,938,350**	2,072,387

**Discontinued – see note 9*

4. EXPENSES

Profit/(Loss) before income tax includes the following specific expenses:

	CONSOLIDATED	
	2019	2018
	$	$
Depreciation	**26,875**	8,672
Amortisation	**9,500**	-
Interest & finance expenses	**91,791**	12,127
Impairment of receivables - Deposit from Hong Kong lease	**139,135**	-
Restructuring costs	**378,049**	-

5. INCOME TAX

	CONSOLIDATED	
	2019	2018
	$	$
The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group at 27.5% (2018: 27.5%) and the reported tax expense in profit or loss are as follows:		
(a) Tax expense comprises:		
Current tax		
Deferred income tax relating to origination and reversal of temporary differences:	**-**	**-**
Origination and reversal of temporary differences	**-**	**-**
	-	**-**
Deferred tax expense relating to share issue costs		-
(b) *Accounting profit/(loss) before tax*	**(1,208,901)**	215,711
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018 – 27.5%)	**(332,448)**	59,321
Expenditure not allowed for income tax purposes – other	**2,613**	98,072
Movement in unrecognized deferred tax balances due to change in tax rate	**-**	3,387
Deferred tax asset losses not brought to account	**(96,092)**	192,953
Under provision in respect of prior years	**425,927**	-
Gain not recognized for income tax purposes	**-**	(353,732)
Income tax (benefit)/expense	**-**	-
(c) *Recognised Deferred Tax Balances*		
Deferred tax asset	**-**	-
Deferred tax liability	**-**	-
(d) Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Unrecognised deferred tax asset - losses	**701,168**	766,172
Unrecognised deferred tax asset - other	**63,965**	95,053
	765,133	861,225

5. INCOME TAX (CONTINUED)

(e) Deferred Tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

Consolidated Group	Opening Balance $	Recognised in Profit or Loss $	Recognised in Other Comprehensive Income $	Closing Balance $
Deferred Tax liability				
Fair value gain investments	(62,359)	62,359	-	-
Unrecognised DTL's – not brought to account	62,359	(62,359)	-	-
	-	-	-	-
Deferred Tax assets				
Trade & other receivables	21,373	-	-	21,373
Accruals	22,522	17,118	-	39,640
Capital raising costs	28,276	(25,324)	-	2,952
Unrealised FX losses	85,241	(85,241)	-	-
Unused tax losses	766,172	(65,004)	-	701,168
DTA to offset DTL	(62,359)	62,359	-	-
Unrecognised DTA's – not brought to account	(861,225)	96,092	-	(765,133)
	-	-	-	-

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilize these benefits.

6. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2019 $	2018 $
Cash at Bank (i)	**248,415**	1,017,234
Total cash and cash equivalents	**248,415**	1,017,234

(i) Reconciliation to cash and cash equivalents at the end of the financial year:

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows

Balances as above	**248,415**	1,017,234
Balances per statement of cash flows	**248,415**	1,017,234

(ii) The prior year Included an amount of $1,077 which is related to monies held on behalf of clients. The corresponding liability is disclosed in Note 13.

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2019 $	2018 $
Trade receivables (i)	**172,859**	190,949
Impairment of receivables	**(77,720)**	(100,429)
Loans	**-**	159,830
GST Receivable	**-**	17,062
Office rental bonds	**24,136**	166,271
Other	**31,187**	52,431
	150,462	486,114

(i) *Classification as trade and other receivables*
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) *Fair values of trade and other receivables*
Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(iii) *Impairment and risk exposure*
All of the Group's receivables have been reviewed for indicators of impairment. Information about the impairment of receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 18.

8. OTHER INVESTMENTS

Other investments are classified as financial assets at fair value through profit or loss as are all equity instruments held for trading. The investments comprised primarily of listed companies on the ASX and Malaysian Stock Exchange.

	CONSOLIDATED 2019 $	2018 $
Current		
Financial assets at fair value through profit or loss (level 1)		
ASX Listed equity securities (i) (ii)	**542,208**	461,893
Derivatives (i) (ii)	**1,017,703**	920,186
Listed equity securities portfolio (i) (ii)	**1,749,951**	1,983,423
	3,309,862	3,365,502
Financial assets held at cost		
Convertible notes in unlisted company (iii)	**-**	50,000
	-	50,000
	3,309,862	3,415,502

8. OTHER INVESTMENTS (CONTINUED)

(i) Classification of financial assets at fair value through profit or loss

The Group classifies equity based financial assets at fair value through profit or loss if they are acquired principally for trading (i.e. selling in short-term). They are presented as current assets as they can be easily converted into cash in less than 12 months.

(ii) Amounts recognised in profit or loss

Changes in the fair values of financial assets at fair value has been recorded through the profit or loss, and represent a loss of $299,048 for the year (2018: $341,458).

(iii) Converting notes

The Group holds converting notes in an unlisted junior explorer company. These notes will convert to equity in the event of an IPO at the lower of either the IPO price or any previous capital raising price. Due to the fact that the issuing company is not listed, it is in the start-up stages of mining exploration and a reliable fair value estimate can not be made at 30 June 2019 the converting notes have been written off.

9. DISCONTINUED OPERATION

(a) Results of discontinued operation

In February 2018, the Group sold its Hong Kong/China broking services segment. Management committed to a plan to sell this segment in December 2016 following a strategic decision to reduce its broking services activities in South East Asia. The assets and liabilities in MEJority Securities Limited were therefore classified as held for sale from 31 December 2016 and were presented as a discontinued operation in the prior year financial statements.

	2019	2018
	$	$
Results of discontinued operation		
Revenue	-	58,988
Other income	-	29,801
Expenses	-	(649,478)
Loss from operating activities	-	(560,689)
Income tax expense	-	-
Loss from operating activities, net of income tax	-	(560,689)
Gain on sale of discontinued operation	-	1,298,670
Loss on transfer of foreign currency translation reserve to profit or loss	-	(20,209)
Profit /(Loss) for the period	-	717,772
Basic and diluted earning/(loss) per share (cents)	-	(0.59)
Cash flows used in discontinued operation		
Net cash used in operating activities	-	(414,345)
Effect on cash flows	-	(414,345)

10. INTANGIBLE ASSETS AND GOODWILL

A. Reconciliation of carrying amount

	Goodwill	Customer list	Total
	$	$	$
Balance at 1 July 2018	-	-	-
Acquisition through business combinations	**241,429**	**95,000**	**336,429**
Amortisation	-	**(9,500)**	**(9,500)**
Impairment loss	-	-	-
Balance at 30 June 2019	**241,429**	**85,500**	**326,929**

There were no intangible assets held at 30 June 2018.

B. Amortisation

The amortisation of the customer list is over 10 years and is allocated to profit or loss.

Useful life Based on an assessment of the history of customer relationships.

Brokerage commissions and SMSF administration fees have historically been derived from recurring customers, which was noted is in a consistent customer base from FY18 to FY19.

Management has determined an average customer life of 10 years as reasonable for the valuation of customer relationships.

C. Impairment test

Impairment testing for Cash Generating Unit (CGU) containing goodwill

For the purposes of impairment testing, goodwill has been allocated to Smart Money Company (SMC).

The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set below.

The values assigned to the key assumptions have been taken from an independent report.

- Discounted rate 18%
- Terminal value growth rate 2%

The discounted rate was a pre-tax measure estimated based on the weighted-average cost of capital. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on the expert valuation of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

The key assumptions used in the cash flow forecast that are sensitive and are as follows:

Valuation variable	Assumption
Future revenue	Actual revenue from the customer relationships for the 2019 financial year.
EBIT Margin	Normalised EBIT margin of 18% based on an assessment of the average normalised EBIT margin for FY19 and forecasted FY20 Although the SMSF administration and brokerage revenues were accounted for in separate legal entities, the costs of the operations were not accounted for separately (e.g. all S&W incurred in SM Trading/Trysam). As such, we have assessed the future cash flows from these customer relationships at a combined Group level.

10. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Valuation variable	Assumption
Contributory assets	The contributory assets and post-tax returns required to generate future income to be: - Net working capital 4.5%; and - Assembled workforce 11.8%.
Discount Rate	At acquisition date, a discount rate range of 8.0% to 12.0% as appropriate for the valuation of customer relationships. A discount rate of 10.0% has been assumed.

Sensitivity analysis

The below table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2019	**2018**
Pre-tax discount rate	10%	n/a
Budgeted EBIT margin	(6.5%)	n/a

11. ACQUISITION OF SUBSIDIARIES

Smart Money Company Pty Ltd

On 1 July 2018, the Group obtained control of Smart Money Company Pty Ltd (SMC), an education and retail brokering business by acquiring 60% of the shares and voting interests in the Company for cash consideration of $180,000.

Taking control of SMC will enable the Group to expand its brokering services into the retail market and a wider customer base.

For the year ended 30 June 2019, SMC contributed revenue of $457,148 and a loss of $203,174 to the Group, however the loss includes $378,000 of restructuring costs.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	$
Cash and cash equivalents	**31,628**
Intangible assets	**95,000**
Loans and borrowings	**(170,000)**
Trade and other payables	**(55,677)**
Total net identifiable assets	**(99,049)**

The fair value of intangible assets of SMC's customer relationships have been determined as $95,000 following the engagement of an independent valuation.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$
Total consideration transferred	**180,000**
Non-controlling interests, based on their proportionate interest in the recognised amounts of the asset and liabilities of Smart Money Company Pty Ltd	**(37,620)**
Fair value of identifiable assets	**99,049**
Goodwill	**241,429**

The goodwill is attributable mainly to the skills and technical talent of the SMC's work force. None of the goodwill recognised is expected to be deductible for tax purposes.

The Group incurred acquisition-related costs of $1,990 related to external legal fees and due diligence costs. These costs have been included within administration expenses in profit or loss.

11. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Pinnacle Adviser Services Pty Ltd

On 22 October 2018, the Group obtained control of Roberts Bridges Pty Ltd and rebranded the acquired company to Pinnacle Adviser Services Pty Ltd (PAS), by acquiring 100% of the shares and voting interest in the Company for a cash consideration of $60,000.

PAS has an AFSL license which allows the Group to expand its network of financial advisors in Australia.

This transaction has been accounted for as an acquisition of assets rather than a business combination as Pinnacle Advisory Services Pty Ltd has no business operations or processes and its sole asset is its AFSL license. In the period to 30 June 2019, PAS has been dormant and contributed little revenue and profit or loss to the Group.

The following summarises the recognised amounts of identifiable assets acquired and liabilities assumed at the acquisition date:

	Pre-acquisition carrying amounts	**Fair value adjustments**	**Recognised fair value on acquisition**
	$	**$**	**$**
Cash	1	-	**1**
Intangible asset – AFSL licence	-	59,999	**59,999**
	1	59,999	**60,000**

The fair value of the intangible asset has been determined as being the excess consideration paid over the acquisition date fair value of the identifiable assets and liabilities of Pinnacle Advisory Services Pty Ltd.

PAS was sold on 11 June 2019 for $70,000 to a third party.

12. PROPERTY, PLANT & EQUIPMENT

During the period the Group acquired a property at 19/33 Elkhorn Avenue, Surfers Paradise, Queensland for a purchase price, inclusive of acquisition costs for $1,127,160. The building will be depreciated over a period of 40 years and now serves as the corporate head office for the Group.

	CONSOLIDATED	
	2019	2018
	$	$
Land and building		
At cost	**1,127,160**	-
Less accumulated depreciation	**(18,383)**	-
	1,108,777	-
Plant and equipment		
At cost	**36,268**	36,268
Less accumulated depreciation	**(27,958)**	(19,684)
	8,310	16,584
Balance at 30 June 2019	**1,117,087**	16,584

The Group intends to sub-let a portion of the office space to earn rental income, however as this is not able to be sold or leased out separately as a finance lease it has not been classified as an investment property.

The property is also held as security against the loan and borrowings of $885,360.

12. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	CONSOLIDATED	
	2019	2018
	$	$
Balance at 1 July 2018	**16,584**	25,256
Add additions	**1,127,160**	-
Less depreciation expense	**(26,657)**	(8,672)
Balance at 30 June 2019	**1,117,087**	16,584

13. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2019	2018
	$	$
Trade payables (i) (ii)	**151,621**	74,597
Other payables and accruals	**300,208**	89,326
Clients monies held at balance date (Note 6)	**-**	1,077
	451,829	165,000

(i) Trade payables are unsecured and are usually paid within 30 days of recognition.

(ii) The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

14. LOANS AND BORROWINGS

	CONSOLIDATED	
	2019	2018
	$	$
Current liabilities		
Unsecured loans from third parties	**170,000**	-
Secured loans	**885,360**	-
	1,055,360	-

As part of the Smart Money Company acquisition, unsecured loans of $170,000 have been consolidated in the accounts of the Group. The unsecured loan bears an interest of 10%. A new term is currently under negotiation with the lenders.

On 12 November 2018, the purchase of the commercial property was financed with an initial secured loan of $1,000,000. The loan incurred an interest rate at 10% per annum and was for a 6-month term, expiring in April 2019.

On 1 July 2019, the Company extended the loan over a two-year term and reduced the loan liability to $885,360. The interest rate is 10% and is for a two-year term, expiring on 1 July 2021.

The lender has a first registered mortgage over the commercial property at 33 Elkhorn Avenue, Surfers Paradise, QLD 4217.

15. ISSUED CAPITAL

	CONSOLIDATED			
	2019		2018	
	No. of shares.	$	No. of shares.	$
(a) Ordinary shares fully paid	**121,959,291**	**8,715,533**	121,959,291	8,715,533

(b) Movement in ordinary shares on issue

Opening balance	**121,959,291**	**8,715,533**	121,959,291	8,715,533
Share issue costs	**-**	**-**	-	-
	121,959,291	**8,715,533**	121,959,291	8,715,533

(c) Fully Paid Ordinary Shares

Fully Paid Ordinary Shares - participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At a shareholder meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(d) Shares under Option

The following options to take up ordinary shares issued during the current year were as follows:

2019

Exercise Period	Exercise Price	Opening Balance 1 July 2018 No.	Options issued/(lapsed) during the year No.	Closing Balance 30 June 2019 No.
On or before 30 June 2019	-	-	-	**-**

2018

Exercise Period	Exercise Price	Opening Balance 1 July 2017 No.	Options issued/(lapsed) during the year No.	Closing Balance 30 June 2018 No.
On or before 30 June 2018	$0.25	**91,979,829**	(91,979,829)	**-**

16. RESERVES AND ACCUMULATED LOSSES

	CONSOLIDATED	
	2019	2018
	$	$
FOREIGN CURRENCY TRANSLATION RESERVE		
Foreign currency translation reserve (i)	**-**	-
	-	-
ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	**(3,809,836)**	**(4,025,547)**
Net profit/(loss) after tax attributable to members of the Company	**(1,071,940)**	**215,711**
Accumulated losses at the end of the financial year	**(4,881,776)**	**(3,809,836)**

(i) The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to presentation currency of the reporting entity.

17. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	30 JUNE 2019			30 JUNE 2018		
	CONTINUING OPERATIONS $	**DISCONTINUED OPERATION $**	**TOTAL $**	**CONTINUING OPERATIONS $**	**DISCONTINUED OPERATION $**	**TOTAL $**
Loss for the year	**1,208,901**	**-**	**1,208,901**	(502,061)	717,772	215,711

**Note 9*

	2019 Number	2018 Number
Weighted average number of shares used as the denominator[1]	**121,959,291**	121,959,291

[1] As the parent entity recognised a loss from continuing operations none of the potentially dilutive securities are currently dilutive. Further, the options on issue at the beginning of the year that expired during the year would not be included in the calculation of diluted earnings per share because they are anti-dilutive for the year due to the exercise price being higher than average share price for the year.

18. FINANCIAL RISK MANAGEMENT

The Group's activities are or have been exposed to a variety of financial risk – market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Given the current size and scale of activities, risk management is overseen by the Board of Directors as a whole.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

(a) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency sensitivity

Most of the Group's transactions are carried out in $AUD. Exposures to currency exchange rates arise from transaction specific to overseas activities are primarily denominated in US-Dollars ($USD) and Hong Kong ($HKD). The Group ensures its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary for transaction specific cash-flows.

During the prior year, the group generated $HKD revenues and expenditures from its Hong Kong subsidiary, MEJority Securities Limited. This Hong Kong subsidiary was sold in February 2018 and the Group is therefore no longer exposed to HKD foreign currency risks.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown have been translated into $AUD at the closing rate:

	CONSOLIDATED	
	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	**-**	2,967
Trade and other receivables	**-**	139,135
	-	142,102
Financial Liabilities		
Trade and other payables	**-**	-
	-	-

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

The following table illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities and the $HKD/$AUD exchange rate and $USD/$AUD exchange rate 'all other things being equal'.

It assumes a +/- 10% change of the $AUD/$HKD exchange rate for the year ended and a +/- 10% change is considered for the $AUD/$USD exchange rate. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the reporting date.

CONSOLIDATED

	Profit/(Loss) for the year			Increase/(decrease) in Equity Reserves		
	USD	**HKD**	**Total**	**USD**	**HKD**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
10% Strengthening of the Australian Dollar						
30 June 2019	**-**	**-**	**-**	**-**	**-**	**-**
30 June 2018	(193)	(12,726)	(12,919)	-	-	-
10% Weakening of the Australian Dollar						
30 June 2019	**-**	**-**	**-**	**-**	**-**	**-**
30 June 2018	235	15,554	15,789	-	-	-

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk

The exposures to foreign exchange rates also reflects that as at balance date its foreign operations have been classified as Available for Sales Assets and Liabilities, with MEJority Securities in the process of divesture (Note 9).

Interest rate sensitivity

At 30 June 2019, the Group is exposed to changes in market interest rates of money market funds (cash and cash equivalents). The weighted average interest rates received cash and cash equivalents was 0.15% (2018: 0.59%).

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates (all are variable rate instruments). All other variables are held constant.

CONSOLIDATED

	Profit/(Loss) for the year		Increase/(decrease) in Equity Reserves	
	+1%	**-1%**	**+1%**	**-1%**
	$	**$**	**$**	**$**
Cash and cash equivalents				
30 June 2019	**2,672**	**(2,672)**	-	-
30 June 2018	13,362	(13,362)	-	-

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

Other price risk sensitivity

The Group is exposed to other price risk in respect of its listed equity securities, which are classified as financial assets at fair value through profit or loss.

All of the Group's listed equity investments are listed on the Australian Stock Exchange and/or the Malaysian Stock Exchange. The following table illustrates the sensitivity of profit or loss and equity to a reasonably possible change in the valuation of the listed, derivative and managed funds investment portfolio of +/- 5%.

CONSOLIDATED	**Profit/(Loss) for the year**		**Increase/(decrease) in Equity Reserves**	
	+5%	**-5%**	**+5%**	**-5%**
	$	**$**	**$**	**$**
Financials Assets				
30 June 2019	165,493	(165,493)	**-**	**-**
30 June 2018	168,275	(168,275)	-	-

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises in the normal course of conducting its business operations.

Management has a process in place to monitor its exposure to credit risk on an ongoing basis, with respect to selecting where to invest the Group's assets and, where applicable, that assessment takes into consideration market weightings, index membership, liquidity, volatility, dividend yield and/or industry sector.

The Group is exposed to this risk for various financial instruments and its maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2019	2018
	$	**$**
Classes of financial assets		
Cash and cash equivalents	**248,415**	1,017,234
Trade and other receivables	**150,462**	486,114
	398,877	1,503,348

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired are of good credit quality.

In respect of these trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The aging of trade and other receivables at the reporting date that were not impaired was as follows:

	2019	2018
	$	$
Neither past due nor impaired	**63,959**	385,295
Past due 1–30 days	**8,800**	69,507
Past due 31–90 days	**11,832**	11,264
Past due 91–120 days	**10,548**	2,748
	95,139	468,814

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2019	2018
	$	$
Balance at 1 July	**100,429**	74,470
Impairment loss recognised	**-**	22,709
Reversal of impairment loss	**(22,709)**	-
Amounts written off	**-**	3,250
	77,720	100,429

The credit risk for cash and cash equivalents are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its liquidity needs by monitoring fund investments and redemptions, scheduled debt servicing payments for long-term financial liabilities (if any) as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored on a periodical basis on a month to month and annual outlook basis.

The Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised in the table below:

	2019		2018	
	CURRENT	**NON-CURRENT**	**CURRENT**	**NON-CURRENT**
	Within 6 months	**1 – 3 years**	**Within 6 months**	**1 – 3 years**
	$	**$**	**$**	**$**
Trade and other payables	**451,829**	**-**	165,000	**-**
Loan and borrowings	**1,055,360**	**-**	-	
	1,507,189	**-**	165,000	-

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital Management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors and assesses the Group's capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may as part of its strategy adjust its dividend policy (if and when applicable), return capital to shareholders, issue new shares, and/or sell assets to reduce debt.

19. FAIR VALUE MEASUREMENT

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

2019	**Level 1 (i)** $	**Level 2** $	**Level 3** $	**TOTAL** $
Classes of financial assets				
Listed equities	542,208	-	-	542,208
Derivatives	1,017,703	-	-	1,017,703
Listed equities portfolio	1,749,951	-	-	1,749,951
	3,309,862	-	-	3,309,862

2018	**Level 1 (i)** $	**Level 2** $	**Level 3** $	**TOTAL** $
Classes of financial assets				
Listed equities	283,455	-	-	283,455
Derivatives	920,186	-	-	920,186
Listed equities portfolio	2,161,861	-	-	2,161,861
	3,365,502	-	-	3,365,502

(i) The fair value of level 1 financial instruments traded in active markets (such as publicly traded equities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last closing price or unit (acquisition) strike price.

The fair value movement for the year is a net fair value loss of $299,048 (2018: loss of $341,458).

20. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 – *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded that the Group operated in the financial services industry. Previously the chief operating decision maker also reviewed reports detailing profit or loss by geographical sector, being both Australia and Hong Kong, however this is now discontinued as the Hong Kong business unit was sold in the 2018 financial year. Due to the acquisition of Smart Money Company in the year (see note 11) the directors have reassessed the operating segments of the Group and concluded that there are two operating segments – that relating to the Mejority Capital Limited trading business, and that related to the Smart Money Company trading business. For each of the operating segments the chief operating decision maker reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- *Mejority Capital* – includes brokerage and advisory services provided under the Mejority Capital name
- *Smart Money Company* – includes brokerage, SMSF and investor education services.

Although the two segments both contain brokerage services, these are monitored by the CODM separately in order to make decisions around the allocation of resources and assessing performance.

Information regarding the performance of each reportable segment is included below.

	MEJORITY BROKERAGE AND ADVISORY		SMART MONEY COMPANY		UNALLOCATED		CONSOLIDATED	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$
External revenue	**1,736,592**	2,051,100	**457,148**	-	**-**	-	**2,193,740**	2,051,100
Gain on sale	**-**	-	**-**	-	**6,311**	-	**6,311**	-
Interest income	**-**	-	**-**	-	**395**	7,935	**395**	7,935
Rental income	**-**	-	**-**	-	**12,924**	-	**12,924**	-
Other income	**-**	-	**-**	-	**-**	-	**-**	-
Other non-cash movements								
Change in fair value of investments	**-**	-	**-**	-	**(299,048)**	(341,458)	**(299,048)**	(341,458)
Segment profit/(loss) before income tax	**530,429**	722,969	**(203,174)**	-	**(1,536,156)**	(1,225,030)	**(1,208,901)**	(502,061)
Reportable segment assets	**351,094**	1,293,084	18,595	-	**4,807,466**	3,777,613	**5,207,155**	5,070,697
Reportable segment liabilities	**(85,661)**	(62,884)	(377,818)	-	**(1,084,500)**	(102,116)	**(1,547,979)**	(165,000)

20. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenues and profit or loss	2019	2018
	$	$
Revenues		
Total revenue for reportable segments	**2,193,740**	2,051,100
Inter-company elimination	**(175,678)**	-
Unallocated revenues	**19,630**	7,935
Consolidated revenue	**2,037,692**	2,059,035
Profit/(Loss)		
Total profit/(loss) for reportable segments	**327,255**	722,969
Unallocated amounts:		
Depreciation	**(26,875)**	(8,672)
Finance expenses	**(91,791)**	(12,127)
Impairment of receivables	**(139,414)**	-
Change in fair value of investments	**(299,048)**	(341,458)
Net other corporate expenses	**(979,028)**	(862,773)
Consolidated profit/(loss) before tax	**(1,208,901)**	(502,061)
Assets		
Total assets for reportable segments	**369,689**	1,293,084
Unallocated assets	**4,837,466**	3,777,613
Consolidated total assets	**5,207,155**	5,070,697
Liabilities		
Total liabilities for reportable segments	**463,479**	62,884
Unallocated liabilities	**1,084,500**	102,116
Consolidated total liabilities	**1,547,979**	165,000

21. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019 $	2018 $
(a) Audit services		
Crowe South QLD		
- Audit and review of financial reports	**78,000**	83,500
(b) Non-audit services		
- Tax compliance services	**-**	-
- Other services	**-**	-

22. COMMITMENTS & CONTINGENCIES

	2019 $	2018 $
(a) Operating leases – non-cancellable		
Minimum lease payments		
Within one year	**90,000**	31,876
later than one year but not later than five years	**59,921**	-
later than five years	**-**	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**149,921**	31,876

Lease expenses of $114,334 were recognised in profit or loss during the year (2018: $120,475).

(b) Capital commitments

There are no capital commitments as at 30 June 2019 (2018: Nil).

(c) Contingencies

There are no contingent liabilities as at 30 June 2019 (2018: Nil).

23. KEY MANAGEMENT PERSONNEL REMUNERATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid to each member of the Group's key management personnel for the year ended 30 June 2019.

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	2019	2018
	$	$
Short-term employee benefits	**510,000**	426,945
Post-employment benefits	**31,350**	7,362
	541,350	434,307

24. RELATED PARTY TRANSACTIONS

Other than those disclosed in Note 23 there were no related party transactions for the year (2018: Nil).

25. CASH FLOW INFORMATION

(a) Reconciliation of Operating Loss After Income Tax to Net Cash Flow from Operating Activities

	CONSOLIDATED	
	2019	2018
	$	$
Operating profit/(loss) after income tax	**(1,208,901)**	215,711
Non-cash items		
Depreciation & amortisation	**36,375**	8,672
Impairment of receivables	**139,414**	25,959
Gain on sale of subsidiary	**(6,311)**	(1,278,461)
Change in fair value of investments at fair value through profit or loss	**299,048**	341,458
Changes in assets and liabilities		
Decrease/(Increase) in receivables	**202,223**	(124,238)
(Decrease)/Increase in payables	**142,971**	(62,611)
Increase in contract liability	**40,790**	-
Net foreign exchange differences	**-**	(1,578)
Net cash used in operating activities	**(354,391)**	(875,088)

(b) Details of non-cash transactions

There were no non-cash transactions arising during the financial year.

26. PARENT ENTITY AND SUBSIDIARIES

As at, and throughout, the financial year ended 30 June 2019 the parent entity of the Group was Mejority Capital Limited.

	Parent	
	2019	2018
	$	$
Assets		
Current assets	**612,370**	2,509,092
Non-current assets	**2,262,882**	1,006,664
Total assets	**2,875,252**	3,515,756
Liabilities		
Current liabilities	**154,712**	94,687
Non-current liabilities	**885,096**	-
Total liabilities	**1,039,808**	94,687
Equity		
Issued capital	**8,715,533**	8,715,533
Accumulated losses	**(6,880,089)**	(5,294,464)
Total equity	**1,835,444**	3,421,069
Loss for the year	**(1,585,625)**	(1,248,015)
Other comprehensive loss	**-**	-
Total comprehensive loss for the year	**(1,585,625)**	(1,248,015)

	Principal Activity	**Country of Incorporation**	**Percentage owned (%)**	
			2019	**2018**
Subsidiaries of Mejority Capital Limited:				
Bridge Global Securities Pty Ltd	Broking and financial services	Australia	100	100
Mejority Money Pty Ltd[1]	Broking and financial services	Australia	100	100
Pinnacle Securities Pty Ltd[2]	Broking and financial services	Australia	100	100
Pinnacle Fund Management Pty Ltd	Broking and financial services	Australia	100	100
Strategic Investment Portfolios Pty Ltd	Broking and financial services	Australia	100	-
Smart Money Company Pty td	Broking and financial education services	Australia	60	-

[1] Mejority Nominees Pty Ltd changed its name to Mejority Money Pty Ltd on 29 November 2016.
[2] Mejority Securities Pty Ltd changed its name to Pinnacle Securities Pty Ltd, subsequent to the end of the financial year, on the 3 August 2017.
[3] Smart Money Education Pty Ltd, Smart Money Trading Pty Ltd and Smart Money Super Pty Ltd are 100% subsidiaries of Smart Money Company Pty Ltd

27. EVENTS SUBSEQUENT TO REPORTING DATE

There are no other matter or circumstance that has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

1. In the opinion of the directors of Mejority Capital Limited (the Company):

   (a) the consolidated financial statements and notes thereto, set out on pages 14 to 53, and the Remuneration Report in the Directors Report, as set out on pages 7 to 11, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2019.

3. The directors draw attention to note 1 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

SR LILL
DIRECTOR

Sydney
30 September 2019

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Independent Auditor's Report

To the shareholders of Mejority Capital Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mejority Capital Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended on that date; and

(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Crowe

Key Audit Matters

Key Audit Matter	How we addressed the Key Audit Matter
Goodwill impairment test – Note 10	
On 1 July 2018, the Group completed its acquisition of 60% of the share capital of Smart Money Company Pty Ltd. This acquisition resulted in $241,249 of goodwill being recognised on the balance sheet which management are required to assess annually for impairment. This was a key audit matter due to the fact the testing of goodwill impairment requires significant judgments by management that inherently contain uncertainty. These judgments relate to, for example, the amount of future cash flows and the discount rate used.	Audit procedures related to the key audit matter are as follows: • Assessed whether the determination of the Cash Generating Unit (CGU) was consistent with our knowledge of the Group's operations and internal Group reporting • Agreed that forecast cashflows used in the impairment model were consistent with the most up-to-date budgets and business plans formally approved by the Board. • Considered whether the cashflows for the forecast period (five years and then terminal) were reasonable and based on supportable assumptions, by comparing them to actual cashflows. • Performed sensitivity analysis on the assumptions. • Considered whether the discount rate appropriately reflected the risks of the CGU by comparing the discount rate to external market data. We also tested the sensitivity of the impairment test by increasing the discount rate.
Valuation of Financial Assets Measured at Fair Value through Profit or Loss – Note 15	
The Group held financial assets classified at fair value through profit and loss and valued at $3,309,862 at 30 June 2019. These assets represented 64% of the total assets of the Group and included derivative instruments linked to securities on foreign exchanges. Management have valued these investments with reference to quoted equity prices at 30 June 2019, and therefore designated the measurement as Level 1 in the fair value hierarchy. This was a key audit matter because of the significance of financial assets to the Group's total assets, the significance of changes in fair value to the Group's profit before tax and the measurement of the fair value, including both realised and unrealised gains or losses and their translation into the Group's presentation currency at the reporting date.	• Our procedures included, but were not limited to: • Obtaining third party confirmations directly from fund/portfolio managers to confirm valuations at 30 June 2019. • Performing an independent check of closing equity prices to externally available quoted pricing information and recalculating equity valuations and foreign currency translations at 30 June 2019. • Examining the application and disclosures for compliance with Australian Accounting Standards, including AASB 9 Financial Instruments and AASB 13 Fair Value Measurement.

Key Audit Matter	How we addressed the Key Audit Matter
Acquisition of Smart Money Company Pty Ltd – Note 11	
The accounting for the acquisition of 60% of the share capital of Smart Money Company is a key audit matter due to the level of judgement that is required in determining: • When control of the acquired business was obtained • Identification of acquired intangible assets such as customer lists • The assumptions and estimates used when performing intangible asset valuations, including estimated future cash flows, growth rates and discount rates	Our procedures included, but were not limited to: • Evaluating documentation underlying the Group's assessment of when control of the acquired business is obtained • Assessing the scope, objectivity and competency of independent valuation specialists engaged by the Group. • Working with our valuation specialists, we reviewed the Group's valuation of identifiable intangible assets by evaluating the Group's assessment of identified intangible assets and evaluating the Group's earnings and growth forecasts by comparing to the past performance of the acquired business.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Other information includes the Chairman's Letter, Statement of Corporate Governance, Directors' Report, Additional Stock Exchange Information and Corporate Directory. The Directors are responsible for the other information.

Our opinion on the financial report does not cover the other information and accordingly we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this

auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Mejority Capital Limited, for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe South QLD

Crowe South QLD

Logan Meehan
Partner – Audit & Assurance

Gold Coast
Date: 30 September 2019

The Board of Directors of Mejority Capital Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Mejority Capital Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. The Corporate Governance Statement is current as at 30 June 2018 and has been approved by the Board of Directors. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX Corporate Governance Principles and Recommendations (3rd edition).

The Company's directors are fully cognisant of the Corporate Governance Principles and Recommendations published by CGC and have adopted those recommendations where they are appropriate to the Company's circumstances. However, a number of those principles and recommendations are directed towards listed companies considerably larger than Mejority Capital Limited, whose circumstances and requirements accordingly differ markedly from the Company's. For example, the nature of the Company's operations and the size of its staff mean that a number of the board committees and other governance structures recommended by the CGC are not only unnecessary in the Company's case, but the effort and expense required to establish and maintain them would, in the directors' view, be an unjustified diversion of shareholders' funds.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Company's website at www.mejoritycapital.com.au contains a corporate governance section that includes copies of the Company's corporate governance policies.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of the senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board is responsible for:

- overseeing the Company's commitment to the health and safety of employees and contractors, the environment and sustainable development;
- overseeing the activities of the Company, including its control and accountability systems;
- appointing and removing the Managing Director, Company Secretary, and other senior executives, evaluating their performance, reviewing their remuneration and ensuring an appropriate succession plan;
- setting the strategic objectives of the Company and monitoring its progress against those objectives;
- reviewing, ratifying and monitoring systems of risk management and internal control;
- setting the operational and financial objectives and goals for the Company;
- ensuring that there are effective corporate governance policies and practices in place;
- approving and monitoring budgets, capital management and acquisitions and divestments;
- approving and monitoring all financial reporting to the market;
- appointing external auditors and principal professional advisors; and
- making formal determinations required by the Company's constitutional documents or by law or other external regulation. The Managing Director (MD) is normally responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out those responsibilities, the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results. The Managing Director is supported in this task by the Chairman.

Corporate Governance Statement (continued)

Recommendation 1.2:

Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

Recommendation 1.3:

Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.

All directors do not yet have in place a formal letter of appointment including a director's interest agreement with respect to disclosure of security interests. This is being implemented.

Recommendation 1.4:

The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary has a direct reporting line to the Board, through the Chair.

Recommendation 1.5:

The Company should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Company has not yet formalised this policy into a written document. It is the Board's intention to formalise the policy at a time when the size of the Company and its activities warrants such a structure.

The Company has only one staff member at this point, with the rest of the operations utilizing consultants. There are no women in senior executive positions or on the board.

Recommendation 1.6:

The Company should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Chairman conducted an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each director were discussed. The board considers that at this stage of the Company's development an informal process is appropriate.

Recommendation 1.7:

The Company should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board undertakes a review of the senior executives' performance, at least annually, including setting the goals for the coming year and reviewing the achievement of these goals.

Performance has been measured to date by the efficiency and effectiveness of the enhancement of the Company's mineral interest portfolio, the designing and implementation of the exploration and development programme and the securing of ongoing funding so as to continue its exploration and development activities. This performance evaluation is not based on specific financial indicators such as earnings or dividends as the Company is at the exploration stage and during this period is expected to incur operating losses.

Corporate Governance Statement (continued)

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of senior executives. The Non-executive directors conducted an informal review process whereby they discussed with the Chairman the approach toward meeting the short and long-term objectives of the Company. The board considers that at this stage of the Company's development an informal process is appropriate.

Principle 2: Structure the board to add value Recommendation 2.1:

The Board should establish a Nomination Committee comprising a majority of independent directors (including the Chair).

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise, and experience of the board. The categories considered necessary for this purpose are a blend of accounting and finance, business, technical and administration skills. Casual appointments must stand for election at the next annual general meeting of the Company.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director (if appointed), serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

Recommendation 2.2:

The Company should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Company has a skills or diversity matrix in relation to its Board members which reflects the current size and scope of the Company's operations. The Board will adopt a more detailed and comprehensive matrix if and when there is a significant change in the size and scale of its activities.

Recommendation 2.3:

The Company should disclose the names of the directors considered to be independent directors and length of service of each director.

The names, position, appointment date and independence classification are set out in the table below:

Director	Position	Date Appointed	Date Resigned	Independence
Simon Lill	Chairman	18 May 2011	Continuing	Independent
Neil Sheather	Managing Director	10 November 2014	Continuing	Not Independent
Simon Wong	Non-Executive Director	16 September 2015	Continuing	Independent

Recommendation 2.4:

A majority of the Board of the Company should be independent directors.

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.1 and other facts, information and circumstances deemed by the Board to be relevant. Using the ASX Best Practice Recommendations on the assessment of the independence of Directors, the Board considers that of the six Directors comprising the Board during the year, Messrs. Lill, Wong and Dixon were considered independent. At the current date, the Company has two independent and two non-independent directors, with Mr. Lill as Chairman having the casting vote at Board level. Hence the Board has a majority of independent directors.

Corporate Governance Statement (continued)

The Company considers that each of the directors possesses the skills and experience suitable for building the Company. Although the Company does not currently have a majority of independent directors, the current composition of the Board is considered appropriate in the circumstances. It is necessary that all Board Members from time to time undertake specific executive roles, relevant to their skills and experience, given the Company's current size, operations and levels of activity.

It is the Board's intention to review its composition on a continual basis and in line with any future changes to Company's size and level of activities.

Director	Gender	Skills/Qualifications					
			Accounting/ Finance	Communications/ Investor Relations	Corporate Management	Fund Raising	Stockbroking
Simon Lill (Chairman)	Male	BSc (Pharmacol) and MBA	√	√	√	√	√
Neil Sheather	Male	Diploma in Applied Finance; MBA	√	√	√	√	√
Simon Wong	Male	BSc (Cum Laude) Business Administration MBA (Hons) Finance	√	√	√	√	√

Recommendation 2.5:

The Chair of the Board should be an independent director, and should not be the CEO of the Company.

Recommendation 2.6:

The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Company does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of the Company's operations.

All Directors are generally experienced in exploration and mining company operations, and have listed company experience. Some of the current Directors are also directors of other listed companies. The Board seeks to ensure that all of its members understand the Company's operations. Directors also attend, on behalf of the Company and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advances.

Noting the above, the Board considers that a formal induction program is not necessary given the current size and scope of the Company's operations, though the Board may adopt such a program in the future as the Company's operations grow and evolve.

Principle 3: Act ethically and responsibly

Recommendation 3.1:

Companies should have a Code of Conduct for its directors, senior executives and employees.

The Company has established a Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside the Company. A copy of the Code is available on the Company's website.

Corporate Governance Statement (continued)

Principle 4: Safeguard Integrity in Financial Reporting

Recommendation 4.1

The Board should have an Audit Committee.

The Company does not have an audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

The external audit firm partner or an appropriate delegate responsible for the Company audit attends meetings of the board by invitation

Recommendation 4.2

The Board of the Company should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company has in place a procedure whereby prior to approval of financial statements by the Board (in addition to any formal management representation letter to the Company's auditor) the CEO and CFO provide a declaration in accordance with Sections 286 and 295(3)(b) of the Corporations Act 2001 (Cth) that financial records have been properly maintained, the financial statements comply with the accounting standards, and give a true and fair view of the financial position based on sound risk management and internal controls operating effectively.

The Company has a Managing Director. Mr. Neil Sheather. The board believes that Mr. Sheather is an appropriate person for the position of Managing Director because of his experience in the finance and broking sector.

In addition, the Chairman, Mr. Lill, will from time from time undertake executive functions specific to his skills and experience, and as such he is not an independent director in accordance with the criteria for independence as outlined in ASX Recommendation 2.3.

The board believes that Mr. Lill is an appropriate person for the position as Chairman because of his experience in the finance sector and as a public company director.

Recommendation 4.3

The Company should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

The Company invites the auditor or representative of the auditor to the AGM in accordance of the requirements of Section 250RA of the Corporations Act 2001 (Cth) and is available to answer questions relevant to the audit.

Principle 5 – Make timely and balanced disclosure Recommendation 5.1:

Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

The Company has developed an ASX Listing Rules Disclosure Strategy which has been endorsed by the Board. The ASX Listing Rules Disclosure Strategy ensures compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of information which may have a material effect on the price or value of its securities and outlines accountability at both the board and (where and when applicable) senior executive level for that compliance. All ASX announcements are posted to the Company's website as soon as possible after confirmation of receipt is received from ASX.

A copy of the continuous disclosure policy is available on the Company's website.

Corporate Governance Statement (continued)

Principle 6 – Respect the rights of security holders

Recommendation 6.1 and 6.2:

Companies should provide information about itself and its governance to investors via its website.

Companies should design and implement an investor relations program to facilitate two-way communication with investors.

Corporate Governance Statement (continued)

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about all major developments affecting the Company's state of affairs.

The Company has a Shareholder Communication Policy which is available on the Company's website. Through this the Board aims to ensure that the shareholders are informed of the Company's governance and all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the:

- Company website;
- ASX Company Announcements platform;
- Quarterly Operational and Cashflow reports;
- Half-year Financial Report;
- Annual Report;
- Investor Presentations
- Shareholder meetings
- Other correspondence from time to time regarding matters impacting on shareholders.

Recommendations 6.3 and 6.4:

Companies should disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders. Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. In accordance with the Company's Shareholder Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation. The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting. Mechanisms for encouraging and facilitating shareholder participation will be reviewed regularly to encourage the highest level of shareholder participation. The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner. In accordance with the Shareholder Communication Policy, the Company has, as a matter of practice, provided new shareholders with the option to receive communications from the Company electronically and the Company encourages them to do so. Existing shareholders are also encouraged to request communications electronically. All shareholders that have opted to receive communications electronically are provided with notifications by the Company when an announcement or other communication (including annual reports, notices of meeting etc.) is uploaded to the ASX announcements platform.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

The Board should have a committee or committees to oversee risk.

The Company does not have a separate risk management committee. The role of the risk management committee is undertaken by the full Board, which comprises a Chairman and a Non-Executive Director. The Board considers that, given the current size and scope of the Company's operations and that no one Director holds a full time executive position in the Company, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee. However, the Board has adopted a Risk Management Policy that sets out a framework for a system of risk management and internal compliance and control, and this is available on the Company's website.

Corporate Governance Statement (continued)

Recommendation 7.2:

The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively. The Board believes that the Consolidated Group is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

Recommendation 7.3:

The Company should disclose if it has an internal audit function.

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole continually evaluates and improves the effectiveness of its risk management and internal control processes, and in doing so is subject to the overall supervision of the board.

Recommendation 7.4:

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should have a Remuneration Committee.

The Company does not have a remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee.

Recommendation 8.2:

Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company's policies and practices regarding the remuneration of Executive and Non-Executive Directors is set out in its Remuneration Policy which is available on the website.

This information is also set out in the Remuneration Report contained in the Company's Annual Report for each financial year.

Recommendation 8.3:

A Company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

Recipients of equity-based remuneration (e.g. incentives options) are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements, so the Company is not affected by this recommendation.

The shareholder information set out below was applicable as at 12 September 2019.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding

No. of ordinary shares held	No. of holders
1 - 1,000	108
1,001 - 5,000	4
5,001 - 10,000	110
10,001 - 100,000	68
100,001 and above	64
Total	**354**

B. Equity Security Holders

The 20 largest registered holders of each class of quoted security as at 12 September 2019 were:

Fully paid ordinary shares

1	Shin Yong Mark Chew	18,857,547	15.46%
2	Edition Capital Management Ltd	14,943,066	12.25%
3	Wavet Fund No 2 Pty Ltd	10,640,466	8.72%
4	BNP Paribas Nominees Pty Ltd <IB AU Noms retail client>	9,248,985	7.58%
5	TIG Asia Pty Ltd	6,983,940	5.73%
6	JP Moragn Nominees Australia Pty Ltd	5,988,700	4.91%
7	AG Financial Ltd	5,400,000	4.43%
8	CS Third Nominees Pty Ltd <HSBC Cust Nom AU Ltd 13 A/C>	4,061,710	3.33%
9	Asiabio Capital Limited	3,088,660	2.53%
10	Easteern Empire Ltd	2,540,791	2.08%
11	Mr Wong Soon Woei	2,500,000	2.05%
12	Sage Fortunes Pty Ltd <Prosperity No1>	2,500,000	2.05%
13	Miss Joyce Leong	2,00,000	1.64%
14	Mr Yeo Jia Wei	2,000,000	1.64%
15	Mr Kok Keong Leung	1,900,462	1.56%
165	Sage Fortunes Pty Ltd <Sheather Family Super>	1,763,028	1.45%
17	Mr Francesco Mario Napoli	1,624,434	1.33%
18	Mr Goh Sze-Wei Samuel	1,500,00	1.23%
19	RHL Capital Pty Ltd <RHL Family a/c>	1,230,000	1.01%
20	Ennox Group Limited	1,137,474	0.93%

Total number of shares on issue as at 12 September 2019 **121,959,291**

C. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares
On a show of hands every member present at each meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
No voting rights at meetings of members.

CORPORATE DIRECTORY

DIRECTORS	
CURRENT	Mr. Simon Lill Mr. Neil Sheather Dato (“Sir”) Soon Woei Wong Mr Damion Ryan
COMPANY SECRETARY	Simon Lill
PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE	Suite 1, Level 13 49-51 York Street, Sydney, NSW 2000
SHARE REGISTRY	Automic Level 29, 201 Elizabeth Street Sydney, NSW 2000 +61 8 9315 2333
AUDITOR	Crowe Australasia Level 2, Corporate Centre One 2 Corporate Court (PO Box 7926 GCMC, QLD 9726) Bundall QLD 4217
SOLICITOR	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000
STOCK EXCHANGE LISTINGS	Mejority Capital Limited shares are listed on the Australian Stock Exchange. (ASX code: MJC)
WEBSITE ADDRESS	www.mejoritycapital.com.au

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