MEJORITY CAPITAL LIMITED
ACN 106 760 418

Appendix 4D - Half Year Report 31 December 2018

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

Reporting Period	Half Year Ended 31 December 2018
Previous Corresponding Period	Half Year Ended 31 December 2017

2. RESULTS FOR ANNOUNCEMENT

Revenue from Ordinary Activities	1,471,965
Previous Corresponding Period	1,072,790
Percentage Change from Previous Period	37%

Profit/(loss) from Ordinary Activities after Tax	(299,122)
Previous Corresponding Period	937,259
Percentage Change from Previous Period	(132%)

Net Profit/(loss) for the Period attributable to Members	(222,276)
Previous Corresponding Period	937,259
Percentage Change from Previous Period	(124%)

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

The financial statements have been reviewed and the Company's auditor has included an "emphasis of matter" paragraph in the Audit Review Report relating to the Company's provisional acquisition accounting which is due to be finalised by 30 June 2019.

3. EARNINGS PER SHARE

Earnings per share (cents)	
Reporting Period	(0.18)
Previous Period	0.77

4. NET TANGIBLE ASSETS PER SHARE

Net Tangible Assets per share (cents)	
Reporting Period	3.42
Previous Period	4.59

5. DETAILS OF ENTITIES WHICH GONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Entities where control has been gained	
Reporting Period	
Smart Money Company Pty Ltd	4 July 2018
Pinnacle Adviser Services Pty Ltd	22 October 2018
Previous Period	Nil

Signed on behalf of the Board,

Simon Lill
Director
28 February 2019

ACN 106 760 148

MEJORITY CAPITAL LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2018

TABLE OF CONTENTS

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 2018.

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)
	Dao Soon Woei Wong (appointed 5 April, 2016)
	Damion Ryan (appointed 15 June, 2018)

RESULTS

The loss for the half year after tax was $299,122 (2017: profit of $937,259).

The major abnormal items that form part of the loss are:

1. $192,115 loss for SMC operations which we are still settling down;
2. $139,135 for deposit written off for Hong Kong Office Rental Bond, which is the last of any involvement with the Hong Kong acquisition of MEJority Securities (HK) Limited;
3. Minor write downs of certain investments made in the normal course of business.

REVIEW OF OPERATIONS

During the six months, the Group continued to expand its domestically focused financial services offering with several strategic investments in the advisory and trading areas. To that end, the Group acquired a 60% interest in share trading and education business, Smart Money Co. with the aim of integrating the operations into the Group's current licensed subsidiary, Pinnacle Securities. Smart Money Co. brings with it a significant client list with whom we are now seeking to engage on several fronts, namely trading, investment and administration.

The integration of Smart Money Co. has taken longer than originally anticipated leading to an unexpected loss during this reporting period. A subsequent review of costs and operations during the half has resulted in an improved cost structure across the Smart Money Co businesses.

Since 1 January we have extracted significant cost savings and are now confident that Smart Money Co. is on the correct trajectory to profitability.

In keeping with the Group's strategic growth plans, the Group acquired a new Financial Service Licence through the acquisition of Roberts Bridges Pty Ltd. The main thrust of this investment is to establish a foundation for the Group's ambitions to operate a dealer group business model. Roberts Bridges has since been rebranded Pinnacle Adviser Services and has commenced marketing and attracting experienced external advisers to the business.

We also announced a relationship with Somers & Partners of Perth, a corporate advisory and stockbroking firm as a means of enhancing deal flow, strengthening our client list and hence capital capabilities.

The market has remained difficult throughout the current reporting period, however, the Group continues to strengthen and broaden its financial services offering undeterred. The Board and Executive will continue to pursue 'bolt on' opportunities to grow and add shareholder value.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 2018.

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 28 of February 2019

Crowe Horwath.
PART OF FINDEX

Crowe Horwath South QLD

ABN 94 495 774 523
Member Crowe Horwath International

Audit and Assurance Services

Level 2, Corporate Centre 1
2 Corporate Court,
Bundall QLD 4217
PO Box 7926 GCMC
Bundall QLD 4217
Australia
Tel 07 5644 6100
Fax 07 5644 6199
www.crowehorwath.com.au

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 2018, 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

Crowe Horwath South Qld

Logan Meehan
Partner

Signed at Gold Coast, 28 February 2019

Crowe Horwath South QLD is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees. 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 Horwath external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	NOTE	31 DEC 2018 $	31 DEC 2017 $
Continuing operations			
Revenue			
Rendering of services		**1,310,296**	1,070,462
Interest income		**1,575**	538
Other income		**197,767**	33,292
		1,509,638	1,104,292
Change in fair value of investments	4	**369,303**	1,404,758
Expenses			
Product commissions		**(806,013)**	(575,745)
Audit fees		**(21,500)**	(27,000)
Corporate and professional expenses		**(749,090)**	(463,986)
Employee expenses		**(278,736)**	-
Occupancy expenses		**(201,560)**	(48,450)
Finance expenses		**(16,796)**	-
Impairment expense		**(50,000)**	-
Other expenses		**(54,368)**	(29,273)
(LOSS)/PROFIT BEFORE INCOME TAX		**(299,122)**	1,364,596
Income tax expense		**-**	-
(LOSS)/PROFIT FROM CONTINUING OPERATIONS AFTER INCOME TAX		**(299,122)**	1,364,596
DISCONTINUED OPERATIONS			
Loss from discontinued operations after income tax		**-**	(427,337)
(LOSS)/PROFIT FOR THE PERIOD		**(299,122)**	937,259
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)
TOTAL OTHER COMPREHENSIVE LOSS		**-**	(10,556)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(299,122)**	926,703
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the Company		(222,276)	937,259
Non-controlling interest		(76,846)	-
		(299,122)	937,259

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	NOTE	31 DEC 2018	31 DEC 2017
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
Owners of the Company		**(222,276)**	926,703
Non-controlling interest		**(76,846)**	-
		(299,122)	926,703
(LOSS)/EARNINGS PER SHARE			
Basic and diluted (loss)/earnings per share (cents per share)		**(0.18)**	0.77
(LOSS)/EARNINGS PER SHARE – CONTINUING OPERATIONS			
Basic and diluted (loss)/earnings per share (cents per share)		**(0.18)**	1.12

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	NOTE	31 DEC 2018	30 JUN 2018
ASSETS		**$**	$
CURRENT ASSETS			
Cash and cash equivalents		**151,068**	1,017,234
Trade and other receivables		**405,488**	486,114
Other investments	4	**3,969,732**	3,415,502
Prepayments		**-**	135,263
TOTAL CURRENT ASSETS		**4,526,288**	5,054,113
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,198,465**	16,584
Intangibles	8	**160,000**	-
Goodwill	8	**236,429**	-
TOTAL NON - CURRENT ASSETS		**1,594,894**	16,584
TOTAL ASSETS		**6,121,182**	5,070,697
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**552,226**	165,000
Interest bearing loan	10	**1,000,000**	-
TOTAL CURRENT LIABILITIES		**1,552,226**	165,000
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**1,552,226**	165,000
NET ASSETS		**4,568,956**	4,905,697
EQUITY			
Issued capital	6	**8,715,533**	8,715,533
Accumulated losses		**(4,032,112)**	(3,809,836)
Total equity attributable to shareholders of the Company		**4,683,421**	4,905,697
Non-controlling interest		**(114,465)**	**-**
TOTAL EQUITY		**4,568,956**	**4,905,697**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	ISSUED CAPITAL $	TRANS-LATION RESERVE $	ACCUM-ULATED LOSSES $	TOTAL $	NON-CONTROLLING INTERESTS $	TOTAL EQUITY $
BALANCE AT 1 JULY 2017	8,715,533	(20,902)	(4,025,547)	4,669,084	-	4,669,084
Total comprehensive loss for the period						
Loss for the period	-	-	937,259	937,259	-	937,259
Total other comprehensive loss	-	(10,556)	-	(10,556)	-	(10,556)
Total comprehensive loss	-	(10,556)	937,259	926,703	-	926,703
BALANCE AT 31 DECEMBER 2017	8,715,533	(31,458)	(3,088,288)	5,595,787	-	5,595,787
BALANCE AT 1 JULY 2018	**8,715,533**	**-**	**(3,809,836)**	**4,905,697**	**-**	**4,905,697**
Total comprehensive loss for the period						
Loss for the period	**-**	**-**	**(222,276)**	**(222,276)**	**(76,845)**	**(299,122)**
Total other comprehensive loss	**-**		**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**(222,276)**	**(222,276)**	**(76,845)**	**(299,122)**
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)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(37,620)**	**(37,620)**
BALANCE AT 31 DECEMBER 2018	**8,715,533**	**-**	**(4,032,112)**	**4,683,421**	**(114,465)**	**4,568,956**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	31 Dec 2018 $	31 Dec 2017 $
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	**1,419,300**	1,210,277
Payments to suppliers and employees	**(1,702,319)**	(1,782,896)
Interest income received	**1,575**	858
Dividends received	**-**	1,892
Interest expenses paid	**(16,796)**	-
Net client monies movement	**7,517**	251,922
Net cash used in operating activities	**(290,723)**	(317,947)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property plant & equipment	**(1,152,142)**	(552)
Payments for listed equities	**(235,085)**	(276,101)
Payments for other investments	**(230,000)**	(134,102)
Payments for subsidiary, net of cash acquired	**(58,372)**	-
Proceeds from sale of direct equity investments	**100,156**	295,880
Net cash used in investing activities	**(1,575,443)**	(114,875)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from third party	1,000,000	-
Net cash from financing activities	**1,000,000**	-
Net decrease in cash held	**(866,166)**	(432,822)
Cash at beginning of period	**1,017,234**	3,189,072
Exchange rate differences	**-**	(32,436)
Cash and cash equivalents at end of period	**151,068**	2,723,814
Less cash reclassified to assets held for sale	**-**	(1,604,276)
Cash and cash equivalents held by continuing operations	**151,068**	1,119,538

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 2018 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.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at Level 13, 49 York Street, Sydney, NSW 2000 or at www.mejoritycapital.com.au.

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 2018 and any public announcements made by Mejority Capital Limited during the half-year in accordance with the 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 2018, as well as the additional estimates made in the interim financial report (note 8) in respect of the fair value of intangible assets acquired, currently measured on a provisional basis.

(C) GOING CONCERN

The financial report has been prepared on a going concern basis. As at 31 December 2018, the Company has cash at bank of $151,068 and liquid investments which can be readily converted to cash of $3,969,732.

The net current asset position as at 31 December 2018 was $2,974,062.

During the six month to 31 December 2018, the Company has acquired a commercial property as its head office for $1,188,080 inclusive of acquisition costs. The property has been financed by a short term loan of six months for $1,000,000. The loan is secured by the commercial property.

The current loan is due to be repaid on 26 April 2019, however it is currently being refinanced to a long-term facility. Finance approval has not yet been obtained as at the date of this report.

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

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.

New accounting standards

As mentioned in the full year financial report for the financial year ended 30 June 2018, AASB 15 *Revenue from Contracts with Customers* came in effect from 1 July 2018. The Group has assessed the financial impact of the new standard and it does not have a significant impact on the Group's revenue recognition policies. Brokerage commission continues to be recognised on the trade date of the transaction as this is the date on which the transfer of control is deemed to take place.

AASB 9 *Financial Instruments* also came into effect from 1 July 2018. AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has assessed the financial impact of the new standards and it does not have a significant financial impact.

4. CURRENT FINANCIAL ASSETS

Financial assets held at period end include the following:

	CONSOLIDATED	
	DECEMBER 2018	JUNE 2018
	$	$
Current		
Cash and cash equivalents	**151,068**	1,017,234
Receivables*	**405,488**	486,814
Financial assets at fair value through profit or loss		
- ASX Listed equity securities	**537,168**	461,893
- Derivatives	**955,609**	920,186
- Listed equity securities portfolio	**2,476,955**	1,983,423
	4,526,288	4,869,550
Financial assets held at cost		
- Convertible notes in unlisted company	**-**	50,000
	-	50,000

* The rental deposit of $139,135 on the Hong Kong rental lease was written off based on commercial considerations and new events that happened post 30 June 2018.

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

The Group continues to classify its equity based financial assets at fair value through profit or loss upon adoption of AASB 9. 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. Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

(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 $369,303 for the period (2017: net gain of $1,404,758).

The convertible notes were fully impaired during the period, resulting in an impairment expense of $50,000 recognised in profit or loss.

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 2018				
Listed equity securities	**537,168**	**-**	**-**	**537,168**
Derivatives	**955,609**	**-**	**-**	**955,609**
Units in managed investment funds	**2,476,955**	**-**	**-**	**2,476,955**
Fair value at 31 December 2018	**3,969,732**	**-**	**-**	**3,969,732**
June 2018				
Listed equity securities	283,455	-	-	283,455
Derivatives	920,186	-	-	920,186
Units in managed investment funds	2,161,861	-	-	2,161,861
Fair value at 30 June 2018	3,365,502	-	-	3,365,502

(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 2018.

6. SHARE CAPITAL

	CONSOLIDATED			
	DECEMBER 2018		JUNE 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 for the period

There was no movement in the six-month period since 30 June 2018.

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 segment of Australia (previously also Hong Kong/China which was discontinued during the year ended 30 June 2018).

	Broking Services						**Consolidated**	
	Australia		**Hong Kong/China***		**Other**		**Total**	
	Dec 2018	Dec 2017	**Dec 2018**	Dec 2017	**Dec 2018**	Dec 2017	**Dec 2018**	Dec 2017
	$	$	**$**	$	**$**	$	**$**	$
Revenues								
Revenue from external customers	**1,091,564**	1,070,462	**-**	60,828	**199,092**	-	**1,310,296**	1,131,290
Results								
Reportable segment (loss)/profit before income tax	**(101,880)**	1,364,596	**-**	(427,337)	**(197,242)**	-	**(299,122)**	937,259
Income tax benefit							-	-
Elimination of loss from discontinued operations							-	427,337
Profit/(loss) from continuing operations							**(299,122)**	1,364,596

**Discontinued and sold during year ended 30 June 2018.*

Other operations relate to finance education services and a one off payment of $100,000 in relation to listing services provided during the year. These segments do not currently meet any of the quantitative thresholds for determining reportable segments.

8. 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 interest in the Company for consideration of $180,000 cash.

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

In the six months to 31 December 2018, SMC contributed revenue of $194,245 and a loss of $192,115 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.

In thousands of dollars	**$**
Cash and cash equivalents	**31,628**
Intangible assets	**100,000**
Loans and borrowings	**(170,000)**
Trade and other payables	**(55,671)**
Total net identifiable assets	**(94,049)**

The fair value of intangible assets of SMC's customer relationships have been determined provisionally as $100,000 pending completion of an independent valuation.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

In thousands of dollars	**$**
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	**94,049**
Goodwill	**236,429**

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.

The initial accounting for the business combination is currently provisional and will be completed upon completion of an independent valuation of the intangible assets. The valuation will be completed before 30 June 2019, and is not yet completed due to the fact the Group has been integrating with SMC's business operations in the last six months.

As the final acquisition accounting may affect the reported amounts of identifiable assets, non-controlling interests and goodwill no impairment testing has been performed as at 31 December 2018. A full impairment test wil be performed upon completion of the acquisition accounting, prior to 30 June 2019.

8. 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 consideration of $60,000 cash.

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 31 December 2018, PAS has been dormant and contributed no 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.

The intangible asset will be amortised over a period of five years.

There were no acquisition costs.

9. 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 $1,188,080. The building will be depreciated over a period of 40 years and now serves as the corporate head office for the Group.

Building at cost	**1,188,080**
Plant and equipment	**40,479**
Accummulated depreciation	**(30,094)**
Carrying amount at 31 December 2018	**1,198,465**

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 $1,000,000 loan (see note 10).

10. LOANS AND BORROWINGS

In order to finance the property purchase disclosed in note 9, a loan of $1,000,000 was taken out, with the property held as security against the loan.

The loan incurs interest at 10% per annum and is for a 6 month term, expiring in April 2019.

The Group is currently in the process of refinancing the loan with another financial institution, however at the time of this report no finance agreement had been settled.

11. CONTINGENT LIABILITIES

(a) Contingencies

There were no contingent liabilities as at 31 December 2018 (31 December 2017: nil).

12. EVENTS SUBSEQUENT TO REPORTING DATE

There was no other matter or circumstance that has arisen since 31 December 2018 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.

In the opinion of the directors of Mejority Capital Limited ("the Company")

The financial statements and notes, as set out on pages 5 to 16 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 2018 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 2019

Crowe Horwath South QLD

ABN 94 495 774 523
Member Crowe Horwath International

Audit and Assurance Services

Level 2, Corporate Centre 1
2 Corporate Court,
Bundall QLD 4217
PO Box 7926 GCMC
Bundall QLD 4217
Australia
Tel 07 5644 6100
Fax 07 5644 6199
www.crowehorwath.com.au

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 interim statement of financial position as at 31 December 2018, the condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 12 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 2018 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.

Independence

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

Crowe Horwath.
PART OF FINDEX

Emphasis of Matter – Provisional Acquisition Accounting

We draw attention to note 8 of the financial report, which discloses the fact that the acquisition accounting for Smart Money Company is currently provisional and will be finalised within one year of acquisition, prior to 30 June 2019. This note also discloses the fact that an assessment of goodwill impairment is pending finalisation of the acquisition accounting and will also be performed by 30 June 2019. Our conclusion is not modified in respect of this matter.

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 2018 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

Meehan

Logan Meehan

Partner

Dated at Gold Coast this 28th day of February 2019