



**MEJORITY CAPITAL LIMITED**  
**ACN 106 760 418**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2017**

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We are pleased to advise shareholders that the Company has delivered an improved financial performance for the year ended 30 June 2017.

Whilst that performance remains unsatisfactory in that it is a net loss of \$810,272, the overall result needs to be considered within the framework that:

- The Hong Kong operating business of MEJORITY Securities Limited (representing the discontinued operation) result weighed heavily on the overall Group result, and represented an operating loss for the 12 month period of \$728,238; and
- Although the net change in fair value of the Company's investment in financial assets only diminished by \$5,286, it included a significant change in value of the Company's equity holding of XPD Soccerwear Group Limited. This core equity holding diminished during the 12-month period from \$1,070,809, at 30 June 2016, to \$292,548 at 30 June 2017. This resulted in a loss on this holding for the year ended 30 June 2017 of \$780,161. This position has not improved since the balance date.

Hence, when considering the above, we can note that overall the trading of the underlying Australian operations was positive and have continued in that manner post balance date.

The Company achieved the improved performance within a backdrop of global economic caution, external shocks such as the US election and a domestic equities market moving within a tight trading range throughout the second half of the year. Domestic investors remained on a cautious footing, concerned about the low growth environment, and not convinced about the Wall Street recovery on the back of the US election.

The Hong Kong operation experienced sharp falls in revenues, further exacerbated by the departure of a number of key staff and clients. Hong Kong has weighed heavily on the Group's performance since acquisition. The Board could not see any means of improving this operation and, on receipt of a reasonable offer to acquire the operation the Board chose instead to divest. The Group is in the final stages of this divestment with an application to approve the change of shareholding currently before the Hong Kong regulator. It is a slow and detailed process, but we believe we are approaching the approval and consequently settlement. We remain confident that SFC approvals will be forthcoming and that settlement will occur within the next 60 days.

Settlement of this sale will improve the Company's cash at bank by approximately A\$2million.

The Australian subsidiary, MeJORITY Securities Pty Limited traded positively and would have been profitable if not for the diminution of value in its core equity holding, XPD Soccerwear. The primary drivers for this result were greater client activity, growth in client numbers and continuous cost improvements across the business. This trend has continued during the first two months of the current financial year.

With the Hong Kong sale imminent, the executives are refocusing the company's efforts with initiatives designed to continue to enhance the financial performance of the Australian operations. The Group is currently exploring opportunities with external parties to grow the advisory business and hope to announce a number of key appointments in the coming months.

The Board and Executive remain committed to achieving the Group's objectives of consistent recurring revenues and overall sustainable profitability through the above initiatives.

The shareholders, in my opinion, have a debt of gratitude to Mr. Neil Sheather and his key team who have worked tirelessly to put the Company back on track.

Yours sincerely,



**Simon Lill**  
**Executive Chairman**  
Perth, 7 September 2017

**MEJORITY CAPITAL LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

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Your directors present their report together with the consolidated financial statements of the Group comprising of Mejority Capital Limited (the 'Company') and its subsidiaries for the financial year ended 30 June 2017 and the auditor's report thereon.

**DIRECTORS**

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

DIRECTORS	Mr. Simon Lill (appointed 18 May 2011)
	Mr. Neil Sheather (appointed 10 November 2014)
	Mr. Mark Shin Yong Chew (appointed 13 May 2016)
	Dato Soon Woei Wong (appointed 05 April 2016)

**PRINCIPAL ACTIVITIES**

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

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

**FINANCIAL REVIEW**

The loss after tax for the year ended 30 June 2017 was \$810,272 (2016: \$3,120,775).

**DIVIDENDS**

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

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The Group acquired MEJority Securities Limited of Hong Kong ("MSL HK") in May of the 2015/2016 Financial Year. The business of MSL HK has diminished since that acquisition through the loss of key personnel, clients and changing regulatory conditions limiting the movement of funds through China. The Company has been unable to staunch the losses emanating from MSL HK and accepted an offer to acquire MSL HK from Global Group Investments Limited on 28 December 2016. As at the date of this report that offer has not yet been settled, though the Parties have entered into a binding share sale agreement and all funds required to be paid in accordance with that Agreement have been advanced. The Company believes this will be settled before the end of the year.

The Group has recorded losses within MSL HK of \$728,238 during the Financial Year.

The Group has held a core equity position in XPD Soccer Gear Group Limited. At 30 June 2016, that position was valued by the Group at \$1,070,809. It has diminished in value at 30 June 2017 to \$292,548 at 30 June 2017. This resulted in a loss on this holding as at 30 June 2017 of \$780,161.

**LIKELY DEVELOPMENTS**

Following the sale of the Hong Kong subsidiary, as noted above, the Company will have an improved cash position and will seek out opportunities to expand the revenue and earnings base through adding more advisers and advisory groups.

**MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The Group is awaiting the sale of its Hong Kong subsidiary, MEJority Securities Limited. As at the date of this Annual Report it was still awaiting approval from the Hong Kong SFC. It has recently received additional queries on its application, and remains comfortable that the approval is forthcoming and the settlement should occur before the end of the year.

Other than the matters disclosed above, there was no other matter or circumstance that has arisen since 30 June 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.

**INFORMATION ON DIRECTORS**

**CURRENT**

**MR. SIMON LILL** *Chairman Age 55*

*Experience and expertise*

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

*Other current directorships*

<b>Company</b>	<b>Date Appointed</b>	<b>Date Ceased</b>
Water Resources Group Limited	2 September 2013	Continuing
De Grey Mining Limited	4 October 2013	Continuing

*Former Directorships in Last Three Years*

<b>Company</b>	<b>Date Appointed</b>	<b>Date Ceased</b>
Mako Hydrocarbons Limited	28 August 2015	29 September 2015

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

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

**INFORMATION ON DIRECTORS (CONTINUED)**

**MR. NEIL SHEATHER** *Executive director* Age 47

***Experience and expertise***

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

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

***Other current directorships***

<b>Company</b>	<b>Date Appointed</b>	<b>Date Ceased</b>
Siburan Resources Limited	28 July 2016	Continuing

***Former directorships in last 3 years***

None

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

Ordinary fully paid shares	3,805,475
Options over ordinary shares	626,700

**MR. MARK CHEW** *Non - Executive director* Age 48

A founding partner of the original MEJ partnership in Hong Kong, Mr. Mark Chew is currently the Manager Director of MEJority Securities Limited (Hong Kong).

Mark has a lengthy background in investment markets, specifically in the management of all aspects of the stockbroking environment, both in a front and back office executive capacity. He has been a Hong Kong Stock Exchange Registered Dealer for several years before assuming managerial positions in the firms where he has worked.

Mark has an MBA and has over ten years' experience as a Director of a listed company in Malaysia.

***Other current directorships***

None

***Former directorships in last 3 years***

None

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

Ordinary fully paid shares	18,857,547
Options over ordinary shares	Nil

**INFORMATION ON DIRECTORS (CONTINUED)**

**DATO (“SIR”) SOON WOEI WONG** *Non - Executive director Age 50*

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

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

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

***Other current directorships***

None

***Former directorships in last 3 years***

None

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

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

**COMPANY SECRETARY**

Mr. Simon Lill

**MEETING OF DIRECTORS**

The number of meetings of the Company’s Board of Directors held in the 12 months to 30 June 2017 and the number of meetings attended by each Director were:

	<b>Directors Meetings</b>	
	<b>Eligible</b>	<b>Attended</b>
Simon Lill	9	9
Neil Sheather	9	9
Mark Chew	9	9
Soon Wong	9	9

**SHARES UNDER OPTION**

No options have been granted since the end of the previous financial year (2016: Nil). At the date of this report, the Company has the following listed class options over unissued ordinary shares:

<b>Exercise Period</b>	<b>Exercise Price</b>	<b>Opening Balance 1 July 2016 No.</b>	<b>Options issued during the year No.</b>	<b>Closing Balance 30 June 2016 No.</b>
On or before 29 Jun 2018	\$0.25	<b>91,979,829</b>	-	<b>91,979,829</b>

**REMUNERATION REPORT (AUDITED)**

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

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

Executive Chairman:	Mr. Simon Lill
Managing Director:	Mr. Neil Sheather
Non-Executive Director:	Mr. Mark Chew
Non-Executive Director:	Mr. Soon Wong

***Remuneration philosophy – (Audited)***

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

***Remuneration committee – (Audited)***

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

***Remuneration policy objective and structure – (Audited)***

**Objective**

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

**Structure**

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

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

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

***Executive Directors remuneration – (Audited)***

**Objective**

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

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

**REMUNERATION REPORT (AUDITED) (CONT'D)**

**Service agreements – (Audited)**

Mr. Sheather has a formal employment agreement which came into effect from 29 June 2015, the trigger being the Company's ASX reinstatement. The agreement provides for monthly Remuneration of A\$18,181 per month, for which he provides management, Responsible Officer and Director Services. The agreement is reviewed annually, and has allowances for variable based performance increases to salary, payable on an annual basis.

The Company has entered into an Employment Agreement with Mr. Mark Chew on the 13<sup>th</sup> May 2016 as part of the acquisition of MEJority Securities Limited. The contract was a 2-year contract that provided for a monthly salary of US\$15,000 per month together with car and expenses. The Board considered it commensurate with similar contracts for suitably licensed employees in the financial services industry in Hong Kong, whilst it was also part of the acquisition agreement. Mr. Chew agreed to a moratorium on his salary in the second quarter of the year as a result of the poor performance of MEJority Securities Limited. Once the decision was made to accept the offer received for the acquisition of MEJority, the Board agreed to reinstate Mr. Chew's monthly salary at a reduced rate, as part of a termination of his role as required by the incoming acquirer. This termination agreement covered monthly payments through until the end of September 2017. Mr. Chew's service agreement covered both management and director services.

The following tables outlines the remuneration arrangements in place for the Directors and key management personnel (KMP) of the Group both in 2017 and the prior year.

**(a) Details of remuneration – (Audited)**

2017 Name	Short-term		Total	Options as Percentage of Remuneration
	Director Fees and Salaries	Consulting Fees		
	\$	\$	\$	%
<i>Directors</i>				
S Lill <sup>1</sup>	60,000	-	60,000	0%
N Sheather	220,000	-	220,000	0%
M Chew	-	72,766	72,766	0%
S Wong	36,000	-	36,000	0%
<b>Total</b>	<b>316,000</b>	<b>72,766</b>	<b>388,766</b>	

2016 Name	Short-term		Total	Options as Percentage of Remuneration
	Director Fees and Salaries	Consulting Fees		
	\$	\$	\$	%
<i>Directors</i>				
S Lill <sup>1</sup>	70,000	-	70,000	0%
N Sheather	204,091	-	204,091	0%
M Chew (appointed 12 May 2016)	33,186	-	33,186	0%
S Wong (appointed 5 Apr 2016)	9,000	-	9,000	0%
J Dixon (Resigned 16 Sept 2015)	30,000	-	30,000	0%
N Carbone (Resigned 5 Apr 2016)	81,397	-	81,397	0%
<b>Total</b>	<b>427,674</b>	<b>-</b>	<b>427,674</b>	

<sup>1</sup> The Director fees and salaries to Mr. Simon Lill also include his duties as Group Company Secretary.

**REMUNERATION REPORT (AUDITED) (CONT'D)**

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

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

<b>2017</b>	<b>Opening Balance</b>			<b>Closing Balance</b>
<b>Name</b>	<b>1 July 2016</b>	<b>Additions</b>	<b>Other*</b>	<b>30 June 2017</b>
<b>KMP</b>				
<b>Options over ordinary shares</b>				
S Lill	10,000	-	-	10,000
N Sheather	626,700	-	-	626,700
M Chew	-	-	-	-
S Wong	2,500,000	-	-	2,500,000
<b>Total</b>	<b>3,136,700</b>	<b>-</b>	<b>-</b>	<b>3,136,700</b>

<b>2016</b>	<b>Opening Balance</b>			<b>Closing Balance</b>
<b>Name</b>	<b>1 July 2015</b>	<b>Additions</b>	<b>Other*</b>	<b>30 June 2016</b>
<b>KMP</b>				
<b>Options over ordinary shares</b>				
S Lill	-	-	-	-
N Sheather	626,700	-	-	626,700
M Chew	-	-	-	-
S Wong	-	-	2,500,000	2,500,000
N Carbone	-	-	-	-
J Dixon	85,880	-	(85,880)	-
<b>Total</b>	<b>722,580</b>	<b>-</b>	<b>2,414,120</b>	<b>3,136,700</b>

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

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

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

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

<b>2017</b>	<b>Opening Balance</b>			<b>Closing Balance</b>
<b>Name</b>	<b>1 July 2016</b>	<b>Additions</b>	<b>Other*</b>	<b>30 June 2017</b>
<b>KMP</b>				
<b>Ordinary shares</b>				
S Lill	10,000	-	-	10,000
N Sheather	805,475 <sup>1</sup>	3,000,000	-	3,805,475
M Chew	18,857,547	-	-	18,857,547
S Wong	2,500,000	-	-	2,500,000
<b>Total</b>	<b>22,173,022</b>	<b>3,000,000</b>	<b>-</b>	<b>25,173,022</b>

<sup>1</sup>Opening balances restated from prior year after audit of Director shareholdings.

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

<b>2016</b>	<b>Opening Balance</b>			<b>Closing Balance</b>
<b>Name</b>	<b>1 July 2015</b>	<b>Additions</b>	<b>Other*</b>	<b>30 June 2016</b>
<b>Directors</b>				
<b>Ordinary shares</b>				
S Lill	10,000	-	-	10,000
N Sheather	773,028	32,447	-	805,475 <sup>1</sup>
M Chew	-	-	18,857,547	18,857,547
S Wong	-	-	2,500,000	2,500,000
N Carbone	-	-	-	-
J Dixon	786,934	-	(786,934)	-
<b>Total</b>	<b>1,569,962</b>	<b>32,447</b>	<b>20,570,613</b>	<b>22,173,022</b>

<sup>1</sup>Closing balances restated from prior year after audit of Director shareholdings.

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

**(d) Share based compensation – (Audited)**

The Company has not granted any options over unissued ordinary shares or ordinary fully paid shares during or since the end of the financial year to any Directors or officers as part of their remuneration (2016: Nil).

There were no shares granted during the reporting period as compensation (2016: Nil).

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

Director fees payable to Mr. Simon Wong as at balance date \$18,000 (2016: Nil).

There were no other transactions or balances with key management personnel, other than as reported within this report. (2016: Nil).

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

No shares of Mejority Capital Limited were issued during or since the end of the financial year ended 30 June 2016 as a result of the exercise of an option (2016: Nil).

***Voting at the 2016 Annual General Meeting – (Audited)***

At the 2016 AGM, 99.8% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Consequences of performance on shareholder wealth – (Audited)***

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Loss attributable to owners of the Company (\$)	(810,272)	(3,120,775)	(98,115)
Dividends paid (cents)	Nil	Nil	Nil
Change in share price (%)	(50%)	(80%)	N/A
Return on capital employed <sup>2</sup> (%)	(17.35%)	(56.77%)	(1.29%)

<sup>1</sup> The Group commenced financial services trading operations during the financial year ended 30 June 2015, and on 29 June 2015, was reinstated to trading on the ASX.

<sup>2</sup> Return on capital employed is calculated by dividing the profit or loss for the year by total assets less current liabilities.

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

**End of Remuneration Report (audited)**

**INDEMNIFICATION AND INSURANCE OF OFFICERS**

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

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

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

**PROCEEDINGS ON BEHALF OF THE COMPANY**

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

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

**NON-AUDIT SERVICES**

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

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

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

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

	2017	2016
	\$	\$
<b>(a) Audit services</b>		
Crowe Horwath (Aust) Pty Ltd		
- Audit and review of financial reports	75,000	-
Grant Thornton Audit Pty Ltd		
- Audit and review of financial reports	10,927	76,435
Non-Crowe Horwath (Aust) Pty Ltd related audit firms		
Audit of foreign operations by Gary K.K. Leung & Co	14,655	-
Non-Grant Thornton Audit Pty Ltd related audit firms		-
Audit of foreign operations by Grant Thornton Hong Kong	-	14,050

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

**AUDITOR**

Crowe Horwath (Aust) Pty Ltd was appointed company auditor following the resignation of Grant Thornton Audit Pty Ltd at the Company's AGM on 30 November 2016 in accordance with section 327 of the *Corporations Act 2001*.

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

**Simon Lill  
Executive Chairman**

Perth, 7 September 2017

## Auditor's Independence Declaration

As auditor of Mejority Capital Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Crowe Horwath South Qld**



**Cameron Henry**  
Partner

Signed at Brisbane, 7 September 2017

MEJORITY CAPITAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	CONSOLIDATED	
		2017	2016
		\$	\$
<b>Continuing Operations</b>			
<b>Revenue</b>			
			<b>Restated*</b>
Rendering of services	3	2,028,768	1,140,896
Gain on sale of investment property		141,821	175,626
Interest income		4,187	35,760
Dividend income		500	82,306
Property rental income		26,867	-
Other income		95,896	44,910
Share and investment fund trading gain		1,948	236,237
		<b>2,299,987</b>	<b>1,715,735</b>
<b>Expenses</b>			
Product commissions		(1,156,578)	(836,059)
Audit fees	20	(85,927)	(76,435)
Corporate and professional expenses		(865,943)	(917,422)
Change in fair value of investments	8	(5,287)	(2,445,963)
Depreciation expense	4	(7,723)	(2,617)
Doubtful debts expense	4	-	(74,470)
Foreign business acquisition and integration costs		-	(149,527)
Foreign exchange loss		(55,845)	(9,182)
Impairment – non-listed investments	4	-	(260,000)
Occupancy expenses		(174,062)	(25,012)
Interest & finance expenses	4	(27,919)	(81,075)
Other expenses		(2,737)	(32,730)
<b>LOSS BEFORE INCOME TAX</b>		<b>(82,034)</b>	<b>(3,194,757)</b>
Income tax benefit/(expense)	5	-	183,515
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(82,034)</b>	<b>(3,011,242)</b>
<b>DISCONTINUED OPERATION</b>			
Loss from Discontinued operations, after income tax		(728,238)	(109,533)
<b>LOSS AFTER TAX FOR THE YEAR</b>		<b>(810,272)</b>	<b>(3,120,775)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising from the translation of foreign operations		(17,734)	(3,168)
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(828,006)</b>	<b>(3,123,943)</b>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<b>(828,006)</b>	<b>(3,123,943)</b>
<b>LOSS PER SHARE</b>			
Basic and diluted (cents)	16	(0.65)	(2.89)
Basic and diluted (cents) – continuing operations	16	(0.07)	(2.79)

\*Note 9

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

MEJORITY CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

	NOTE	CONSOLIDATED	
		2017	2016
ASSETS		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,504,182	3,959,335
Receivables	7	399,599	530,662
Financial assets	8	3,381,462	3,189,113
Assets held for sale	9	2,051,447	-
<b>TOTAL CURRENT ASSETS</b>		<b>7,336,690</b>	<b>7,679,110</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	19,075	698,241
Intangible assets	11	-	203,252
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,075</b>	<b>901,493</b>
<b>TOTAL ASSETS</b>		<b>7,355,765</b>	<b>8,580,603</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	289,124	2,635,513
Deposits received		1,208,164	-
Liabilities classified as held for sale		1,189,393	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,686,681</b>	<b>2,635,513</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	-	448,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>448,000</b>
<b>TOTAL LIABILITIES</b>		<b>2,686,681</b>	<b>3,083,513</b>
<b>NET ASSETS</b>		<b>4,669,084</b>	<b>5,497,090</b>
<b>EQUITY</b>			
Issued capital	14	8,715,533	8,715,533
Reserves	15	(20,902)	(3,168)
Accumulated losses	15	(4,025,547)	(3,215,275)
<b>TOTAL EQUITY</b>		<b>4,669,084</b>	<b>5,497,090</b>

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

MEJORITY CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017

CONSOLIDATED	ISSUED CAPITAL \$	RESERVES \$	ACCUMULATED LOSSES \$	TOTAL \$
<b>BALANCE AT 1 JULY 2015</b>	<b>7,700,896</b>	-	<b>(94,500)</b>	<b>7,606,396</b>
Loss attributable to members of the parent entity	-	-	(3,120,775)	(3,120,775)
Exchange differences arising from the translation of foreign operations	-	(3,168)	-	(3,168)
Total comprehensive income for the year, net of tax	-	(3,168)	(3,120,775)	(3,123,943)
<i>Transactions with owners of the Company recognised directly in equity</i>				
Shares issued pursuant to the acquisition of MEJORITY Securities Ltd (Note 15)	1,018,308	-	-	1,018,308
Share issue expenses, net of taxes	(3,671)	-	-	(3,671)
<b>BALANCE AS AT 30 JUNE 2016</b>	<b>8,715,533</b>	<b>(3,168)</b>	<b>(3,215,275)</b>	<b>5,497,090</b>
CONSOLIDATED	ISSUED CAPITAL \$	RESERVES \$	ACCUMULATED LOSSES \$	TOTAL \$
<b>BALANCE AT 1 JULY 2016</b>	<b>8,715,533</b>	<b>(3,168)</b>	<b>(3,215,275)</b>	<b>5,497,090</b>
Loss attributable to members of the parent entity	-	-	(810,272)	(810,272)
Exchange differences arising from the translation of foreign operations	-	(17,734)	-	(17,734)
Total comprehensive income for the year, net of tax	-	(17,734)	(810,272)	(828,006)
<i>Transactions with owners of the Company recognised directly in equity</i>				
Share issue expenses, net of taxes	-	-	-	-
<b>BALANCE AS AT 30 JUNE 2017</b>	<b>8,715,533</b>	<b>(20,902)</b>	<b>(4,025,547)</b>	<b>4,669,084</b>

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

MEJORITY CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	CONSOLIDATED	
		2017	2016
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,717,154	1,205,732
Payments to suppliers and employees		(3,497,425)	(2,690,267)
Interest income		18,230	37,342
Dividends		500	71,582
Interest and other finance costs		(28,495)	(81,075)
Rental bond		-	(14,376)
Income tax paid		(2,273)	-
Net movement in client monies		(1,265,216)	297,499
Net cash used in operating activities	24	(2,057,525)	(1,173,563)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for property, plant & equipment		(3,101)	(16,359)
Payments for investment property		-	(670,058)
Payments for listed equities		(308,000)	(503,344)
Payments for other investments		(22,801)	(3,124,477)
Proceeds from sale of investment property		811,879	2,233,292
Proceeds from sale of direct equity investments		135,214	1,032,833
Deposits held – MEJority Securities Limited (HK) sale		1,208,164	-
Proceeds from deposits on call – restricted cash		-	444,872
Cash received from acquisition		-	2,898,127
Net cash provided by investing activities		1,821,355	2,294,886
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share issue costs		-	(138,592)
Repayment - property borrowings		(448,000)	(1,072,000)
Net cash used in financing activities		(448,000)	(1,210,592)
Net (decrease)/increase in cash held		(684,170)	(89,269)
Cash at beginning of year		3,959,335	4,057,309
Net foreign exchange differences		(86,093)	(8,705)
<b>Cash and cash equivalents at end of year</b>	6	<b>3,189,072</b>	<b>3,959,335</b>
Less cash reclassified to assets held for sale	9	(1,684,890)	-
<b>Cash and cash equivalents held by continuing operations</b>		<b>1,504,182</b>	<b>3,959,335</b>

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **GENERAL INFORMATION AND STATEMENT OF COMPLIANCE**

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

- Financial Investments – Financial assets measured at fair value through profit or loss are measured at fair value.
- Investment Property – Investment property is measured at fair value.

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

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

The consolidated financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 7 September 2017.

### **FUNCTIONAL AND PRESENTATION CURRENCY**

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

### **CRITICAL ACCOUNTING ESTIMATES**

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

### **SUMMARY ACCOUNTING POLICIES**

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

#### **(a) Going concern**

The financial report has been prepared on a going concern basis which assumes the commercial realisation of the future potential of the Group's assets and discharge of its liabilities in the normal course of business. The Group recorded a loss of \$810,272 (2016: \$3,120,775) for the year ended 30 June 2017, and has cash and cash equivalents balance of \$1,504,182 (2016: \$3,959,335).

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

- (i) The projected business cash flows as at the date of this report suggests that the Group will generate sufficient revenues to meet its business and corporate running costs.
- (ii) The Group is in the process of selling its Hong Kong operations, the proceeds of which will increase the Group's cash balance. As at the date of the annual report the Company has no reason to believe that this sale will not proceed.
- (iii) The Group has substantially improved its cost structures for its Australian operations, whilst the sale of its Hong Kong operations, will also significantly reduce the company's cash outflows.
- (iv) The Group has financial assets totalling \$3,381,462 which are also available for immediate sale if required.
- (v) The Group also has the capacity to raise additional funds at an appropriate time in the future.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Going concern (Continued)**

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

**(b) Basis of Consolidation**

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

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

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

**(c) Business combination**

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

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

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

**(d) Operating Segments**

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

As at 30 June 2017, the Company has one reportable operational revenue segment and operates in two reportable geographical regions. At this infancy stage of its development of its business and service streams, the Company does not currently allocate costs to each segment for internal management and reporting purposes, but with the intention to do so in future financial periods.

**(e) Revenue recognition**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Revenue recognition (continued)**

Revenue is recognised for the major business activities as follows:

*(i) Rendering of services*

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

*(ii) Interest income*

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

*(iii) Dividend income*

Dividends are brought to account as revenue when the right to receive the payment is established.

**(f) Income tax**

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Leases**

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

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

**(h) Impairment of assets**

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

**(i) Cash and cash equivalents**

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

**(j) Trade receivables**

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Property, plant and equipment**

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

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

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

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

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

**(l) Investments and other financial assets**

***Classification***

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

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

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

**(ii) *Loans and receivables***

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

**(iii) *Available-for-sale financial assets***

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) Investments and other financial assets (Continued)**

***Recognition and de-recognition***

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

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

***Subsequent measurement***

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

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

Details on how fair value of financial instruments is determined are disclosed in Note 2.

***Impairment***

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

**(m) Trade and other payables**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**(o) Provisions**

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

**(p) Contributed equity**

Ordinary shares are classified as equity (Note 14).

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

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

**(q) Earnings per share**

*(i) Basic earnings per share*

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

*(ii) Diluted earnings per share*

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONINUED)**

**(r) Goods and Services Tax (GST)**

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

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

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

**(s) Intangible assets**

*Recognition of intangible assets*

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

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

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

**(t) Foreign currency transactions**

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(u) Foreign operations**

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

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

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

**(v) Assets held for sale and discontinued operations**

*Assets held for sale*

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

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

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

*Discontinued operations*

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(w) Adoption of New and Revised Accounting Standards**

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2016:

- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual improvements to Australian Accounting Standards 2012 – 2014 cycle*, and
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB 101*.

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

**(x) New Accounting Standards for Application in Future Periods**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	AASB 9 <i>Financial Instruments</i>
Nature of Change	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.
<b>Impact</b>	<p>The financial assets held by the Group include:</p> <ul style="list-style-type: none"> <li>• equity investments currently measured at fair value through profit or loss which would likely continue to be measured on the same basis under AASB 9, and</li> <li>• financial assets measured at amortised cost which appear to meet the conditions for classification at amortised cost under AASB 9.</li> </ul> <p>Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and have not been changed.</p> <p>The Group does not partake in hedging activities.</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income (“FVOCI”), contract assets under AASB 15 <i>Revenue from Contracts with Customers</i>, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.</p>

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Mandatory application date      Must be applied for financial years commencing on or after 1 January 2018.

The group does not currently intend to adopt AASB 9 before its mandatory date

<b>Title of Standard</b>	<b>AASB 15 Revenue from Contracts with Customers</b>
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Nature of Change	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
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Impact	<p>Management has begun to assess the potential effects of applying the new standard on the Group's financial statements and has identified that the potential impact of the new standard on revenue recognition is, whereas the Group currently recognises broking commission revenue on trade date, it may be required to change its revenue recognition policy to instead be settlement date.</p> <p>As the difference between trade date and settlement date is only three days, the Group does not expect any significant impact on its financial results once the new standard is adopted.</p>
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Mandatory application date      Must be applied for financial years commencing on or after 1 January 2018.

The group does not currently intend to adopt AASB 15 before its mandatory date.

<b>Title of Standard</b>	<b>AASB 16 Leases</b>
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Nature of Change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change
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Impact	<p>The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of \$96,696, see note 20.</p> <p>The group has assessed that these lease commitments will likely become finance leases under the new standard, and hence an asset and corresponding financial liability of \$86,276 will be recognised upon adopting the new standard.</p>
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Mandatory application date      Must be applied for financial years commencing on or after 1 January 2018.

The group does not currently intend to adopt AASB 16 before its mandatory date.

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

**2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

***Fair value measurement hierarchy (refer to Note 18)***

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

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

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

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

***Impairment***

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

**MEJORITY CAPITAL LIMITED**  
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**3. RENDERING SERVICES INCOME**

The group derives the following types of services income:

	CONTINUING OPERATIONS		DISCONTINUED OPERATION*		TOTAL	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Trading commissions	2,003,366	922,676	538,358	-	2,541,724	922,676
Funds management fees	-	77,153	-	-	-	77,153
Corporate transaction fees	24,402	222,800	-	-	24,402	222,800
	<b>2,027,768</b>	1,222,629	<b>538,358</b>	-	<b>2,566,126</b>	1,222,629

\*Discontinued – see note 9

**4. EXPENSES**

Loss before income tax includes the following specific expenses:

	CONSOLIDATED	
	2017	2016
	\$	\$
Depreciation	7,723	2,617
Interest & finance expenses	27,919	81,075
Doubtful debts expense (Note 9)	-	74,470
Impairment expense – unlisted investments (Note 8)	-	260,000

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**5. INCOME TAX**

**CONSOLIDATED**

	<b>2017</b>	<b>2016</b>
	\$	\$

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Consolidated Group at 30% (2016: 30%) and the reported tax expense in profit or loss are as follows:

(a) *Tax expense comprises:*

Current tax

Deferred income tax relating to origination and reversal of temporary differences:

Origination and reversal of temporary differences	-	-
	-	(183,515)
	-	(183,515)

Deferred tax expense relating to share issue costs		-
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(b) <i>Accounting loss before tax</i>	<b>(810,272)</b>	(3,304,290)
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Tax expense (benefit) at 30% (2016 - 30%)	<b>(243,082)</b>	(991,287)
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Expenditure not allowed for income tax purposes – acquisition costs		-
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Expenditure not allowed for income tax purposes – other	<b>38,905</b>	37,808
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Deferred tax asset losses not brought to account	<b>41,666</b>	769,964
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Recoupment of prior year losses not previously brought to account	<b>165,722</b>	-
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Under provision in respect of prior years	<b>(3,211)</b>	-
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Income tax (benefit)/expense	-	(183,515)
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(c) *Recognised Deferred Tax Balances*

Deferred tax asset	-	77,864
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Deferred tax liability	-	77,864
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(d) *Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:*

Unrecognised deferred tax asset - losses	<b>726,366</b>	673,616
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Unrecognised deferred tax asset - other	<b>85,264</b>	96,348
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	<b>811,630</b>	769,964
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**MEJORITY CAPITAL LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. INCOME TAX (CONTINUED)**

*(e) Deferred Tax assets and liabilities*

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

<b>Consolidated Group</b>	<b>Opening Balance</b>	<b>Recognised in the Profit or Loss</b>	<b>Recognised in Other Comprehensive Income</b>	<b>Closing Balance</b>
	\$	\$	\$	\$
<b>Deferred Tax liability</b>				
Fair value gain investments	(69,614)	1,586	-	(68,028)
Other	(8,250)	(15,526)	-	(23,776)
Unrecognised DTL's – not brought to account	-	91,804	-	91,804
	<u>(77,864)</u>	<u>77,864</u>	<u>-</u>	<u>-</u>
<b>Deferred Tax assets</b>				
Trade & other receivables	22,341	-	-	22,341
Provisions	78,000	-	-	78,000
Capital raising costs	73,872	(13,898)	-	59,974
Unrealised FX losses	-	16,754	-	16,754
Unused tax losses	673,615	52,750	-	726,365
Unrecognised DTA's – not brought to account	(769,964)	(133,470)	-	(903,434)
	<u>77,864</u>	<u>(77,864)</u>	<u>-</u>	<u>-</u>

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

**6. CASH AND CASH EQUIVALENTS**

	<b>CONSOLIDATED</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Cash at Bank (i)	<u><b>1,504,182</b></u>	<u>3,959,335</u>
Total cash and cash equivalents	<u><b>1,504,182</b></u>	<u>3,959,335</u>

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

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

Balances as above	<u><b>1,504,182</b></u>	<u>3,959,335</u>
Balances per statement of cash flows	<u><b>1,504,182</b></u>	<u>3,959,335</u>

- (i) Included in this balance is an amount of \$1,850 (2016: \$2,304,945) which is related to monies held on behalf of clients. The corresponding liability is disclosed in Note 12.

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**7. TRADE AND OTHER RECEIVABLES**

	CONSOLIDATED	
	2017	2016
	\$	\$
Trade receivables (i)	233,503	234,138
Impairment of receivables	(74,470)	(74,470)
Unsettled net trade receivables	-	41,970
GST Receivable	20,050	98,922
Office rental bonds	145,762	14,376
Prepayments and deposits	37,723	65,434
Other	37,031	150,292
	<b>399,599</b>	<b>530,662</b>
	<b>399,599</b>	<b>530,662</b>

(i) *Classification as trade and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 to 60 days and therefore are all classified as current.

(ii) *Fair values of trade and other receivables*

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(iii) *Impairment and risk exposure*

All of the Group's trade receivables have been reviewed for indicators of impairment. Information about the impairment of trade receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 19.

**8. FINANCIAL ASSETS**

Financial assets at fair value through profit or loss are all held for trading and include the following:

	CONSOLIDATED	
	2017	2016
	\$	\$
<b>Current</b>		
<i>Financial assets at fair value through profit or loss</i>		
Listed equity securities (i) (ii) (iii)	277,035	317,543
Derivatives (i) (ii) (iii)	1,075,090	631,529
Units in managed investment funds (i) (ii) (iii)	2,029,337	2,240,041
	<b>3,381,462</b>	<b>3,189,113</b>
<b>Non-current</b>		
<i>Financial assets held at cost</i>		
Unlisted equity securities (iv)	-	-
	-	-
	-	-

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**8. FINANCIAL ASSETS (CONTINUED)**

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

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for trading (i.e. selling in short-term). They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

(ii) *Amounts recognised in profit or loss*

Changes in the fair values of financial assets at fair value has been recorded through the profit or loss, and representing a loss of \$5,287 for the year (2016: Loss \$2,445,963).

(iii) *Movement for the period*

	<b>LISTED EQUITIES HELD</b>	<b>DERIVATIVES AND MANAGED INVESTMENTS</b>	<b>UNLISTED EQUITIES</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance – 30 June 2016	317,543	2,871,570	-	3,189,113
Additions	308,000	22,801	-	330,801
Disposals	(133,166)	-	-	(133,166)
Change in fair value of investments	(215,342)	210,056	-	(5,286)
Closing Balance – 30 June 2017	<b>277,035</b>	<b>3,104,427</b>	-	<b>3,381,462</b>

**9. DISCONTINUED OPERATION**

**(a) Results of 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 were therefore classified as held for sale from 31 December 2016.

As the Hong Kong/China segment did not commence until May 2016, the comparative discontinued Hong Kong/China segment results cover the period from acquisition date in May 2016 to 30 June 2016 and these results have been restated in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Results of discontinued operation</b>		
Revenue	<b>538,358</b>	81,733
Other income	<b>56,669</b>	56,669
Expenses	<b>(1,323,265)</b>	(247,935)
<b>Loss from operating activities</b>	<b>(728,238)</b>	(109,533)
Income tax expense	-	-
<b>Loss from operating activities, net of income tax</b>	<b>(728,238)</b>	(109,533)
<b>Loss for the period</b>	<b>(728,238)</b>	(109,533)
Basic and diluted loss per share (cents)	<b>(0.59)</b>	(0.10)
<b>Cash flows used in discontinued operation</b>		
Net cash used in operating activities	<b>(1,588,750)</b>	(278,011)
<b>Effect on cash flows</b>	<b>(1,588,750)</b>	(278,011)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**9. DISCONTINUED OPERATION (CONTINUED)**

**(b) 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 during the period to a plan to sell its ownership interests in MEJority Securities Limited. Settlement of the divesture of MEJority Securities Limited is expected to be completed before the end of the year, and has been classified as assets held for sale at 30 June 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 30 June 2017.

As at 30 June 2017 the disposal group comprised assets of \$2,051,447 less liabilities of \$1,189,393 detailed as follows:

	\$
Cash and cash equivalents	1,684,890
Trade and other receivables	130,641
Other assets	36,191
Intangible asset - Hong Kong Trading Rights	83,265
Goodwill on acquisition	116,460
Trade and other payables	(194,550)
Other current liabilities	(994,843)
	<u>862,054<sup>1</sup></u>

<sup>1</sup>The total consideration of HKD\$ 14.6Million paid or payable on settlement of the discontinued operation equates to AUD\$2.4 Million of which 50% was held as at balance date and supports the carrying value of the disposal group.

**10. PROPERTY, PLANT AND EQUIPMENT**

	CONSOLIDATED			
	PROPERTIES	OFFICE & COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
	\$	\$	\$	\$
<b>2017</b>				
<b>Gross Carrying value</b>				
Balance at 1 July 2016	674,352	119,829	82,452	876,632
Additions (i)	-	3,101	-	3,101
Transfers	(4,294)	4,294	-	-
Disposals (ii)	(670,058)	-	-	(670,058)
Foreign currency translation	-	(3,947)	(3,350)	(7,297)
Discontinued operation	-	(93,189)	(79,102)	(172,291)
<b>As at 30 June 2017</b>	<b>-</b>	<b>30,088</b>	<b>-</b>	<b>30,088</b>
<b>Depreciation</b>				
Balance at 1 July 2016	637	99,425	78,330	178,392
Depreciation for year	-	8,080	4,054	12,134
Transfers	(637)	637	-	-
Foreign currency translation	-	(3,940)	(3,282)	(7,222)
Discontinued operation	-	(93,189)	(79,102)	(172,291)
<b>As at 30 June 2017</b>	<b>-</b>	<b>11,013</b>	<b>-</b>	<b>11,013</b>
<b>Net carrying value as at 30 June 2017</b>	<b>-</b>	<b>19,075</b>	<b>-</b>	<b>19,075</b>

- (i) On 3 May 2017, the Group completed settlement on the sale of its commercial property in Clarence Street, Sydney for a price of \$811,879 (net of selling costs).

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10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CONSOLIDATED			
	INVESTMENT PROPERTIES	OFFICE & COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
2016	\$	\$	\$	\$
<b>Gross Carrying value</b>				
Balance at 1 July 2015	2,057,666	10,628	-	2,068,294
Additions (i)	690,670	12,065	-	702,735
Additions – on acquisition of subsidiary	-	97,537	82,793	180,330
Disposals (ii)	(2,073,984)	-	-	(2,073,984)
Foreign currency translation	-	(401)	(341)	(742)
<b>As at 30 June 2016</b>	<b>674,352</b>	<b>119,829</b>	<b>82,452</b>	<b>876,633</b>
<b>Depreciation</b>				
Balance at 1 July 2015	-	672	-	672
Depreciation for year	637	2,034	3,363	6,034
Additions – on acquisition of subsidiary	-	97,119	75,315	172,434
Foreign currency translation	-	(400)	(348)	(748)
<b>As at 30 June 2016</b>	<b>637</b>	<b>99,425</b>	<b>78,330</b>	<b>178,392</b>
<b>Net carrying value as at 30 June 2016</b>	<b>673,715</b>	<b>20,403</b>	<b>4,122</b>	<b>698,241</b>

- (ii) On 23 June 2016, the Group completed settlement on the purchase of a commercial property in Clarence Street, Sydney.
- (iii) On 24 February 2016, the Group completed settlement on the disposal of its investment in a residential apartment in the Oracle Towers Complex at Broadbeach, Queensland.

11. INTANGIBLES

	CONSOLIDATED	
	2017	2016
	\$	\$
Hong Kong Trading Rights (i)	-	86,792
Goodwill on acquisition (i)	-	116,460
	<b>-</b>	<b>203,252</b>

- (b) Represents the Hong Kong Securities trading licence within the Hong Kong operations (Note 9 – Discontinued operation) being divested.

12. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2017	2016
	\$	\$
Trade payables (i) (ii)	99,269	171,141
Other payables and accruals (iii)	188,005	140,225
Obligations under lease	-	19,202
Clients monies held at balance date (Note 6)	1,850	2,304,945
	<b>289,124</b>	<b>2,635,513</b>

- (i) Trade payables are unsecured and are usually paid within 30 days of recognition.
- (ii) The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.
- (iii) Includes related party payables as at balance date of \$18,182 (2016: \$20,000) consisting of consulting fees.

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13. NON-CURRENT BORROWINGS

	CONSOLIDATED	
	2017	2016
	\$	\$
<i>Current (secured)</i>		
Commercial property loan – National Australia Bank Limited (i)	-	448,000
	-	448,000

(i) On 23 June 2017, settlement on the sale of the commercial office unit at 50 Clarence Street, Sydney was completed (Note 10).

14. ISSUED CAPITAL

	CONSOLIDATED			
	2017		2016	
	No. of shares.	\$	No. of shares.	\$
<b>(a) Ordinary shares fully paid</b>	<b>121,959,291</b>	<b>8,715,533</b>	124,459,291	8,715,533
<b>(b) Movement in ordinary shares on issue</b>				
Opening balance	124,459,291	8,715,533	105,549,222	7,700,896
Shares cancelled after shareholder approval	(2,500,000)	-	-	-
Adjustment for shares issued in accordance with the prospectus	-	-	52,521	-
Shares issued on acquisition of MEJority Securities Pty Ltd (Note 16(d))	-	-	18,857,547	1,018,308
Share issue costs	-	-	-	(3,671)
	<b>121,959,291</b>	<b>8,715,533</b>	124,459,291	8,715,533

(c) Fully Paid Ordinary Shares

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

(d) Acquisition of MEJority Securities Limited (“MSLHK”)

On 23 May 2016 (in the prior financial year), the Group issued 18,857,547 ordinary fully paid shares as consideration for the acquisition of Hong Kong incorporated MSLHK.

14. ISSUED CAPITAL (CONTINUED)

(e) Shares under Option

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

2017				
Exercise Period	Exercise Price	Opening Balance 1 July 2016 No.	Options issued during the year No.	Closing Balance 30 June 2016 No.
On or before 29 Jun 2018	\$0.25	91,979,829	-	91,979,829

  

2016				
Exercise Period	Exercise Price	Opening Balance 1 July 2015 No.	Options issued during the year No.	Closing Balance 30 June 2016 No.
On or before 29 Jun 2018	\$0.25	91,927,308	52,521 <sup>1</sup>	91,979,829

<sup>1</sup> Adjustment for options issued in accordance with the prospectus

15. RESERVES AND ACCUMULATED LOSSES

	CONSOLIDATED	
	2017 \$	2016 \$
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Foreign currency translation reserve (i)	(20,902)	(3,168)
	<b>(20,902)</b>	<b>(3,168)</b>
<b>ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the financial year	(3,215,275)	(94,500)
Net loss after tax attributable to members of the Company	(810,272)	(3,120,775)
Accumulated losses at the end of the financial year	<b>(4,025,547)</b>	<b>(3,215,275)</b>

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

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**16. EARNINGS PER SHARE**

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

	30 JUNE 2017			30 JUNE 2016		
	CONTINUING OPERATIONS	DISCONTINUED OPERATION	TOTAL	CONTINUING OPERATIONS (RESTATED)*	DISCONTINUED OPERATION (RESTATED*)	TOTAL
	\$	\$	\$	\$	\$	\$
Loss for the year	(82,034)	(728,238)	(810,272)	(3,011,242)	(109,533)	(3,120,775)

\*Note 9

	2017 Number	2016 Number
Weighted average number of shares used as the denominator <sup>1</sup>	<b>123,863,401</b>	108,074,865

<sup>1</sup>The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

**17. FINANCIAL RISK MANAGEMENT**

The Group's activities are or have been exposed to a variety of financial risk – market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Given the current size and scale of activities, risk management is overseen by the Board of Directors as a whole.

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

**(a) Market risk**

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

**Foreign currency sensitivity**

Most of the Group's transactions are carried out in \$AUD. Exposures to currency exchange rates arise from transaction specific to overseas activities are primarily denominated in US-Dollars (\$USD) and Hong Kong (\$HKD).

The Group ensures its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary for transaction specific cash-flows.

During the financial year, the group generated \$HKD revenues and expenditures from its 100% Hong Kong subsidiary, MEJORITY Securities Limited, and which it has also entered into a sales agreement to divest during the current financial year (Note 11).

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

	CONSOLIDATED	
	2017 \$	2016 \$
<b>Financial Assets</b>		
Cash and cash equivalents	<b>821,851</b>	2,784,959
Trade and other receivables	<b>128,656</b>	203,867
	<b>950,507</b>	2,988,826
<b>Financial Liabilities</b>		
Trade and other payables	<b>820</b>	2,116,988
	<b>820</b>	2,116,988

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

	CONSOLIDATED			Increase/(decrease)		
	Profit/(Loss)			in Equity Reserves		
	USD	HKD	Total	USD	HKD	Total
	\$	\$	\$	\$	\$	\$
<i>10% Strengthening of the Australian Dollar</i>						
<b>30 June 2017</b>	<b>(4,228)</b>	<b>(82,107)</b>	<b>(86,335)</b>	-	-	-
30 June 2016	2,042	(72,208)	(70,166)	-	(7,056)	(7,056)
<i>10% Weakening of the Australian Dollar</i>						
<b>30 June 2017</b>	<b>5,168</b>	<b>100,353</b>	<b>105,521</b>	-	-	-
30 June 2016	8,513	88,254	96,767	-	8,624	8,624

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

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

**Interest rate sensitivity**

At 30 June 2017, the Group is exposed to changes in market interest rates of money market funds (cash and cash equivalents). The weighted average interest rates received cash and cash equivalents was 0.34% (2016: 1.2%).

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

	CONSOLIDATED			
	Profit/(Loss)		Increase/(decrease)	
	for the year		in Equity Reserves	
	+1%	-1%	+1%	-1%
	\$	\$	\$	\$
<i>Cash and cash equivalents</i>				
<b>30 June 2017</b>	<b>12,884</b>	<b>(12,884)</b>	-	-
30 June 2016	30,429	(30,429)	-	-

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Other price risk sensitivity*

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

The following table illustrates the sensitivity of profit or loss and equity to a reasonably possible change in the valuation of the listed, derivative and managed funds investment portfolio of +/- 5%.

	CONSOLIDATED		Increase/(decrease)	
	Profit/(Loss)		in Equity Reserves	
	+5%	-5%	+5%	-5%
	\$	\$	\$	\$
<i>Financials Assets</i>				
<b>30 June 2017</b>	<b>169,073</b>	<b>(169,073)</b>	-	-
30 June 2016	159,456	(159,456)	-	-

(b) Credit risk

Credit risk arises in the normal course of conducting its business operations.

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

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

	2017	2016
	\$	\$
<b>Classes of financial assets</b>		
Cash and cash equivalents	<b>1,504,182</b>	3,959,335
Trade receivables	<b>399,598</b>	201,638
Financial assets (investments)	<b>3,381,362</b>	3,189,113
	<b>5,285,143</b>	7,350,086

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

The Group's management considers that all of the above financial assets that are not impaired or considered past due for each of the 30 June reporting dates under review are of good credit quality.

In respect of these trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. At 30 June 2017, the Group has certain trade receivables that have not been settled by the contractual due date, and where recoverability is uncertain the balances have been fully impaired.

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

**17. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Liquidity Risk**

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring fund investments and redemptions, scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored on a periodical basis on a month to month and annual outlook basis.

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

	2017		2016	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
	Within 6 months	1 – 3 years	Within 6 months	1 – 3 years
	\$	\$	\$	\$
Trade and other payables	<b>2,686,681</b>	-	2,635,513	-
Investment property loan	-	-	-	448,000
			<b>2,635,513</b>	<b>448,000</b>

**(d) Capital Management**

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

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

18. 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>2017</b>				
<b>Classes of financial assets</b>				
Listed equities (i)	277,035	-	-	277,035
Derivatives	1,075,090	-	-	1,075,090
Managed investment funds	2,029,337	-	-	2,029,337
Unlisted equities	-	-	-	-
	<b>3,381,462</b>	-	-	<b>3,381,462</b>
<b>2016</b>				
<b>Classes of financial assets</b>				
Listed equities (i)	317,543	-	-	317,543
Derivatives	631,529	-	-	631,529
Managed investment funds	2,240,041	-	-	2,240,041
Unlisted equities	-	-	-	-
	<b>3,189,113</b>	-	-	<b>3,189,113</b>

- (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.

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**19. 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 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.

	AUSTRALIA		HONG KONG/CHINA*		UNALLOCATED		CONSOLIDATED	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>External revenue</b>	<b>2,028,768</b>	1,140,896	<b>538,358</b>	81,733	-	-	<b>2,567,126</b>	1,222,629
Gain on sale - properties					141,821	175,626	141,821	175,626
Interest income					4,187	35,760	4,187	35,760
Interest expense					500	82,306	500	82,306
Rental income					26,867	-	26,867	-
Other income					92,558	101,579	92,558	101,579
<i>Other non-cash movements</i>								
Change in fair value of investments	(5,287)	(2,445,963)	-	-	-	-	(5,287)	(2,445,963)
<b>Segment profit/(loss) before income tax</b>	<b>865,609</b>	(2,616,519)	<b>(714,832)</b>	(109,533)	<b>(781,049)</b>	(578,238)	<b>(810,272)</b>	(3,304,290)
<b>Reportable segment assets</b>	<b>5,304,318</b>	5,300,428	<b>2,051,447</b>	3,280,176	-	-	<b>7,355,765</b>	8,580,604
<b>Reportable segment liabilities</b>	<b>1,447,788</b>	966,525	<b>1,175,987</b>	2,116,988	-	-	<b>2,623,775</b>	3,083,513

\*Discontinued – see note 9

**Reconciliations of reportable segment revenues and profit or loss**

	2017	2016
	\$	\$
<b>Revenues</b>		
Total revenue for reportable segments	2,567,126	1,222,629
Elimination of discontinued operations disposed (Note 9)	(538,358)	(81,733)
Consolidated revenue	<b>2,028,768</b>	1,140,896
<b>Profit/(Loss)</b>		
Total profit/(loss) for reportable segments	150,777	(2,726,052)
Elimination of discontinued operations (Note 9)	728,238	109,533
Unallocated amounts:		
Depreciation	(7,723)	(6,034)
Net other corporate expenses	(953,326)	(681,737)
Consolidated loss before tax	<b>(82,034)</b>	(3,304,290)

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**20. REMUNERATION OF AUDITORS**

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

	2017	2016
	\$	\$
<b>(a) Audit services</b>		
Crowe Horwath (Aust) Pty Ltd		
- Audit and review of financial reports	75,000	-
Grant Thornton Audit Pty Ltd		
- Audit and review of financial reports	10,927	76,435
Non-Crowe Horwath (Aust) Pty Ltd related audit firms		
Audit of foreign operations by Gary K.K. Leung & Co	14,655	-
Non-Grant Thornton Audit Pty Ltd related audit firms		-
Audit of foreign operations by Grant Thornton Hong Kong	-	14,050
<b>(b) Non-audit services</b>		
- Tax compliance services	-	-
- Other services	-	-
Total remuneration for non-audit services	-	-

**21. COMMITMENTS & CONTINGENCIES**

**(a) Commitments**

	2017	2016
	\$	\$
<b>(a) Operating leases – non-cancellable</b>		
<i>Minimum lease payments</i>		
Within one year	64,920	54,366
later than one year but not later than five years	31,876	86,244
later than five years	-	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	96,796	140,610

**(b) Capital commitment**

There are no capital commitments as at 30 June 2017 (2016: Nil).

**(c) Contingencies**

There are no contingent liabilities as at 30 June 2017 (2016: Nil).

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**22. KEY MANAGEMENT PERSONNEL REMUNERATION**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid to each member of the Group's key management personnel for the year ended 30 June 2017.

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

	2017 \$	2016 \$
Short-term employee benefits	388,766	404,738
Post-employment benefits	-	-
	<u>388,766</u>	<u>404,738</u>

**23. RELATED PARTY TRANSACTIONS**

There were no related party transactions for the year (2016: Nil).

**24. CASH FLOW INFORMATION**

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

	CONSOLIDATED	
	2017 \$	2016 \$
Operating loss after income tax	(810,272)	(3,120,775)
<i>Non-cash items</i>		
Depreciation & amortisation	20,667	6,034
Doubtful debts expense	-	74,470
Impairment – non-listed investments	-	260,000
Gain on sale of investment property	(141,821)	(175,626)
Consulting fees – non-cash consideration (b)	-	(50,000)
Security bonds paid	(142,135)	-
Revaluation of financial assets through (profit)/loss	5,287	2,445,963
<i>Changes in assets and liabilities</i>		
Decrease/(Increase) in receivables	(24,465)	50,409
(Decrease)/Increase in payables	(1,050,879)	(480,523)
Decrease/(Increase) in deferred tax assets	-	162,004
(Decrease)/Increase in deferred tax liabilities	-	(345,519)
Net foreign exchange differences	86,093	
Net cash used in operating activities	<u>(2,057,525)</u>	<u>(1,173,563)</u>

**(b) Details of non-cash transactions**

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

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**25. PARENT ENTITY AND SUBSIDIARIES**

	<b>Parent</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Current assets	<b>1,106,535</b>	870,525
Non-current assets	<b>3,841,162</b>	4,569,529
Total assets	<b>4,947,697</b>	5,440,054
<b>Liabilities</b>		
Current liabilities	<b>278,613</b>	57,036
Total liabilities	<b>278,613</b>	57,036
<b>Equity</b>		
Issued capital	<b>8,715,533</b>	8,715,533
Accumulated losses	<b>(4,046,449)</b>	(3,332,515)
Total equity	<b>4,669,084</b>	5,383,018
Loss for the year	<b>(713,934)</b>	(1,769,608)
Other comprehensive loss		-
Total comprehensive loss for the year	<b>(713,934)</b>	<b>(1,769,608)</b>

	<b>Principal Activity</b>	<b>Country of Incorporation</b>	<b>Percentage owned (%)</b>	
			<b>2017</b>	<b>2016</b>
<i>Subsidiaries of Mejority Capital Limited:</i>				
Bridge Global Securities Pty Ltd	Broking and financial services	Australia	100	100
Mejority Money Pty Ltd <sup>1</sup>	Broking and financial services	Australia	100	100
Mejority Securities Pty Ltd <sup>2</sup>	Broking and financial services	Australia	100	100
MEJority Securities Limited	Broking and financial services	Hong Kong	100	100

<sup>1</sup>Mejority Nominees Pty Ltd changed its name to Mejority Money Pty Ltd on 29 November 2016.

<sup>2</sup>Mejority Securities Pty Ltd changed its name to Pinnacle Securities Pty Ltd, subsequent to the end of the financial year, on the 3 August 2017.

**26. EVENTS SUBSEQUENT TO REPORTING DATE**

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

1. In the opinion of the directors of Mejority Capital Limited (the Company):
  - (a) the consolidated financial statements and notes thereto, set out on pages 14 to 47, and the Remuneration Report in the Directors Report, as set out on pages 7 to 11, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.
3. The directors draw attention to note 1 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.



**Simon Lill**  
**Director**  
Perth, 7 September 2017

## Independent Auditor's Report

To the shareholders of Mejority Capital Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Mejority Capital Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended on that date; and
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

#### Key Audit Matters

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

<b>Proposed Sale of Mejority Securities Limited</b>	
<b>Refer to Note 9 to the financial report</b>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The directors have offered for sale the Group's interest in Mejority Securities Limited, with a contract for sale entered into prior to 30 June 2017. Management has therefore assessed that the planned sale of Mejority Securities Limited should be presented as a disposal group and as a discontinued operation in accordance with AASB 5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i>. The key audit matter in this regard pertains to the appropriate application of AASB 5, in particular:</p> <ul style="list-style-type: none"> <li>• Whether the transaction meets the criteria for separate presentation of assets and liabilities classified as held for sale,</li> <li>• Whether Mejority Securities Limited represents a separate major line of business or geographical area of operations resulting in the presentation of a discontinued operation, and</li> <li>• Whether the assets and liabilities are measured at the lower of their fair value less costs to sell or their carrying amounts.</li> </ul> <p>Due to the decentralised nature of the discontinued operations being in Hong Kong, we also focussed on:</p> <ul style="list-style-type: none"> <li>• the scoping of relevant procedures consistent with the risks identified and to enable coverage of significant aggregated balances</li> <li>• the assessment of component's compliance with Group accounting policies.</li> </ul>	<p>We evaluated whether management had appropriately applied the requirements of AASB 5 by:</p> <ul style="list-style-type: none"> <li>• Examining minutes of the directors' board meetings, written correspondence between the Group and the purchaser, including the signed contract for sale, as well as communications to the Group's investors, to determine whether the assets and liabilities should be classified as held for sale and represents a discontinued operation.</li> </ul> <p>Audit procedures over the discontinued operation included:</p> <ul style="list-style-type: none"> <li>• We instructed a component audit team to perform procedures on the financial information of the discontinued operation.</li> <li>• The component audit team performed an audit of the financial information of the discontinued operation in accordance with our specific group reporting package information and local statutory financial reporting. We worked with the component audit team to understand the component, to identify risks that are significant to the audit of the Group and to plan relevant procedures. We discussed the audit as it progressed to identify and address any issues, working with the component audit team as appropriate and reviewed their reporting memorandums.</li> <li>• We evaluated the work performed by the component audit team for sufficiency for our overall audit purpose. We tested the financial data used in the consolidation process for consistency with the financial data audited by the component audit teams.</li> </ul>

## Valuation of Financial Assets Measured at Fair Value through Profit or Loss

Refer to Note 8 to the financial report

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group holds financial assets that are valued at \$3,381,462 and are measured at fair value through profit or loss, as outlined in Note 8. These assets represent 46% of the total assets of the Group and include derivative instruments linked to securities on foreign exchanges. Management have valued these investments with reference to quoted equity prices at 30 June 2017, and therefore designated the measurement as Level 1 in the fair value hierarchy.</p> <p>The key audit matter in this regard pertains to the appropriate application of AASB 132 <i>Financial Instruments: Presentation</i>, AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and AASB 13 <i>Fair Value Measurement</i>, in particular whether the fair value is appropriately measured and translated into the Group's presentation currency at 30 June 2017 and, as a result, whether both realised and unrealised gains or losses on fair value movements are accurately recognised in profit or loss for the year ended 30 June 2017.</p>	<p>We evaluated whether management had appropriately applied the requirements of AASB 132, AASB 139 and AASB 13 by:</p> <ul style="list-style-type: none"> <li>• Obtaining third party confirmations direct from fund/portfolio managers to confirm valuations at 30 June 2017.</li> <li>• Performing an independent check of closing equity prices to externally available quoted pricing information and recalculating equity valuations and foreign currency translations at 30 June 2017.</li> </ul>

### Other Matter

The financial report of Mejority Capital Limited for the year ended 30 June 2016 was audited by another auditor who expressed an unmodified opinion on the financial report on 30 September 2016.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Other information includes the Chairman's Letter, Statement of Corporate Governance, Directors' Report, Additional Stock Exchange Information and Corporate Directory. The Directors are responsible for the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

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

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

#### **Auditor's responsibilities for the audit of the financial report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar2.pdf](http://www.auasb.gov.au/auditors_files/ar2.pdf). This description forms part of our auditor's report.

#### **Report on the remuneration report**

##### ***Opinion on the remuneration report***

In our opinion, the Remuneration Report of Mejority Capital Limited, for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

##### ***Directors' Responsibilities***

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

##### ***Our Responsibilities***

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with Australian Auditing Standards.



#### **Crowe Horwath South Qld**



**Cameron Henry**  
Partner

Dated at Brisbane this 7<sup>th</sup> day of September 2017.

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

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. The Corporate Governance Statement is current as at 30 June 2017 and has been approved by the Board of Directors. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX Corporate Governance Principles and Recommendations (3rd edition).

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

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

The Company's website at [www.mejoritycapital.com.au](http://www.mejoritycapital.com.au) contains a corporate governance section that includes copies of the Company's corporate governance policies.

***Principle 1: Lay solid foundations for management and oversight***

***Recommendation 1.1:***

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

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

The Board is responsible for:

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

**Corporate Governance Statement (continued)**

*Recommendation 1.2:*

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

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

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

*Recommendation 1.3:*

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

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

*Recommendation 1.4:*

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

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

*Recommendation 1.5:*

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

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

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

*Recommendation 1.6:*

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

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

*Recommendation 1.7:*

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

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

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

**Corporate Governance Statement (continued)**

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

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

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

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

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

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

***Recommendation 2.2:***

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

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

***Recommendation 2.3:***

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

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

<b>Director</b>	<b>Position</b>	<b>Date Appointed</b>	<b>Date Resigned</b>	<b>Independence</b>
Simon Lill	Chairman	18 May 2011	Continuing	Independent
Neil Sheather	Managing Director	10 November 2014	Continuing	Not Independent
Mark Chew	Executive Director	13 May 2016	Continuing	Not Independent
Simon Wong	Non-Executive Director	16 September 2015	Continuing	Independent

***Recommendation 2.4:***

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

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

**Corporate Governance Statement (continued)**

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

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

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

**Recommendation 2.5:**

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

**Recommendation 2.6:**

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

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

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

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

**Principle 3: Act ethically and responsibly****Recommendation 3.1:**

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

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

**Corporate Governance Statement (continued)**

***Principle 4: Safeguard Integrity in Financial Reporting***

*Recommendation 4.1*

The Board should have an Audit Committee.

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

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

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

*Recommendation 4.2*

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

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

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

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

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

*Recommendation 4.3*

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

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

***Principle 5 – Make timely and balanced disclosure Recommendation 5.1:***

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

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

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

**Corporate Governance Statement (continued)**

***Principle 6 – Respect the rights of security holders***

*Recommendation 6.1 and 6.2:*

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

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

**Corporate Governance Statement (continued)**

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

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

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

*Recommendations 6.3 and 6.4:*

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

***Principle 7 – Recognise and manage risk***

*Recommendation 7.1:*

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

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

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

**Corporate Governance Statement (continued)**

*Recommendation 7.2:*

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

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

*Recommendation 7.3:*

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

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

*Recommendation 7.4:*

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

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

**Principle 8 – Remunerate fairly and responsibly**

*Recommendation 8.1:*

The Board should have a Remuneration Committee.

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

*Recommendation 8.2:*

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

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

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

*Recommendation 8.3:*

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

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

## MEJORITY CAPITAL LIMITED

### ADDITIONAL ASX INFORMATION

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The shareholder information set out below was applicable as at 4 September 2017.

#### A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding

No. of ordinary shares held	No. of holders
1 - 1,000	104
1,001 - 5,000	6
5,001 - 10,000	115
10,001 - 100,000	76
100,001 and above	83
<b>Total</b>	<b>384</b>

#### B. Equity Security Holders

The 20 largest registered holders of each class of quoted security as at 4 September 2017 were:

##### *Fully paid ordinary shares*

1	Shin Yong Mark Chew	18,857,547	15.15%
2	Noble Elite Limited	11,382,275	9.33%
3	BNP Paribas Nom P/L	10,595,037	8.69%
4	AG Financial Ltd	5,400,000	4.43%
5	Bradken Ltd	4,905,855	4.02%
6	VCAP Global Inc	4,783,940	3.92%
7	HSBC Custody Nom Aust Ltd	4,516,865	3.70%
8	Cresco Investments Limited	3,560,791	2.92%
9	Asiabio Capital Limited	3,088,660	2.53%
10	AAM Ltd <AG Maximiser Fund>	3,000,000	2.46%
11	Eastern Empire Ltd	2,540,791	2.08%
12	Mr. Wong Soon Woei	2,500,000	2.05%
13	Infinito Capital Ltd	2,200,000	1.80%
14	Miss Joyce Leong	2,000,000	1.64%
15	Mr. Yeo Jia Wei	2,000,000	1.64%
16	Sage Fortunes PL	2,000,000	1.64%
17	Leung Kok Keong	1,900,462	1.56%
18	Cabernet Pty Ltd	1,720,280	1.41%
19	Bradken Ltd	1,510,878	1.24%
20	Samuel Goh Sze-Wei	1,500,000	1.23%
		<b>89,963,381</b>	<b>73.75%</b>

Total number of shares on issue as at 4 September 2017 **121,959,291**

**MEJORITY CAPITAL LIMITED****ADDITIONAL ASX INFORMATION**

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**Options Exercisable at \$0.25 each on or before 29 June 2018**

1	AG Financial Ltd	7,200,000	7.83%
2	Merrill Capital Ltd	6,900,000	7.50%
3	Bridge Global Investments Ltd	4,950,000	5.38%
4	Vcap Global Inc	4,783,940	5.20%
5	Bradken Ltd	4,783,940	5.20%
6	BNP Paribas Nom PL	4,407,950	4.97%
7	Noble Elite Limited	4,112,500	4.47%
8	Hanhong (Cayman) SPC Ltd	4,000,000	4.35%
9	Cresco Investments Limited	3,240,791	3.52%
10	Asiabio Capital Limited	3,088,660	3.36%
11	PRHL Capital Pty Ltd	2,660,000	2.89%
12	Eastern Empire Limited	2,540,791	2.76%
13	Mr. Wong Soon Woei	2,500,000	2.72%
14	Infinito Capital Ltd	2,200,000	2.39%
15	Mr. Yeo Jia Wei	2,000,000	2.17%
16	Miss Joyce Leong	2,000,000	2.17%
17	Mr. Goh Sze-Wei Samuel	2,000,000	2.17%
18	Bradken Limited	1,510,878	1.64%
19	Jaguar Cap Inv PL	1,400,000	1.52%
20	Bridge Global Absolute Return	1,237,500	1.35%
		<b>67,516,950</b>	<b>73.38%</b>

Total number of options on issue as at 4 September 2017      **91,979,829**

**C. Substantial holders**

<b>Shin Yong Mark Chew</b>	<b>18,857,547</b>	<b>15.46%</b>
<b>Noble Elite Limited</b>	11,382,275	9.33%
<b>BNP Paribas Nom Pty Ltd</b>	10,595,037	8.69%

**D. Voting Rights**

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

**Ordinary shares**

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

**Options**

No voting rights at meetings of members.

**DIRECTORS**

**CURRENT**

Mr. Simon Lill  
Mr. Neil Sheather  
Mr. Mark Chew  
Dato (“Sir”) Soon Woei Wong

**COMPANY SECRETARY**

Simon Lill

**PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE**

Level 2, Suite 9, 389 Oxford Street  
Mount Hawthorn WA 6016

**SHARE REGISTRY**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
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**STOCK EXCHANGE LISTINGS**

Mejority Capital Limited shares are listed on the Australian Stock Exchange. (ASX code: MJC)

**WEBSITE ADDRESS**

[www.mejoritycapital.com.au](http://www.mejoritycapital.com.au)