MEJORITY CAPITAL LIMITED

30 August 2019

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. 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.

Simon LILL

Chairman

Neil Sheather

CEO Director

MEJORITY CAPITAL

LIMITED ACN 106 760 418

UNAUDITED
PRELIMINARY FINAL
REPORT APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2019

1. REPORTING PERIOD

Unaudited report for the financial year ended 30 June 2019. The previous corresponding period is the financial year ended 30 June 2018.

2. RESULTS FOR ANNOUNCEMENT TO MARKET

KEY INFORMATION		2019	2018
		$A	$A
Revenue from continuing operations	Down (1%)	2,030,987	2,051,100
Loss after tax from continuing operations attributable to members	Up 141%	(1,208,901)	(502,061)
Profit after tax from discontinued operations attributable to members	-	-	717,772
Net (loss)/profit for the period attributable to members	Down (660%)	(1,208,901)	215,711

3. DIVIDENDS PAID AND PROPOSED

There are no dividends that have been declared or paid during the current or previous financial year.

4. NET TANGIBLE ASSETS PER SECURITY

	2019	2018
	$	$
Net tangible assets backing per ordinary security	2.73	4.02

5. COMMENTARY ON THE RESULTS FOR THE YEAR

The Group has reported a net loss after tax of $1.2 Million for the year ended 30 June 2019.

Revenues from continuing operations for the financial year of $2.0 Million (2018: $2.1 Million) were consistent with prior year.

The Group has experienced significant restructuring costs following the acquisition of Smart Money Company in July 2018.

Whilst the re-structuring of Smart Money Company has been completed, an adverse change in the fair value of the Company's listed investments by $299,048 (2018:loss of $341,458) has contributed to a loss from continuing operations of $1,208,901 (2018: loss of $502,061) for the year ended 30 June 2019.

6. COMPLIANCE STATEMENT

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001. No other standards were used.
- This report, and the accounts upon which the report is based, use the same accounting policies.
- This report does give a true and fair view of the matters disclosed.
- The financial statements for the year ended 30 June 2019 are in the process of being audited.
- Due to limitations of size, the entity does not have a formally constituted audit committee.

Signed on behalf of the Company,

Simon Lill
Chairman

MEJORITY CAPITAL LIMITED
APPENDIX 4E
UNAUDITED 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		**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
		2,037,693	2,059,035
Expenses			
Product commissions		**(613,610)**	(935,752)
Audit fees		**(78,000)**	(83,500)
Corporate and professional expenses		**(1,240,544)**	(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		**(26,875)**	(8,672)
Amortisation expense		**(9,500)**	-
Employee expenses		**(160,390)**	(139,577)
Restructuring expenses		**(378,049)**	-
Occupancy expenses		**(211,055)**	(133,017)
Interest & finance expenses		**(67,017)**	(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 COMPANY		**(1,071,941)**	236,613
NON-CONTROLLING INTEREST		**(136,961)**	-
		(1,208,901)	236,613
(LOSS)/EARNINGS PER SHARE			
Basic and diluted (cents)		**(0.99)**	0.18
Basic and diluted (cents) – continuing operations		**(0.99)**	(0.41)

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	CONSOLIDATED 2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**248,415**	1,017,234
Trade and other receivables		**150,462**	486,114
Other investments	5	**3,309,862**	3,415,502
Prepayments		**54,400**	135,263
TOTAL CURRENT ASSETS		**3,763,139**	5,054,113
NON-CURRENT ASSETS			
Intangibles	7	**85,500**	-
Goodwill	7	**241,429**	-
Property, plant and equipment	8	**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		**451,829**	165,000
Contract liabilities		**40,790**	-
Loans and borrowings	9	**1,055,360**	-
TOTAL CURRENT LIABILITIES		**1,547,979**	165,000
NON-CURRENT LIABILITIES			
Loans and borrowings		**-**	-
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**1,547,979**	165,000
NET ASSETS		**3,659,176**	4,905,697
EQUITY			
Issued capital		**8,715,533**	8,715,533
Accumulated losses		**(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 unaudited Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

UNAUDITED 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
Transfer of foreign currency translation reserve to gain on disposal of subsidiary in profit or loss	-	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 unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

UNAUDITED 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		**(2,386,536)**	(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		**(386,019)**	(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		**(58,372)**	
Deposit paid for investments		**-**	(90,000)
Loan repayment from third party		**100,000**	-
Loans 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		**(1,268,160)**	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 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		**248,415**	1,017,234
Cash and cash equivalents held by continuing operations		**248,415**	1,017,234

The above unaudited 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.

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 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

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

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. 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.

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) **Investments and other financial assets**

Classification of financial assets and financial liabilities

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.

Financial assets

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at 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) Investments and other financial assets (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.

Measurement of ECLs

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)

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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."

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.

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

It replaced AASB 18 *Revenue*, AASB 11 *Construction Contracts* and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The adoption of these standards did not have a significant impact on the current period or any prior period and is not likely to affect future periods.

(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. The group has assessed that these lease commitments will likely become leases under the new standard, and hence an asset and corresponding financial liability 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

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. STATUS OF THE AUDIT

This preliminary Final report is based upon accounts which are currently in the process of being audited. At this stage the directors anticipate a clean audit report. Any further modifications to the accounts and or audit report are unknown at this time.

4. INVESTMENTS IN SUBSIDIARIES

	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	100
Smart Money Company Pty Ltd [3]	Broking and financial 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

5. OTHER INVESTMENTS

Other investments are classified as financial assets at fair value through profit or loss as are all 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		
ASX Listed equity securities (i) (ii) (iii)	**542,208**	461,893
Derivatives (i) (ii) (iii)	**1,017,703**	920,186
Listed equity securities portfolio (i) (ii) (iii)	**1,749,951**	1,983,423
	3,309,862	3,365,502
Non-current		
Financial assets held at cost		
Convertible notes in unlisted company (iii)	**-**	50,000
	3,309,862	3,415,502

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

The Group classifies 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 if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

(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 represents a loss of $299,048 for the year (2018: Loss $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.

6. CONTINGENCIES

There are no contingent assets or liabilities as at 30 June 2019.

7. 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 $281,471 and a loss of $342,402 to the Group.

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	**(55,671)**
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.

7. 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 was 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.

8. PROPERTY, PLANT AND 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 loans and borrowings of $885,360.

8. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	CONSOLIDATED	
	2019	2018
	$	$
Balance at 1 July 2018	**16,584**	25,256
Add additions	**1,127,378**	-
Less depreciation expense	**(26,875)**	(8,672)
Balance at 30 June 2019	**1,117,087**	16,584

9. LOANS AND BORROWINGS

	CONSOLIDATED	
	2019	2018
	$	$
Current liabilities		
Unsecured loans from third parties	**170,000**	-

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.

Secured loans	**885,360**	-

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.

10. 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.