

MEJORITY CAPITAL LIMITED
ACN 106 760 148

Appendix 4D - Half Year Report 31 December 2017

1. DETAILS OF THE REPORTING PERIOD AND THE PREVIOUS CORRESPONDING PERIOD

| | |
|-------------------------------|----------------------------------|
| Reporting Period | Half Year Ended 31 December 2017 |
| Previous Corresponding Period | Half Year Ended 31 December 2016 |

2. RESULTS FOR ANNOUNCEMENT

| | |
|--|--------------|
| Revenue from Ordinary Activities | 1,072,790 |
| Previous Corresponding Period | 790,733 |
| Percentage Change from Previous Period | Increase 36% |

| | |
|--|---------------|
| Profit/(loss) from Ordinary Activities after Tax | 937,259 |
| Previous Corresponding Period | (1,394,768) |
| Percentage Change from Previous Period | Increase 167% |

| | |
|--|---------------|
| Net Profit/(loss) for the Period attributable to Members | 937,259 |
| Previous Corresponding Period | (1,394,768) |
| Percentage Change from Previous Period | Increase 167% |

| | |
|--|---|
| The dividend per security | There are no dividends proposed or paid relating to the reporting period. |
| The record date for determining entitlements | N/A |

3. EARNINGS PER SHARE

| Earnings per share (cents) | |
|----------------------------|-------|
| Reporting Period | 0.77 |
| Previous Period | (1.1) |

4. NET TANGIBLE ASSETS PER SHARE

| Net Tangible Assets per share (cents) | |
|---------------------------------------|------|
| Reporting Period | 4.59 |
| Previous Period | 3.29 |

Signed on behalf of the Board,



Simon Lill
Director
 28 February 2018



INTERIM FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2017**

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Your directors submit the half-year financial report of the consolidated entity (the "Group") consisting of Mejority Capital Limited (the "Company") and the entities it controlled, for the half-year to 31 December 2017.

In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

DIRECTORS

The names of the directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

DIRECTORS

Simon Lill (appointed 18 May 2011)
Neil Sheather (appointed 10 November 2014)
Mark Shin Yong Chew (appointed 13 May 2016)
Dao Soon Woei Wong (appointed 5 April, 2016)

RESULTS

The profit for the half year after tax was \$937,259 (2016: loss of \$1,394,768).

REVIEW OF OPERATIONS

Mejority Capital Limited ("MJC" or the "Company") is pleased to report to shareholders a much improved result for the half year to 31 December 2017. A profit before tax of \$937,259 has been recorded, with the Australian operations contributing \$1,364,596, though partially countered by a loss from the discontinued Hong Kong operations of \$427,337.

Pinnacle Securities is the operating face of the Australian operations which was aided by significant tailwinds in the global equities market through the period. This provided both momentum for our clients and significant revaluations through the Company's investment portfolio.

The main contributing factor for the stronger Australian operations was a \$1,404,758 increase in the carrying value of the Group's Investment portfolio, consistent with the improvement in global equity markets over the same period. This figure includes the Company's write down in the value of the Company's holding in XPD Soccer Gear Group Limited ("XPD") of \$292,548.32 at 30 June 2017 to zero at 31 December 2017.

The Company has advised the ASX that it has commenced legal proceedings against XPD.

MJC's Hong Kong subsidiary, Mejority Securities Limited (MSL), continued to weigh on the Group's performance, drawing on Group cash reserves to maintain its operations during the sale process in turn resulting in the above referenced \$427,337 loss for the half. The delay in this sale process through the reported half year has been mainly as a result of the approvals process by the Securities and Futures Commission of Hong Kong ("SFC") to approve Global Group Investments Limited ("GGI") of Hong Kong to acquire MEJority Securities Limited (HK). It is fair to note that the timeliness of presentation of the information sought from GGI has also been poor.

The Company can now report that the sale has now been finalised with the company set to receive an additional HKD7,300,000 on or before 25 April 2018 as it gets released from an escrow account.

Once the sale is completed management can shift 100% of its focus to growing the revenues derived locally. MJC is planning to grow client numbers through:

- client acquisition via growth in advisor numbers and organic increases; and
- strategic acquisitions with a number of opportunities currently under consideration.

Client acquisition will be aided by a key appointment during period, with Damion Ryan joining the group to head up the private client advisory group. Damion brings a wealth of experience in retail broking and trading and will oversee the Company's growth ambitions within the licensed business, Pinnacle Securities. Absent a shift in the prevailing

MEJORITY CAPITAL LIMITED
DIRECTORS' REPORT

investment and equity market conditions, the Company is confident that it can continue with the first half momentum and record a profit for the full year.

SUBSEQUENT EVENTS

On 22 January 2018, Securities and Futures Commission of Hong Kong (“SFC”) confirmed their approval for Global Group Investments Limited (“GGI”) of Hong Kong to acquire MEJORITY Securities Limited of Hong Kong (MSL).

The settlement date was extended by mutual agreement, and has now been finalized on 27 February 2018 with all necessary paperwork to effect settlement being executed. Key issues are that:

- an escrow agreement has now been executed by both parties;
- GGI commenced the financial funding obligations of MSL as if they were owners from 1 February 2018;
- The full settlement consideration of HKD7,300,000 has now been placed into an escrow account;
- GGI are to pay all escrow Agent’s fees and applicable bank charges or out of pocket expenses incurred by the Escrow Agent;
- Funds are anticipated to be released from escrow account in favour of MJC on or before 25 April 2018;
- In total the Company will receive HKD14,600,000 (less costs) from this sale, from which it may need to pay sales commissions.

LEAD AUDITOR’S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

The lead auditor’s independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the *Corporations Act 2001*, and on behalf of the Board by:



SIMON LILL
DIRECTOR

Dated the 28th day of February 2018

**Lead Auditor's Independence Declaration under Section 307C
of the *Corporations Act 2001* to the Directors of Mejority Capital Limited.**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


Crowe Horwath South Qld


Logan Meehan
Partner

Signed at Gold Coast, 28 February 2018

MEJORITY CAPITAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | NOTE | 31 DEC 2017 \$ | 31 DEC 2016 \$ |
|--|------|-------------------|--------------------|
| Continuing operations | | | |
| Revenue | | | |
| Rendering of services | | 1,070,462 | 697,996 |
| Interest income | | 538 | 3,356 |
| Other income | | 33,292 | 89,381 |
| | | <u>1,104,292</u> | <u>790,733</u> |
| Change in fair value of investments | 4 | 1,404,758 | (585,022) |
| Expenses | | | |
| Product commissions | | (575,745) | (433,421) |
| Audit fees | | (27,000) | (24,521) |
| Corporate and professional expenses | | (463,986) | (499,397) |
| Occupancy expenses | | (48,450) | (38,969) |
| Finance expenses | | - | (18,153) |
| Other expenses | | (29,273) | (20,292) |
| PROFIT/(LOSS) BEFORE INCOME TAX | | <u>1,364,596</u> | <u>(829,042)</u> |
| Income tax expense | | - | - |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX | | <u>1,364,596</u> | <u>(829,042)</u> |
| DISCONTINUED OPERATIONS | | | |
| Loss from discontinued operations after income tax | 9 | (427,337) | (565,726) |
| PROFIT/(LOSS) FOR THE PERIOD | | <u>937,259</u> | <u>(1,394,768)</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | | |
| ITEMS THAT MAY BE CLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS | | | |
| Exchange differences on translation of foreign operations | | (10,556) | (6,969) |
| TOTAL OTHER COMPREHENSIVE LOSS | | <u>(10,556)</u> | <u>(6,969)</u> |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | <u>926,703</u> | <u>(1,401,737)</u> |
| EARNINGS PER SHARE | | | |
| Basic and diluted earnings/(loss) per share (cents per share) | | 0.77 | (1.1) |
| EARNINGS PER SHARE – CONTINUING OPERATIONS | | | |
| Basic and diluted earning/(loss) per share (cents per share) | | 1.12 | (0.7) |

The accompanying notes form part of these condensed consolidated interim financial statements

MEJORITY CAPITAL LIMITED**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

| | NOTE | 31 DEC 2017 | 30 JUN 2017 |
|---|------|------------------|------------------|
| ASSETS | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 1,119,538 | 1,504,182 |
| Receivables | | 373,506 | 399,599 |
| Financial assets | 4 | 4,931,920 | 3,381,462 |
| Assets classified as held for sale | 8 | 1,970,378 | 2,051,447 |
| TOTAL CURRENT ASSETS | | 8,395,342 | 7,336,690 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 15,512 | 19,075 |
| TOTAL CURRENT ASSETS | | 15,512 | 19,075 |
| TOTAL ASSETS | | 8,410,854 | 7,355,765 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 499,057 | 289,124 |
| Deposits received | | 1,208,164 | 1,208,164 |
| Liabilities classified as held for sale | | 1,107,846 | 1,189,393 |
| TOTAL CURRENT LIABILITIES | | 2,815,067 | 2,686,681 |
| TOTAL LIABILITIES | | | |
| NET ASSETS | | 5,595,787 | 4,669,084 |
| EQUITY | | | |
| Issued capital | 6 | 8,715,533 | 8,715,533 |
| Reserves | | (31,458) | (20,902) |
| Accumulated losses | | (3,088,288) | (4,025,547) |
| TOTAL EQUITY | | 5,595,787 | 4,669,084 |

The accompanying notes form part of these condensed consolidated interim financial statements.

MEJORITY CAPITAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | ISSUED CAPITAL \$ | RESERVES | ACCUMULATED LOSSES \$ | TOTAL \$ |
|--|----------------------------------|-----------------|--------------------------------------|---------------------|
| BALANCE AT 1 JULY 2016 | 8,715,533 | (3,168) | (3,215,275) | 5,497,090 |
| <i>Total comprehensive loss for the period</i> | | | | |
| Loss for the period | - | - | (1,394,768) | (1,394,768) |
| Total other comprehensive loss | - | (6,969) | - | (6,969) |
| Total comprehensive loss | - | (6,969) | (1,394,768) | (1,401,737) |
| BALANCE AT 31 DECEMBER 2016 | 8,715,533 | (10,137) | (4,610,043) | 4,095,353 |
| BALANCE AT 1 JULY 2017 | 8,715,533 | (20,902) | (4,025,547) | 4,669,084 |
| <i>Total comprehensive loss for the period</i> | | | | |
| Profit for the period | - | - | 937,259 | 937,259 |
| Total other comprehensive loss | - | (10,556) | - | (10,556) |
| Total comprehensive income | - | (10,556) | 937,259 | 926,703 |
| BALANCE AT 31 DECEMBER 2017 | 8,715,533 | (31,458) | (3,088,288) | 5,595,787 |

The accompanying notes form part of these condensed consolidated interim financial statements.

MEJORITY CAPITAL LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | NOTE | 31 DEC 2017 \$ | 31 DEC 2016 \$ |
|--|------|-------------------|-------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 1,210,277 | 1,458,700 |
| Interest income received | | 858 | 12,822 |
| Dividends received | | 1,892 | - |
| Payments to suppliers and employees | | (1,782,896) | (1,997,874) |
| Interest expenses paid | | - | (18,625) |
| Net client monies movement | | 251,922 | (1,650,377) |
| Net cash used in operating activities | | (317,947) | (2,195,354) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payments for property plant & equipment | | (552) | (1,868) |
| Payments for listed equities | | (276,101) | (39,555) |
| Payments for other investments | | (134,102) | (6,500) |
| Proceeds from sale of direct equity investments | | 295,880 | - |
| Deposit held – Hong Kong divesture | | - | 174,620 |
| Net cash (used in)/from investing activities | | (114,875) | 126,697 |
| Net decrease in cash held | | (432,822) | (2,068,657) |
| Cash at beginning of year | | 3,189,072 | 3,959,335 |
| Exchange rate differences | | (32,436) | 14,158 |
| Cash and cash equivalents at end of period | | 2,723,814 | 1,904,836 |
| Less cash reclassified to assets held for sale | 8 | (1,604,276) | (1,409,775) |
| Cash and cash equivalents held by continuing operations | | 1,119,538 | 495,061 |

The accompanying notes form part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Mejority Capital Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily focused on providing financial services, predominantly in funds management and broker trading.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

These condensed consolidated interim financial statements do not include full disclosures of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial statements.

It is recommended that these condensed consolidated interim financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by Mejority Capital Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

(B) ESTIMATES

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the most recent annual financial statements.

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial performance or position of the Group. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

MEJORITY CAPITAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. CURRENT FINANCIAL ASSETS

Financial assets held at period end include the following:

| | CONSOLIDATED | |
|--|--------------------------|----------------------|
| | DECEMBER 2017 | JUNE 2017 |
| | \$ | \$ |
| Current | | |
| Cash and cash equivalents | 1,119,538 | 1,504,182 |
| Receivables | 373,506 | 399,599 |
| <i>Financial assets at fair value through profit or loss</i> | | |
| - Listed equity securities | 626,190 | 277,035 |
| - Derivatives | 254,780 | 1,075,090 |
| - Units in listed managed investment funds | 4,050,950 | 2,029,337 |
| | <u>6,424,964</u> | <u>5,285,2432</u> |

(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). All financial assets at fair value through profit or loss were designated as such upon initial recognition. 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 have been recorded through profit or loss, representing a net gain of \$1,404,758 for the period (2016: net loss of \$585,022).

(iii) *Movement for the period*

| | LISTED EQUITIES HELD | DERIVATES AND MANAGED INVESTMENT FUNDS | UNLISTED EQUITIES | TOTAL |
|--------------------------------------|-------------------------------------|---|------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Opening balance – 30 June 2017 | 277,035 | 3,104,427 | - | 3,381,462 |
| Additions | 12,261 | 134,102 | - | 146,363 |
| Transfers | 179,055 | (179,055) | - | - |
| Expenses incurred on fund redemption | - | (663) | - | (663) |
| Change in fair value of investments | 157,839 | 1,246,919 | - | 1,404,758 |
| Closing Balance – 31 December 2017 | <u>626,190</u> | <u>4,305,730</u> | - | <u>4,931,920</u> |

5. 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:

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|-----------------------------------|-----------|---------|---------|-----------|
| | \$ | \$ | \$ | \$ |
| December 2017 | | | | |
| Listed equity securities | 626,190 | - | - | 626,190 |
| Derivatives | 254,780 | - | - | 254,780 |
| Units in managed investment funds | 4,050,950 | - | - | 4,050,950 |
| Fair value at 31 December 2017 | 4,931,920 | - | - | 4,931,920 |
| June 2017 | | | | |
| Listed equity securities | 277,035 | - | - | 277,035 |
| Derivatives | 1,075,900 | - | - | 1,075,900 |
| Units in managed investment funds | 2,029,337 | - | - | 2,029,337 |
| Fair value at 30 June 2017 | 3,381,462 | - | - | 3,381,462 |

- (i) The fair value of financial instruments traded in active markets (such as publicly traded equities and available-for-sale securities) 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.
- (ii) The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- (iii) There have been no transfers between the levels of the fair value hierarchy during the six (6) months to 31 December 2017.
- (iv) Unlisted equity securities are designated as Level 3 investments. These relate to seed investments into entities with new product opportunities in the medical and web-based technologies. They are all seeking opportunities in the coming 12-24 month period. At balance date, fair value could not be reliably estimated and as such these investments remain fully impaired.

Discussions on valuation processes and outcomes are held on at least a six (6) months basis and consider all available information, both qualitative and quantitative, as applicable to the type of investment and on the basis of its current life cycle.

MEJORITY CAPITAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SHARE CAPITAL

| | CONSOLIDATED | | | |
|--|--------------------|------------------|-------------------|-----------|
| | DECEMBER 2017 | | JUNE 2017 | |
| | 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 for the period | | | | |

There was no movement in the six-month period since 30 June 2017.

7. 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, during the half year, the Group operated in the broking services industry within the geographical segments of Australia and Hong Kong/China. Previously the chief operating decision maker also reviewed reports detailing profit or loss by business sector, being both broking services and funds management, however this is now monitored as one aggregated segment.

| | Broking Services | | | | | | Consolidated | |
|--|------------------|-------------|------------------|-------------|-------------|-------------|------------------|-------------|
| | Australia | | Hong Kong/China* | | Unallocated | | Total | |
| | Dec 2017 | Dec 2016 | Dec 2017 | Dec 2016 | Dec 2017 | Dec 2016 | Dec 2017 | Dec 2016 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | |
| Revenue from external customers | 1,070,337 | 697,996 | 60,828 | 443,668 | - | - | 1,131,165 | 1,141,664 |
| Results | | | | | | | | |
| Reportable segment profit/(loss) before income tax | 1,364,596 | (829,042) | (427,337) | (565,726) | - | - | 937,259 | (1,394,768) |
| Income tax benefit | | | | | | | - | - |
| Elimination of discontinued operations | | | | | | | 427,337 | 565,726 |
| Profit/(loss) from continuing operations | | | | | | | 1,364,596 | (829,042) |

*Discontinued – see note 9

8. DISPOSAL GROUP HELD FOR SALE

The broking services segment of the Group operating in Hong Kong/China is presented as a disposal group held for sale following the commitment of the Group's management to a plan to sell its ownership interests in MEjority Securities Limited. The ownership interest in MEjority Securities Limited was sold subsequent to 31 December 2017 (see note 11), and has been classified as assets and liabilities held for sale at 31 December 2017.

The disposal group was subsequently measured at the lower of its carrying amount and its fair value less costs to sell. This did not result in any impairment losses being realised for the period ended 31 December 2017.

As at 31 December 2017 the disposal group comprised assets of \$1,970,378 less liabilities of \$1,107,846 detailed as follows:

| | |
|-----------------------------|-----------------|
| | \$ |
| Cash and cash equivalents | 1,604,276 |
| Trade and other receivables | 134,878 |
| Other assets | 231,224 |
| Trade and other payables | (182,158) |
| Other current liabilities | (925,688) |
| | <u>862,532*</u> |

*The total consideration of HKD14.6 Million paid or payable on settlement of the discontinued operation equates to ~ A\$2.4 Million of which 50% was held as at balance date and supports the carrying value of the disposal group.

9. DISCONTINUED OPERATION

In December 2016 the Group discontinued its Hong Kong/China broking services segment. This occurred via management's commitment to a plan during the period to sell this segment following a strategic decision to reduce its broking services activities in South East Asia. The assets and liabilities in MEjority Securities Limited are therefore classified as held for sale at 31 December 2017 (see note 8).

For the six months ended 31 December

| | 2017 | 2016 |
|--|------------------|--------------------|
| | \$ | \$ |
| Results of discontinued operation | | |
| Revenue | 60,828 | 443,668 |
| Other income | 8,128 | 37,176 |
| Expenses | (496,293) | (1,046,570) |
| Loss from operating activities | <u>(427,337)</u> | <u>(565,726)</u> |
| Income tax expense | - | - |
| Loss from operating activities, net of income tax | <u>(427,337)</u> | <u>(565,726)</u> |
| Loss for the period | <u>(427,337)</u> | <u>(565,726)</u> |
| Basic and diluted loss per share (cents) | (0.04) | (0.05) |
| Cash flows used in discontinued operation | | |
| Net cash used in operating activities | (502,952) | (1,837,765) |
| Net cash from investing activities | - | - |
| Effect on cash flows | <u>(502,952)</u> | <u>(1,837,765)</u> |

10. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2017.

11. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 January 2018, Securities and Futures Commission of Hong Kong (“SFC”) confirmed their approval for Global Group Investments Limited (“GGI”) of Hong Kong to acquire MEJORITY Securities Limited of Hong Kong (MSL).

The settlement date was extended by mutual agreement, and has now been finalized on 27 February 2018 with all necessary paperwork to effect settlement being executed. Key issues are that:

- an escrow agreement has now been executed by both parties;
- GGI commenced the financial funding obligations of MSL as if they were owners from 1 February 2018;
- The full settlement consideration of HKD7,300,000 has now been placed into an escrow account;
- GGI are to pay all escrow Agent’s fees and applicable bank charges or out of pocket expenses incurred by the Escrow Agent;
- Funds are anticipated to be released from escrow account in favour of MJC on or before 25 April 2018;
- In total the Company will receive HKD14,600,000 (less costs) from this sale, from which it may need to pay sales commissions.

At the completion of the escrow period on 25 April 2018 the Group will receive final consideration of HKD\$7.3 Million before selling costs.

Other than the matters disclosed above, there was no other matter or circumstance that has arisen since 31 December 2017 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.

**MEJORITY CAPITAL LIMITED
DIRECTORS' DECLARATION**

In the opinion of the directors of Mejority Capital Limited (“the Company”)

The financial statements and notes, as set out on pages 5 to 14 are in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the financial position of the Company as at 31 December 2017 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
- b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and;

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

This declaration is made in accordance with a resolution of the Board of Directors.



**SIMON LILL
DIRECTOR**

28 February 2018

Independent Auditor's Review Report to the Members of Mejority Capital Limited

We have reviewed the accompanying half-year financial report of Mejority Capital Limited (the Company), which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mejority Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mejority Capital Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

CROWE HORWATH SOUTH QLD
CROWE HORWATH SOUTH QLD



Logan Meehan

Partner

Dated at Gold Coast this 28th day of February 2018