

**MEJORITY CAPITAL LIMITED**  
ACN 106 760 418

**Appendix 4D - Half Year Report 31 December 2019**

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

Reporting Period	Half Year Ended 31 December 2019
Previous Corresponding Period	Half Year Ended 31 December 2018

**2. RESULTS FOR ANNOUNCEMENT**

Revenue from Ordinary Activities	788,958
Previous Corresponding Period	1,058,279
Percentage Change from Previous Period	(25%)

Profit/(loss) from Ordinary Activities after Tax	749,988
Previous Corresponding Period	(299,122)
Percentage Change from Previous Period	351%

Net Profit/(loss) for the Period attributable to Members	776,016
Previous Corresponding Period	(222,276)
Percentage Change from Previous Period	449%

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**

<b>Earnings/(loss) per share (cents)</b>	
Reporting Period	0.61
Previous Period	(0.18)

**4. NET TANGIBLE ASSETS PER SHARE**

<b>Net Tangible Assets per share (cents)</b>	
Reporting Period	3.11
Previous Period	3.42

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

<b>Entities where control has been gained or ceased during the year</b>	
Reporting Period	Ceased - Mejority Money Pty Ltd
Previous Period	Gained - Smart Money Company Pty Ltd Gained - Pinnacle Adviser Services Pty Ltd

Signed on behalf of the Board,



**Neil Sheather**  
**Director**

28 February 2020



**ACN 106 760 148**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2019**

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**MEJORITY CAPITAL LIMITED**  
**DIRECTORS' REPORT**

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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 2019.

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.

<b>DIRECTORS</b>	Simon Lill (appointed 18 May 2011, resigned 25 November 2019)
	Neil Sheather (appointed 10 November 2014)
	Dao Soon Woei Wong (appointed 5 April, 2016)
	Damion Ryan (appointed 15 June, 2018)

**RESULTS**

The profit for the half year after tax was \$749,988 (2018: loss of \$299,122).

**REVIEW OF OPERATIONS**

During the six months, the Group continued to consolidate its domestically focused financial services offering with several strategic investments in the advisory and trading areas.

The integration of Pinnacle SMSF Plus has taken longer than originally anticipated leading to a small loss in the current reporting period. A combined effect of reduced costs and additional products offering has resulted in an improved cost structure and profitability across the Pinnacle SMSF Plus businesses.

The market has remained challenging 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.

**MEJORITY CAPITAL LIMITED  
DIRECTORS' REPORT**

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**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 2019.

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:



**NEIL SHEATHER  
DIRECTOR**

Dated the 28 of February 2020

**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 2019, 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 South QLD**

  
**Logan Meehan**  
Partner

Dated at Gold Coast this 28<sup>th</sup> day of February 2020

*Liability limited by a scheme approved under Professional Standards Legislation.*

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

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**MEJORITY CAPITAL LIMITED**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	NOTE	31 December 2019 \$	31 December 2018 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
Rendering of services		768,870	858,937
Interest income		415	1,575
Other income		19,673	197,767
		<u>788,958</u>	1,058,279
Change in fair value of investments	4	1,094,607	369,303
<b>Expenses</b>			
Product commissions		(194,667)	(354,654)
Audit fees		(19,500)	(21,500)
Corporate and professional expenses		(546,788)	(749,090)
Depreciation		(47,776)	(26,875)
Employee expenses		(237,884)	(278,736)
Occupancy expenses		(53,130)	(201,560)
Finance expenses		(16,167)	(16,796)
Impairment expense		-	(50,000)
Other expenses		(17,665)	(27,493)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<u>749,988</u>	(299,122)
Income tax expense		-	-
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX</b>		<u>749,988</u>	(299,122)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
<b>ITEMS THAT MAY BE CLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<u>749,988</u>	(299,122)
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>			
Owners of the Company		776,016	(222,276)
Non-controlling interest		(26,028)	(76,846)
		<u>749,988</u>	(299,122)

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

**MEJORITY CAPITAL LIMITED**

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (CONTINUED)  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	NOTE	31 December 2019	31 December 2018
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:</b>			
Owners of the Company		776,016	(222,276)
Non-controlling interest		<u>(26,028)</u>	<u>(76,846)</u>
		<u>749,988</u>	<u>(299,122)</u>
<b>EARNINGS/(LOSS)/PER SHARE</b>			
Basic and diluted earnings/(loss) per share (cents per share)		0.61	(0.18)

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



**MEJORITY CAPITAL LIMITED**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	NOTE	31 December 2019 \$	30 June 2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		103,858	248,415
Trade and other receivables		79,973	150,461
Other investments	4	4,417,960	3,309,862
Deposit and bonds		40,000	54,400
<b>TOTAL CURRENT ASSETS</b>		<b>4,641,791</b>	<b>3,763,139</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,246,778	1,117,087
Intangibles		80,750	85,500
Goodwill		241,429	241,429
<b>TOTAL NON - CURRENT ASSETS</b>		<b>1,568,957</b>	<b>1,444,016</b>
<b>TOTAL ASSETS</b>		<b>6,210,748</b>	<b>5,207,155</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	553,148	492,619
Make good provision		17,000	-
Interest bearing loans	9	170,000	1,055,360
<b>TOTAL CURRENT LIABILITIES</b>		<b>740,148</b>	<b>1,547,979</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans	9	787,027	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>787,027</b>	<b>1,547,979</b>
<b>TOTAL LIABILITIES</b>		<b>1,527,175</b>	<b>1,547,979</b>
<b>NET ASSETS</b>		<b>4,683,573</b>	<b>3,659,176</b>
<b>EQUITY</b>			
Issued capital	6	8,989,942	8,715,533
Accumulated losses		(4,105,760)	(4,881,776)
<b>Total equity attributable to shareholders of the Company</b>		<b>4,884,182</b>	<b>3,833,757</b>
<b>Non-controlling interest</b>		<b>(200,609)</b>	<b>(174,581)</b>
<b>TOTAL EQUITY</b>		<b>4,683,573</b>	<b>3,659,176</b>

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

**MEJORITY CAPITAL LIMITED**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	ISSUED CAPITAL \$	ACCUM- ULATED LOSSES \$	NON- CONTROLLING INTERESTS \$	TOTAL EQUITY \$
<b>BALANCE AT 1 JULY 2018</b>	8,715,533	(3,809,836)	-	4,905,697
Loss	-	(227,276)	(76,845)	(299,122)
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period, net of tax	-	(227,276)	(76,845)	(299,122)
<i>Transactions with owners of the company, recognised directly in equity</i>				
Acquisition of subsidiary with non-controlling interests	-	-	(37,620)	(37,620)
<b>BALANCE AT 31 DECEMBER 2018</b>	<b>8,715,533</b>	<b>(4,032,112)</b>	<b>(114,465)</b>	<b>4,568,956</b>
<b>BALANCE AT 1 JULY 2019</b>	<b>8,715,533</b>	<b>(4,881,776)</b>	<b>(174,581)</b>	<b>3,659,176</b>
Profit/(loss)	-	776,016	(26,028)	749,988
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period, net of tax	-	776,016	(26,028)	749,988
<i>Transactions with owners of the company, recognised directly in equity</i>				
Issue of shares	274,409	-	-	274,409
<b>BALANCE AT 31 DECEMBER 2019</b>	<b>8,989,942</b>	<b>(4,105,760)</b>	<b>(200,609)</b>	<b>4,683,573</b>

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

**MEJORITY CAPITAL LIMITED****CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>31 December 2019</b>	31 December 2018
	\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	<b>906,550</b>	1,419,300
Payments to suppliers and employees	<b>(1,128,020)</b>	(1,702,319)
Interest income received	<b>415</b>	1,575
Dividends received	<b>4,157</b>	-
Interest expenses paid	<b>(16,167)</b>	(16,796)
Net client monies movement	-	7,517
Net cash used in operating activities	<b>(233,065)</b>	(290,723)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property plant & equipment	<b>(18,611)</b>	(1,152,142)
Payments for listed equities	<b>(1,000,216)</b>	(235,085)
Payments for other investments	-	(230,000)
Payments for subsidiary, net of cash acquired	-	(58,372)
Proceeds from sale of direct equity investments	<b>921,260</b>	100,156
Sale of controlled entity	<b>10,000</b>	-
Net cash used in investing activities	<b>(87,567)</b>	(1,575,443)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of shares	<b>274,409</b>	-
Repayment of loan from third party	<b>(98,334)</b>	-
Loan from third party	-	1,000,000
Net cash from financing activities	<b>176,075</b>	1,000,000
Net decrease in cash held	<b>(144,557)</b>	(866,166)
Cash at beginning of period	<b>248,415</b>	1,017,234
<b>Cash and cash equivalents at end of period</b>	<b>103,858</b>	151,068

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 2019 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 31 December 2019 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](http://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 2019 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 2019.

### **(C) GOING CONCERN**

The financial report has been prepared on a going concern basis. As at 31 December 2019, the Company has cash at bank of \$103,858 and liquid investments which can be readily converted to cash of \$4,417,960.

The net current asset position as at 31 December 2019 was \$3,901,643.

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

**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, with the exception of the following:

**New accounting standards**

**Leases**

The Group has adopted AASB 16 *Leases*. In accordance with the transition provisions in AASB 16 the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard on 1 July 2019. Comparatives for the 2019 financial year have not been restated.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as at 1 July 2019. The lessees incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 10%.

	\$
Operating lease commitments disclosed as at 30 June 2019	149,921
Discounted using the company’s incremental borrowing rate of 10%	(3,014)
<b>Lease liability recognised as at 1 July 2019</b>	<b>146,907</b>

The associated rights-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019.

Property, plant and equipment increased by \$163,907 on 1 July 2019, trade and other payables by \$146,907. There was no net impact on retained earnings.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**MEJORITY CAPITAL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**4. CURRENT FINANCIAL ASSETS**

Financial assets held at period end include the following:

	<b>CONSOLIDATED</b>	
	<b>31 December 2019</b>	30 June 2019
	\$	\$
<b>Current</b>		
Cash and cash equivalents	<b>103,858</b>	248,415
Receivables	<b>79,973</b>	150,461
<i>Financial assets at fair value through profit or loss</i>		
- ASX listed equity securities	<b>411,787</b>	542,208
- International listed equity securities portfolio	<b>4,006,173</b>	2,767,654
	<b>4,601,791</b>	3,708,738

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

The Group classifies its equity based financial assets at fair value through profit or loss. 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 profit or loss.

(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 \$1,094,607 for the period (2018: net gain of \$369,303).

**MEJORITY CAPITAL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**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
	\$	\$	\$	\$
<b>December 2019</b>				
Listed equity securities	411,787	-	-	411,787
International listed equities portfolio	4,006,173	-	-	4,006,173
Fair value at 31 December 2019	<u>4,417,960</u>	<u>-</u>	<u>-</u>	<u>4,417,960</u>
<b>June 2019</b>				
Listed equity securities	542,208	-	-	542,208
International listed equities portfolio	2,767,654	-	-	2,767,654
Fair value at 30 June 2019	<u>3,309,862</u>	<u>-</u>	<u>-</u>	<u>3,309,862</u>

- (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 2019.

**6. SHARE CAPITAL**

	CONSOLIDATED			
	31 December 2019		30 June 2019	
	No. of shares.	\$	No. of shares.	\$
(a) Ordinary shares fully paid	<u>140,253,184</u>	<u>8,989,942</u>	121,959,291	8,715,533
(b) Movement in ordinary shares on issue for the period	18,293,893	274,409	-	-

There was 18,293,893 shares issued at 1.5 cents on the 8 November 2019 for a total consideration of \$274,409.

**MEJORITY CAPITAL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**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 the Group operated in the financial services industry.

Due to the acquisition of Smart Money Company, rebranded as Pinnacle SMSF Plus in the prior financial year the directors have reassessed the operating segments of the Group and concluded that there are two operating segments – that relating to the Mejority Capital Limited trading business, and that related to the Pinnacle SMSF Plus trading business. For each of the operating segments the chief operating decision maker reviews internal management reports on a monthly basis.

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

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

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

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

	<b>Brokerage and Advisory</b>		<b>Pinnacle SMSF Plus</b>		<b>Unallocated</b>		<b>Consolidated</b>	
	<b>Dec</b>	<b>Dec</b>	<b>Dec</b>	<b>Dec</b>	<b>Dec</b>	<b>Dec</b>	<b>Dec</b>	<b>Dec</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Revenue from external customers	<b>644,379</b>	918,200	<b>122,977</b>	138,504	<b>21,602</b>	1,575	<b>788,958</b>	1,058,279
<b>Results</b>								
Reportable segment profit/(loss) before income tax	<b>284,243</b>	261,127	<b>(65,070)</b>	(234,429)	<b>530,815</b>	(325,820)	<b>749,988</b>	(299,122)
Income tax benefit								-
Profit/(loss) from continuing operations							<b>749,988</b>	(299,122)



**MEJORITY CAPITAL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**8. LEASES**

*(i) Amounts recognised in the balance sheet*

	CONSOLIDATED	
	31 December 2019	30 June 2019
<b>Right-of-use assets*</b>		
Lease – office rental	136,589	-
	136,589	-

\*included in the line item “Property, plant and equipment” in the statement of financial position.

**Lease liabilities\*\***

Current	118,907	-
Non-current	-	-
	118,907	-

\*\*included in the line item “Trade and other payables” in the statement of financial position. In the previous year the, the Group only recognised lease liabilities in relation to leases that were classified as ‘finance leases’ under AASB 117 *Leases*, of which there were none. For adjustments recognised on adoption of AASB 16 on 1 July 2019, please refer to note 3.

*Amounts recognised in profit or loss*

**Depreciation charge of right-of-use assets**

Lease – rental premises	27,318	-
	27,318	-
Interest expense	5,919	-
<b>Total</b>	33,237	-

The total cash outflow for leases for the period was \$45,000.

*(ii) The Group’s leasing activities and how these are accounted for:*

The Group leases an office in Sydney.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and other small items.

**MEJORITY CAPITAL LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**9. LOANS AND BORROWINGS**

	<b>CONSOLIDATED</b>	
	<b>31 December 2019</b>	30 June 2019
	\$	\$
<b>Current liabilities</b>		
Unsecured loans from third parties	<b>170,000</b>	170,000
Secured loans	-	885,360
	<b>170,000</b>	<b>1,055,360</b>
<b>Non-current liabilities</b>		
Secured loans	<b>787,027</b>	-
	<b>787,027</b>	-

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 Group extended the loan over a two-year term. The loan has reduced to \$787,027 as at 31 December 2019. 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. CONTINGENT LIABILITIES**

**(a) Contingencies**

There were no contingent liabilities as at 31 December 2019 (31 December 2018: nil).

**11. EVENTS SUBSEQUENT TO REPORTING DATE**

There was no other matter or circumstance that has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

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

**MEJORITY CAPITAL LIMITED  
DIRECTORS' DECLARATION**

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

The financial statements and notes, as set out on pages 5 to 17 are in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the financial position of the Group as at 31 December 2019 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.



**NEIL SHEATHER  
DIRECTOR**

28 February 2020

## Independent Auditor's 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 2019, 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 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 2019 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*.

*Liability limited by a scheme approved under Professional Standards Legislation.*

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

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## 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 2019 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 South QLD**



**Logan Meehan**  
Partner

Dated at Gold Coast this 28<sup>th</sup> day of February 2020

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