
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-55798

GH CAPITAL, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

38-3955212

(I.R.S. Employer
Identification No.)

**200 South Biscayne Boulevard, Suite 2790
Miami, FL**

(Address of principal executive offices)

33131

(Zip Code)

(305) 714-9397

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 61,146,818 as of August 20, 2018.

GH CAPITAL, INC.
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**GH CAPITAL INC.
BALANCE SHEETS**

	<u>June 30,</u> <u>2018</u> (Unaudited)	<u>September 30,</u> <u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 99,417	\$ 12,694
Marketable securities	—	2,734
Accounts receivable	1,532	1,761
Accounts receivable - related party	—	980
Prepaid expenses and other current assets	<u>53,750</u>	<u>10,167</u>
Total Current Assets	<u>154,699</u>	<u>28,336</u>
Total Assets	<u>\$ 154,699</u>	<u>\$ 28,336</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable	\$ 26,058	\$ 24,891
Accrued expenses	12,433	—
Convertible notes payable, net of discounts	275,290	—
Deferred revenue - related party	22,401	—
Due to related parties	4,253	3,183
Derivative liabilities	<u>313,124</u>	<u>—</u>
Total Current Liabilities	<u>653,559</u>	<u>28,074</u>
Commitments and Contingencies (see Note 8)		
Stockholders' Equity (Deficit):		
Preferred stock (\$0.0001 par value; 10,000,000 shares authorized; No shares issued and outstanding at June 30, 2018 and September 30, 2017)	—	—
Common stock (\$0.0001 par value; 490,000,000 shares authorized; 61,146,818 and 60,661,818 shares issued and outstanding at June 30, 2018 and September 30, 2017, respectively)	6,115	6,066
Additional paid-in capital	5,441,836	5,325,192
Accumulated deficit	(5,946,811)	(5,331,892)
Accumulated other comprehensive income - marketable securities	<u>—</u>	<u>896</u>
Total Stockholders' Equity (Deficit)	<u>(498,860)</u>	<u>262</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 154,699</u>	<u>\$ 28,336</u>

See accompanying notes to unaudited financial statements.

GH CAPITAL INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues:				
Payment processing	\$ —	\$ 2,959	\$ 5,632	\$ 4,890
Payment processing - related party	—	2,669	6,364	14,129
Consulting - related party	22,400	—	33,599	—
Total revenues	22,400	5,628	45,595	19,019
Cost of revenues	8,961	7,341	24,998	22,160
Gross (loss) profit	13,439	(1,713)	20,597	(3,141)
Operating Expenses:				
Compensation	3,000	104,000	10,500	3,061,900
Amortization of software development costs and intangible asset	—	10,734	—	25,867
Professional fees	81,640	750,546	205,350	1,106,151
Asset impairment	—	55,489	—	55,489
Other selling, general and administrative expenses	35,739	4,406	74,892	15,833
Total operating expenses	120,379	925,175	290,742	4,265,240
Loss from operations	(106,940)	(926,888)	(270,145)	(4,268,381)
Other Income (Expenses):				
Initial derivative expense and gain (loss) on derivative liabilities	756,782	—	(107,580)	—
Income (loss) from foreign currency transactions	(133)	230	174	192
Gain (loss) on sale of marketable securities	—	—	838	(1,693)
Interest income (expense)	(114,404)	1	(238,206)	1
Total other income (expenses)	642,245	231	(344,774)	(1,500)
Income (loss) before income taxes	535,305	(926,657)	(614,919)	(4,269,881)
Provision for income taxes	—	—	—	—
Net income (loss)	\$ 535,305	\$ (926,657)	\$ (614,919)	\$ (4,269,881)
Comprehensive Income (loss):				
Net loss	\$ 535,305	\$ (926,657)	\$ (614,919)	\$ (4,269,881)
Unrealized gain (loss) on available-for-sale marketable securities	—	143	(896)	1,693
Comprehensive loss	\$ 535,305	\$ (926,514)	\$ (615,815)	\$ (4,268,188)
Net income (loss) per Common Share - basic and diluted	\$ 0.01	\$ (0.02)	\$ (0.01)	\$ (0.09)

Weighted Average Common Shares Outstanding - Basic and diluted	<u>61,021,874</u>	<u>60,201,735</u>	<u>60,832,166</u>	<u>46,157,586</u>
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See accompanying notes to unaudited financial statements.

GH CAPITAL INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

For the Nine Months Ended

June 30,

2018

2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (614,919)	\$ (4,269,881)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation and professional fees	63,000	4,021,135
Stock-based conversion fees	1,500	—
Amortization of software development costs and intangible asset	—	25,867
Asset impairment	—	55,489
Accretion of premium on convertible note	37,082	—
Amortization expense of debt discount	183,208	—
Bad debt expense	1,009	—
Loss (gain) on sale of marketable securities	(838)	1,693
Initial derivative expense and (gain) loss on derivative liabilities	107,580	—
Changes in operating assets and liabilities:		
Accounts receivable	(780)	(1,510)
Accounts receivable - related party	980	321
Prepaid expenses	(1,583)	28,708
Accounts payable	1,166	12,947
Accrued expenses	16,421	(2,000)
Deferred revenue - related party	22,401	(4,000)
Net cash used in operating activities	<u>(183,773)</u>	<u>(131,231)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of marketable securities	—	(659)
Proceeds from sale of marketable securities	2,676	10,679
Net cash provided by investing activities	<u>2,676</u>	<u>10,020</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from convertible debt, net	266,750	—
Net proceeds from sale of common stock	—	115,258
Proceeds from related party	1,070	—
Net cash provided by financing activities	<u>267,820</u>	<u>115,258</u>

Net increase (decrease) in cash	86,723	(5,953)
Cash - beginning of period	<u>12,694</u>	<u>34,572</u>
Cash - end of period	<u>\$ 99,417</u>	<u>\$ 28,619</u>

Cash paid for:

Interest	<u>\$ —</u>	<u>\$ —</u>
Income taxes	<u>\$ —</u>	<u>\$ —</u>

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Common stock issued for future services	\$ 105,000	\$ 1,010,358
Common stock issued for accrued interest on convertible debt	\$ 3,988	\$ —
Common stock issued for accrued expenses	\$ —	\$ 23,500
Common stock issued for intangible asset	\$ —	\$ 38,000
Unrealized gain (loss) on marketable securities	\$ (896)	\$ —
Debt discounts on convertible debt	\$ 243,000	\$ —
Stock warrants granted with convertible notes	\$ 6,206	\$ —

See accompanying notes to unaudited financial statements.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

GH Capital Inc. (the “Company”), a Florida corporation, was formed on May 5, 2014 and commenced operations in October 2014. The Company provides online payment processing services to consumers, primarily in Europe and provides certain consulting services to assist companies in going public.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Management acknowledges its responsibility for the preparation of the accompanying unaudited condensed financial statements which reflect all adjustments, consisting of normal recurring adjustments, considered necessary in its opinion for a fair statement of its financial position and the results of its operations for the periods presented. The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (the “U.S. GAAP”) for interim financial information and with the instructions Article 8-03 of Regulation S-X. Operating results for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole. Certain information and note disclosure normally included in financial statements prepared in accordance with U.S. GAAP has been condensed or omitted from these statements pursuant to such accounting principles and, accordingly, they do not include all the information and notes necessary for comprehensive financial statements. These unaudited condensed financial statements should be read in conjunction with the summary of significant accounting policies and notes to the financial statements for the years ended September 30, 2017 and 2016 of the Company which were included in the Company’s annual report on Form 10-K as filed with the Securities and Exchange Commission on December 15, 2017.

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying unaudited condensed financial statements, the Company had a net loss of \$614,919 for the nine months ended June 30, 2018. The net cash used in operations was \$183,773 for the nine months ended June 30, 2018. Additionally, the Company had a working capital deficit of \$498,860 and an accumulated deficit of \$5,946,811 and a stockholders’ deficit of \$498,860 at June 30, 2018. It is management’s opinion that these conditions raise substantial doubt about the Company’s ability to continue as a going concern for a period of twelve months from the issue date of this report. The Company is in the process of building its customer base and expects to generate increased revenues and the Company is seeking to raise capital through additional debt and/or equity financings to fund its operations in the future. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Although the Company has historically raised capital from sales of common stock and debt financing, there is no assurance that it will be able to continue to do so. If the Company is unable to raise additional capital or secure additional debt in the near future, management expects that the Company will need to curtail its operations. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Included in these estimates are valuation of marketable securities, assumptions used in determining the useful lives and valuations of long-lived assets, the fair value of derivative liabilities, valuation allowances for deferred tax assets and the valuation of stock issued for services.

Fair value of financial instruments and fair value measurements

FASB ASC 820 — *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820 requires disclosures about the fair value of all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about the fair value of financial instruments are based on pertinent information available to the Company on June 30, 2018. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments.

FASB ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1- Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2- Inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3- Inputs are unobservable inputs that reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, loans, accounts payable, accrued expenses, and other payables approximate their fair market value based on the short-term maturity of these instruments.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company analyzes all financial and non-financial instruments with features of both liabilities and equity under the FASB's accounting standard for such instruments. Under this standard, financial and non-financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company accounts for the following instruments at fair value.

Description	June 30, 2018			At September 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Marketable securities	—	—	—	\$ 2,734	—	—
Derivative liabilities	—	—	\$ 313,124	—	—	—

Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Marketable securities are adjusted to fair value each balance sheet date, based on quoted prices; which are considered level 1 inputs (see note 3). The estimated fair value is not necessarily indicative of the amounts the Company would realize in a current market exchange or from future earnings or cash flows. The fair value of marketable securities categorized as Level 1 that are measured on a recurring basis totaled \$0 and \$2,734 as of June 30, 2018 and September 30, 2017, respectively.

The Company's convertible notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements as of June 30, 2018. The Company uses Level 3 of the fair value hierarchy to measure the fair value of the derivative liabilities (see note 5) and revalues its derivative liability on the conversion feature at every reporting period and recognizes gains or losses in the statements of operations that are attributable to the change in the fair value of the derivative liabilities. The fair value of derivative financial instruments, measured and recorded at fair value on the Company's balance sheets on a recurring basis, and their level within the fair value hierarchy as of June 30, 2018 measured \$313,124.

A rollforward of the level 3 derivative liabilities is as follows:

Balance at September 30, 2017	\$	—
Initial derivative expense		218,234
Initial derivative recorded as debt discount		205,544
(Gain) loss on derivatives		(110,654)
Balance at June 30, 2018	\$	<u>313,124</u>

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents. The Company had no cash equivalents at June 30, 2018 and September 30, 2017.

Investments, Carried at Cost

The Company accounts for equity investments that do not have a readily determinable fair value as cost method investments under the measurement alternative prescribed within Accounting Standards Update (“ASU”) 2016-01, Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities, to the extent such investments are not subject to consolidation or the equity method. Under the measurement alternative, these financial instruments are carried at cost, less any impairment (assessed quarterly), plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. In addition, income is recognized when dividends are received only to the extent they are distributed from net accumulated earnings of the investee. Otherwise, such distributions are considered returns of investment and are recorded as a reduction of the cost of the investment. In March 2017, the Company received 18,000,000 common shares, 19.6%, of Vmoney Holdings, Inc. (“Vmoney”) a startup company as a consulting fee and management determined that such securities were non-marketable and had a zero value at the receipt date and as of June 30, 2018.

Concentration of Credit Risk, Accounts Receivable and Revenues

The Company maintains its cash in financial institutions in the United States for which balances are insured up to Federal Deposit Insurance Corporation limits of \$250,000 per account. The Company also maintains cash in financial institutions based in the country of Cyprus. Bank accounts in Cyprus are insured for up to \$119,000 per Bank under the regulations of the European Union. At times, cash balances may exceed the federally insured limits. The Company had no amounts that exceeded insured limits at June 30, 2018 and September 30, 2017.

All of the Company’s revenues are from customers that are located outside of the United States. One payment processing customer accounts for 94% of the Company’s Accounts Receivable balance at June 30, 2018. For the nine months ended June 30, 2018, three payment processing customers accounted for approximately 97% of the total payment processing revenues (32%, 12% and 53% from a related party) and one related party customer accounted for 100% of the consulting revenue.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets of \$53,750 and \$10,167 at June 30, 2018 and September 31, 2017, respectively, consist primarily of costs paid for future services which will occur within a year. Prepaid expenses include prepayments in cash and equity instruments for consulting, public relations and business advisory services, and accounting fees which are being amortized over the terms of their respective agreements.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketable Securities

Pursuant to ASC 320, Investments – Debt and Equity Securities, marketable securities held by the Company are held for an indefinite period of time and thus are classified as available-for-sale securities. The fair value is based on quoted market prices for the investment as of the balance sheet date. Realized investment gains and losses are included in the statement of operations, as are provisions for other than temporary declines in the market value of available for-sale securities. Unrealized gains and unrealized losses deemed to be temporary are excluded from earnings (losses), net of applicable taxes, as a component of other comprehensive income (loss). Factors considered in judging whether an impairment is other than temporary include the financial condition, business prospects and creditworthiness of the issuer, the length of time that fair value has been less than cost, the relative amount of decline, and the Company's ability and intent to hold the investment until the fair value recovers. Realized gains and losses and decline in value judged to be other than temporary on available-for-sale securities are included in the statements of operations. The cost of securities sold or disposed is determined on first-in first-out, or FIFO method.

Capitalized Software Development Costs

Software development costs related to the development of our electronic payment platform software, which is developed for internal use, falls under the accounting guidance of ASC Topic 350-40, *Intangibles Goodwill and Other—Internal Use Software*, in which computer software costs are expensed as incurred during the preliminary project stage and capitalization begins in the application development stage once the capitalization criteria are met. Costs capitalized during the application development stage include external direct costs of materials and services consumed in developing or obtaining internal-use software and payroll and payroll-related costs for employees who are directly associated with, and who devote time to, the internal-use computer software. Once the project is substantially complete and ready for its intended use these costs are amortized on a straight-line basis over the technology's estimated useful life of three years.

The Company reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. As a result, we fully impaired all capitalized software costs as of September 30, 2017.

Intangible Assets

Intangible assets with finite lives primarily consist of licensed technology and were being amortized on a straight-line basis over the expected period to be benefited by future cash flows of two years and reviewed for impairment. As a result, we fully impaired all intangible assets as of September 30, 2017.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-lived Assets

In accordance with ASC Topic 360, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Derivative liabilities

The Company evaluates all its financial instruments to determine if those contracts or any potential embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with FASB ASC 815-10-05-4 and 815-40. This accounting treatment requires that the carrying amount of any embedded derivatives be recorded at fair value at issuance and marked-to-market at each balance sheet date. In the event that the fair value is recorded as a liability, as is the case with the Company, the change in the fair value during the period is recorded as either other income or expense. Upon conversion, exercise or repayment, the respective derivative liability is marked to fair value at the conversion, repayment or exercise date and then the related fair value amount is reclassified to other income or expense as part of gain or loss on extinguishment.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of a sale arrangement exists, services have been rendered, the sales price is fixed and determinable and collectability is reasonably assured. There are two sources of recognized revenue. These comprise (1) payment processing services related to online money transfer transactions for diversified online merchants with a target market in Europe and (2) consulting for business development. For the consulting services, revenue is recognized when the Company satisfies the performance obligation based on the consulting agreement. In the payment processing segment, revenues consist of fees generated through the electronic processing of payment transactions and related services, and is recognized as revenue during the period the transactions are processed or when the related services are performed. Merchants may be charged for these processing services at a bundled rate based on a percentage of the dollar amount of each transaction and, in some instances, additional fees are charged for each transaction. Merchant customers are generally charged a flat fee plus percentage per transaction, while others may also be charged miscellaneous fees, including fees for chargebacks or returns, monthly minimums, and other miscellaneous services. Revenues also include any up-front fees for the work involved in implementing the basic functionality required to provide electronic payment processing services to a customer. Revenue from such implementation fees is recognized over the term of the related service contract. The Company's revenue is comprised of monthly recurring services provided to customers, for whom charges are contracted for over a specified period of time. Payments received from customers that are related to future periods are recorded as deferred revenue until the service is provided.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-Based Compensation

Stock-based compensation is accounted for based on the requirements of ASC 718, Share-Based Payment, which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The Financial Accounting Standards Board (“FASB”) also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award. Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the measurement date defined as the earlier of a) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached or b) the date at which the counterparty's performance is complete. The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company records compensation expense based on the fair value of the award at the reporting date. The awards to consultants and other third-parties are then revalued, or the total compensation is recalculated, based on the then current fair value, at each subsequent reporting date.

Research and Development

Research and development costs are expensed as incurred.

Loss per Common Share and Common Share Equivalent

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares during the period. Diluted net loss per share is computed using the weighted average number of common shares and potentially dilutive securities outstanding during the period. At June 30, 2018 and September 30, 2017, the Company has 5,009,832 and 0 potentially dilutive securities outstanding, respectively, related to the convertible promissory notes. Those potentially dilutive common stock equivalents were excluded from the dilutive loss per share calculation as they would be antidilutive due to the net loss.

Foreign Currency Transactions

The reporting and functional currency of the Company is the U.S. dollar. Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date with any transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. Transaction gains or losses have not had, and are not expected to have, a material effect on the results of operations of the Company.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Standards

From time to time, the FASB or other standards setting bodies will issue new accounting pronouncements. Updates to the FASB ASC are communicated through issuance of an Accounting Standards Update (“ASU”).

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” (“ASU 2014-09”). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. ASU 2014-09 is effective for public entities for annual reporting periods beginning after December 15, 2016 and interim periods within those periods. Early adoption is not permitted. The FASB has approved a one-year deferral of the effective date with the option to early adopt using the original effective date. Entities may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-09. In December 2016, the FASB issued Accounting Standards Update No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, or ASU 2016-20. In May 2016, the FASB issued Accounting Standards Update No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, or ASU 2016-12. In April 2016, the FASB issued Accounting Standards Update No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, or ASU 2016-10. In March 2016, the FASB issued Accounting Standards Update No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross), or ASU 2016-08. These updates provide additional clarification and implementation guidance on the previously issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 2014-09. The amendments in ASU 2016-20 provide technical corrections to various implementation examples and clarifying guidance on the treatment of capitalized advertising costs, impairment testing of capitalized contract costs, performance obligation disclosures and scope exceptions. The amendments in ASU 2016-12 provide clarifying guidance on assessing collectability; noncash consideration; presentation of sales taxes; and transition. The amendments in ASU 2016-10 provide clarifying guidance on the materiality and evaluation of performance obligations; treatment of shipping and handling costs; and determining whether an entity's promise to grant a license provides a customer with either a right to use or a right to access an entity's intellectual property. The amendments in ASU 2016-08 clarify how an entity should identify the specified good or service for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. Collectively, these updates will require a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The adoption of ASU 2016-20, ASU 2016-12, ASU 2016-10 and ASU 2016-08 is to coincide with an entity's adoption of ASU 2014-09. The new guidance permits adoption through either a full retrospective approach or a modified retrospective approach with a cumulative effect adjustment to retained earnings. The Company will adopt this standard as required on October 1, 2018. The Company has assessed the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures and believes such impact will not be material.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Topic 825-10): "Recognition and Measurement of Financial Assets and Financial Liabilities." ASU 2016-01 amends the guidance on the classification and measurement of financial instruments. Some of the amendments in ASU 2016-01 include the following: 1) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; 2) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; 3) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; and 4) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value; among others. For public business entities, the amendments of ASU 2016-01 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is not permitted. The Company is currently evaluating the effects of ASU 2016-01 on its financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15 which addresses eight cash flow classification issues, eliminating the diversity in practice. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted. The retrospective transition method, requiring adjustment to all comparative periods presented, is required unless it is impracticable for some of the amendments, in which case those amendments would be prospectively applied as of the earliest date practicable. The Company is evaluating the impact this ASU will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU No. 2016-02"). The amendments in ASU No. 2016-02 change the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The standard requires lessors to identify lease and non-lease components under their leasing arrangements and allocate the total consideration in the lease agreement to these lease and non-lease components based on their relative standalone selling prices. Non-lease components will be subject to the new revenue recognition standard upon the Company's adoption of the new leasing standard on January 1, 2019. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of ASU No. 2016-02 as of its issuance is permitted. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. In March 2018, the FASB affirmed a proposed amendment to the leases ASU, which would add a transition option to the new leases standard that would allow entities to apply the transition provisions of the new standard at its adoption date instead of the earliest comparative periods presented in its financial statements. The FASB also tentatively approved a practical expedient that would permit lessors to not separate lease and non-lease components if certain conditions are met. The Company is currently evaluating the impact of adopting the new leases standard on its consolidated financial statements and if adopted by the FASB, applying the transition option and electing the practical expedient of the proposed amendment.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In January 2017, the FASB issued the Accounting Standards Update No. 2017-01 (“ASU 2017-01”), Clarifying the Definition of a Business. ASU 2017-01 clarifies the definition of a business and establishes a screening process to determine whether an integrated set of assets and activities acquired is deemed the acquisition of a business or the acquisition of assets. ASU 2017-01 is effective for annual and interim periods beginning after December 15, 2017 and should be applied prospectively, with early adoption permitted. The Company does not expect that adoption of ASU 2017-01 will have a material impact on its financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-07, Improvements to Nonemployee Share-Based Payment Accounting, which simplifies several aspects of the accounting for nonemployee share-based payment transactions by expanding the scope of the stock-based compensation guidance in ASC 718 to include share-based payment transactions for acquiring goods and services from non-employees. ASU No. 2018-07 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods. Early adoption is permitted, but entities may not adopt prior to adopting the new revenue recognition guidance in ASC 606. The Company is evaluating the impact this ASU will have on its financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 – MARKETABLE SECURITIES

The Company classifies its marketable securities as available-for-sale securities, which are carried at their fair value based on the quoted market prices of the securities with unrealized gains and losses, net of deferred income taxes, reported as accumulated other comprehensive income (loss), a separate component of stockholders’ equity. Realized gains and losses on available-for-sale securities are included in net earnings in the period earned or incurred. For the nine months ended June 30, 2018 and 2017, realized gain/(loss) from the sale of available-for-sale securities were \$838 and (\$1,693), respectively.

The following summarizes the carrying value of marketable securities as of June 30, 2018 and September 30, 2017:

	June 30, 2018	September 30, 2017
Historical cost	\$ 1,838	\$ 1,838
Less: sale during the period	(1,838)	—
Unrealized gain (loss) included in accumulated other comprehensive gain (loss)	—	896
Balance, marketable securities, at fair value	<u>\$ —</u>	<u>\$ 2,734</u>

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
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(Unaudited)

NOTE 4 - RELATED PARTY TRANSACTIONS

On March 30, 2015, the Company entered into a services contract with Global Humax Cyprus Ltd. (“Cyprus”), a company owned by the Company’s chief executive officer. Under the terms of the contract, the Company will provide services to Cyprus for a period of two years from the date of the agreement. Additionally, the Company earns fees from the processing of payment transactions and related services from Cyprus. For the nine months ended June 30, 2018 and 2017, aggregate revenues – related party amount to \$6,364 and \$14,129 respectively.

During the year ended September 30, 2015, Cyprus paid various general and administrative expenses on behalf of the Company in the amount of \$3,173. These advances are non-interest bearing and are due on demand. At June 30, 2018 and September 30, 2017, the Company owed Cyprus \$3,173 and \$3,173, respectively.

During the year ended September 30, 2015, the Company’s Chief Executive Officer advanced \$10 to the Company for working capital purpose. The advance is non-interest bearing and payable on demand. At June 30, 2018 and September 30, 2017, the Company owed its Chief Executive Officer \$10 and \$10, respectively.

During the three and nine months ended June 30, 2018, the Company’s Attorney advanced \$1,070 to the Company for working capital purpose. The advance is non-interest bearing and payable on demand. At June 30, 2018 and September 30, 2017, the Company owed its Attorney \$1,070 and zero, respectively.

For the nine months ended June 30, 2018 and 2017, in connection with a written agreement with the director, the Company paid cash compensation to designated members of its board of directors in the amount of \$10,500 and \$16,900, respectively.

On April 24, 2017, the Company entered into a Consulting Agreement with an unrelated start-up company whereby the Company agreed to provide certain services related to business development for the entity in exchange for 18,000,000 founder shares of common stock of the company which represented approximately 19% of that entity. The shares received were valued at estimated fair value of zero and the receipt of shares resulted in the entity becoming a related party to the Company. After 10 months of providing services, the parties believed it best to extend the term of the agreement through September 30, 2018 in exchange for \$56,000 to the Company as the entity has chosen to “go public” through an S-1 filing with the Securities and Exchange Commission which will require additional resources on behalf of the Company. During the nine months ended June 30, 2018, the Company recognized revenue - related party of \$33,599 in connection with this agreement and recorded deferred revenue of \$22,401 at June 30, 2018 to be recognized as revenue over the remaining term of the agreement.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

NOTE 5– CONVERTIBLE NOTES PAYABLE

On October 10, 2017, the Company issued a 12% Convertible Promissory Note for principal borrowings of \$160,000 to a non-related party. The 12% convertible promissory note and all accrued interest are due on July 10, 2018. The Company received proceeds of \$143,250 in cash which is net of offering costs of \$16,750, recorded as a discount. The note is unsecured and bears interest at the rate of 12% per annum from the issuance date thereof until the note is paid. The note holder shall have the right to convert beginning on the date which is following the issuance date the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to a price which is the lower of \$0.65 per share or 55% of the lowest trading price of the Company's common stock during the 25 trading days immediately preceding the conversion date. At any time during the period beginning on the issue date and ending on the date which is 90 days following the issue date, the Borrower shall have the right, exercisable on not less than 3 trading days prior written notice to the holder of the Note to prepay the outstanding Note (principal and accrued interest), in full by making a payment to the Holder of an amount in cash equal to 130%, multiplied by the sum of then outstanding principal amount of the Note plus accrued and unpaid interest on the unpaid principal amount of the Note plus default interest, if any. During the first 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under the note, together with any other amounts that the Company may owe the holder under the terms of the note, at a premium of 140%. After this initial 180-day period, the Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 24% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. The Note contains representations, warranties, and events of default, beneficial ownership limitations, and other provisions that are customary of similar instruments.

On April 26, 2018 the Company issued 25,000 shares of common stock to the noteholder with a contractual conversion price of \$0.04 to convert \$0 principal amount with \$501 of accrued and unpaid interest and \$500 conversion fee, totaling \$1,001.

On May 25, 2018 the Company issued 50,000 shares of common stock to the noteholder with a contractual conversion price of \$0.03 to convert \$0 principal amount with \$902 of accrued and unpaid interest and \$500 conversion fee, totaling \$1,402.

On June 12, 2018 the Company issued 110,000 shares of common stock to the noteholder with a contractual conversion price of \$0.03 to convert \$0 principal amount with \$2,584 of accrued and unpaid interest and \$500 conversion fee, totaling \$3,084.

As of June 30, 2018, the principal balance of this note is \$160,000.

In February 2018, under a Securities Purchase Agreement, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$180,000 and received initial proceeds of \$60,000. In June 2018, the Company received additional proceeds of \$20,000 which resulted to a total of \$80,000 proceeds. The 10% convertible promissory notes and all accrued interest are due in twelve months from the effective date of each tranche. The notes are unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price to a price which is 65% of the lowest trading price of the Company's common stock during the 25 prior trading days to the conversion date subject to increases in the discount rate based on certain future events. If at any time while this note is outstanding, the conversion price is equal to or lower than \$0.15, then an additional 15% discount shall be added into the conversion price resulting in a discount rate of 50%. During the first 90 days following the date of this note, the Company has the right to prepay the principal and accrued but unpaid interest due under this note, together with any other amounts that the Company may owe the holder under the terms of this note, at a premium ranging from 135% to 145% as defined in the note agreement. After this initial 90-day period, the Company does not have a right to prepay the note. Any amount of principal or interest on this note which is not paid when due shall bear interest at the rate of 15% per annum from the due date thereof until the same is paid. The conversion price, however, is subject to full ratchet anti-dilution in the event that the Company issues any securities at a per share price lower than the conversion price then in effect. The Company paid an original issuance discount of \$8,000 and related loan fees of \$3,500 in connection with this note payable which is being amortized over the term of the note. The Note contains representations, warranties, events of default, beneficial ownership limitations, piggyback registration rights and other provisions that are customary of similar instruments. As of June 30, 2018, the principal balance of this note is \$80,000.

GH CAPITAL, INC.
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(Unaudited)

NOTE 5– CONVERTIBLE NOTES PAYABLE (continued)

The Company evaluated whether or not the above two convertible promissory notes contains embedded conversion features, which meet the definition of derivatives under ASC 815 and related interpretations. The Company determined that the terms of the notes discussed above contains conversion terms, primarily those resulting in an indeterminable number of shares being issued upon conversion which causes the embedded conversion option to be bifurcated and accounted for as derivative liability at fair value.

In connection with the issuance of these notes during the nine months ended June 30, 2018, on the initial measurement date of the notes, the fair values of the embedded conversion option derivatives of \$423,778 was recorded as derivative liabilities of which \$218,234 was charged to current period operations as initial derivative expense, and \$205,544 was recorded as a debt discount which will be amortized into interest expense over the term of the note.

At the end of each reporting period, the Company revalues the embedded conversion option derivative liabilities. In connection with the revaluation, the Company recorded a gain on derivative liabilities of \$110,654 for the nine months ended June 30, 2018. (see Note 2)

In June 2018, under a Securities Purchase Agreement, the Company issued a 10% Convertible Promissory Note for principal borrowings of up to \$58,000. The 10% convertible promissory note and all accrued interest are due in June 2019. The note is unsecured and bears interest at the rate of 10% per annum from the issuance date thereof until the notes are paid. The note holder has the right to convert beginning 180 days following the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to 61% of the average of the lowest two trading prices of the Company's common stock during the 20 trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of the note, the Company has the right to prepay the principal and accrued but unpaid interest due under these notes, together with any other amounts that the Company may owe the holder under the terms of these notes, at a premium ranging from 115% to 140% as defined in the note agreements. After this initial 180-day period, the Company does not have a right to prepay the note. The Company paid original issuance cost and related loan fees of \$3,000 in connection with this note payable which is being amortized over the term of the note. The Company granted the note holder 50,000 warrants in connection with the issuance of this note. The warrants had a term of 5 years from the date of grant and was exercisable at an exercise price of \$0.40. The Company accounted for the warrants by using the relative fair value method and recorded debt discount from the relative fair value of the warrants of \$6,206 using a simple binomial lattice model (see Note 6). The Company has accounted for this convertible promissory note as stock settled debt under ASC 480 and in 2018, and recorded a debt premium liability of \$37,082 and a charge to interest expense of \$37,082. As of June 30, 2018, the principal balance of this note was \$58,000.

For the nine months ended June 30, 2018, amortization of debt discounts related to convertible debentures amounted to \$183,208, which has been amortized to interest expense on the accompanying unaudited statements of operations.

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
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(Unaudited)

NOTE 5– CONVERTIBLE NOTES PAYABLE (continued)

During the nine months ended June 30, 2018, the fair value of the derivative liabilities were estimated using the Binomial option pricing method with the following assumptions:

Dividend rate	0
Term (in years)	0.01 to 0.14 years
Volatility	472.9%
Risk-free interest rate	2.32% to 2.33%

At June 30, 2018 and September 30, 2017, convertible promissory notes consisted of the following:

	June 30, 2018	September 30, 2017
Principal amount	\$ 298,000	\$ —
Add: debt premium liability	37,082	—
Less: unamortized debt discount	(59,792)	—
Convertible notes payable, net – current	<u>\$ 275,290</u>	<u>\$ —</u>

NOTE 6 - STOCKHOLDERS' EQUITY**Preferred Stock**

The Company has 10,000,000 shares of preferred stock authorized. Preferred stock may be issued in one or more series. The Company's board of directors is authorized to issue the shares of preferred stock in such series and to fix from time to time before issuance thereof the number of shares to be included in any such series and the designation, powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of such series. No shares of preferred stock have been issued as of June 30, 2018 and September 30, 2017.

Common Stock

On February 13, 2018, in connection with a contract agreement, the Company issued 300,000 shares of restricted stock to a consultant. The shares were valued on the date of grant at their fair value of \$105,000, or \$0.35 per share, using the closing quoted trading price of the Company's common stock on February 13, 2018 which was recorded as a prepaid asset to be recognized through the term of the agreement ended September 30, 2018. The company recognized \$63,000 as of June 30, 2018.

Between April 2018 and June 2018, the Company issued an aggregate of 185,000 shares of the Company's common stock to a note holder with a contractual conversion price ranging from \$0.03 to \$0.04 to convert \$0 in principal amount with \$3,987 of accrued and unpaid interest and \$1,500 of conversion fees, totaling \$5,487 (see note 5).

Stock Warrants

In June 2018, the Company granted a note holder 50,000 warrants in connection with the issuance of a convertible note. The warrants have a term of 5 years from the date of grant and are exercisable at an exercise price of \$0.40. The Company accounted for the warrants by using the relative fair value method. The Company recorded debt discount resulting from the relative fair value of the warrants of \$6,206 using a simple binomial lattice model with the following assumptions: stock price at date of grant of \$0.18, exercise price of \$0.40, dividend yield of zero, years to maturity of 5.00, a risk free rate of 2.80%, and expected volatility of 473%. The debt discount will be amortized over the term of the convertible note (see Note 5).

GH CAPITAL, INC.
CONDENSED NOTES TO FINANCIAL STATEMENTS
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(Unaudited)

NOTE 7 – SEGMENT INFORMATION

During the nine months ended June 30, 2018, the Company operated in two reportable business segments - (1) Transaction processing related to online money transfer transactions for diversified online merchants with a target market in Europe (2) Consulting for business development. The Company's reportable segments were strategic business units that offered different services. They were not managed separately.

Information with respect to these reportable business segments for the nine months ended June 30, 2018 and 2017 was as follows:

	For the Nine Months ended June 30,	
	2018	2017
Revenues:		
Payment processing	\$ 5,632	\$ 4,890
Payment processing – related party	6,364	14,129
Consulting – related party	33,599	—
	<u>45,595</u>	<u>19,019</u>
Cost of revenues		
Payment processing	24,988	22,160
	<u>24,988</u>	<u>22,160</u>
Net loss (a)	<u>\$ (614,919)</u>	<u>\$ (4,269,881)</u>

(a) The Company does not allocate any general and administrative expense of its U.S. activities to its reportable segments, because these activities are managed at a corporate level.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

From time to time, we may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward-Looking Information and Factors That May Affect Future Results

This quarterly report on Form 10-Q contains forward-looking statements regarding our business, financial condition, results of operations and prospects. The Securities and Exchange Commission (the "SEC") encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This quarterly report on Form 10-Q and other written and oral statements that we make from time to time contain such forward-looking statements that set out anticipated results based on management's plans and assumptions regarding future events or performance. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated sales efforts, expenses, the outcome of contingencies, such as legal proceedings, and financial results. Factors that could cause our actual results of operations and financial condition to differ materially are set forth in the "Risk Factors" section of our annual report on Form 10-K for the fiscal year ended September 30, 2017, as filed with the SEC on December 15, 2017.

We caution that these factors could cause our actual results of operations and financial condition to differ materially from those expressed in any forward-looking statements we make and that investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time, and it is not possible for us to predict all of such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report on Form 10-Q.

Business Overview

We were incorporated on May 5, 2014 in the State of Florida. We intend to generate revenue through licensing our technology to third parties in Europe. More specifically, we will focus our sales efforts in Germany, Austria and Spain. At this time, we have no significant assets.

For the nine months ended June 30, 2018 and 2017 respectively, we generated revenues of \$45,595 and \$19,019 from payment processing services and from consulting services, including revenues from related parties of \$39,963 and \$14,129, respectively.

Additionally, for the nine months ended June 30, 2018 and 2017, net loss amounted to \$614,919 and \$4,269,881, respectively. Since inception, our business activity has focused on the development of our corporate entity, business plan, marketing strategy and sales, contact development, website design and product design, and development of our payment gateway called "ClickDirectPay".

Plan of Operations

The Company's strategy is to engage as many third-party merchants to rely on its payment system. The Company charges each merchant a percentage of revenues, in addition to transaction fees. The Company's President will personally attempt to acquire as many merchants to use the Company's ClickDirectPay application to drive revenues. In addition, the Company currently is marketing to provide consulting services related to going public transactions for European and Asian issuers looking to list in the United States, pulling on our experience and network developed through our own going public. We currently have engaged one customer in this line of business, but look to take on more clients with better advertising.

Critical Accounting Policies and Estimates

While our significant accounting policies are more fully described in Note 2 to our financial statements, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating this management's discussion and analysis.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from estimates. Included in these estimates are valuation of marketable securities, assumptions used in determining the useful lives and valuations of long-lived assets, the fair value of derivative liabilities, valuation allowances for deferred tax assets and the valuation of stock issued for services.

Investments, Carried at Cost

The Company accounts for equity investments that do not have a readily determinable fair value as cost method investments under the measurement alternative prescribed within Accounting Standards Update ("ASU") 2016-01, Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities, to the extent such investments are not subject to consolidation or the equity method. Under the measurement alternative, these financial instruments are carried at cost, less any impairment (assessed quarterly), plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. In addition, income is recognized when dividends are received only to the extent they are distributed from net accumulated earnings of the investee. Otherwise, such distributions are considered returns of investment and are recorded as a reduction of the cost of the investment. In March 2017, the Company received 18,000,000 common shares, 19.6%, of Vmoney Holdings, Inc. ("Vmoney") a startup company as a consulting fee and management determined that such securities were non-marketable and had a zero value at the receipt date and as of June 30, 2018.

Marketable Securities

Pursuant to ASC 320, Investments – Debt and Equity Securities, marketable securities held by us are held for an indefinite period of time and thus are classified as available-for-sale securities. The fair value is based on quoted market prices for the investment as of the balance sheet date. Realized investment gains and losses are included in the statement of operations, as are provisions for other than temporary declines in the market value of available for-sale securities. Unrealized gains and unrealized losses deemed to be temporary are excluded from earnings (losses), net of applicable taxes, as a component of other comprehensive income (loss). Factors considered in judging whether an impairment is other than temporary include the financial condition, business prospects and creditworthiness of the issuer, the length of time that fair value has been less than cost, the relative amount of decline, and our ability and intent to hold the investment until the fair value recovers. Realized gains and losses and decline in value judged to be other than temporary on available for sale securities are included in the statements of operations. The cost of securities sold or disposed is determined on a first-in first-out or FIFO method.

Capitalized Software Development Costs

Software development costs related to the development of our electronic payment platform software, which is developed for internal use, falls under the accounting guidance of ASC Topic 350-40, Intangibles Goodwill and Other—Internal Use Software, in which computer software costs are expensed as incurred during the preliminary project stage and capitalization begins in the application development stage once the capitalization criteria are met. Costs capitalized during the application development stage include external direct costs of materials and services consumed in developing or obtaining internal-use software and payroll and payroll-related costs for employees who are directly associated with, and who devote time to, the internal-use computer software. Once the project is substantially complete and ready for its intended use these costs are amortized on a straight-line basis over the technology's estimated useful life of three years. The Company reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. As a result, we fully impaired all capitalized software development costs as of September 30, 2017.

Impairment of Long-lived Assets

In accordance with ASC Topic 360, we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. We recognize an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Derivative Liabilities

The Company evaluates its convertible debt, options, warrants or other contracts, if any, to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815-10-05-4 and ASC 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as either an asset or a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations and comprehensive income (loss) as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the date of conversion, exercise or cancellation and then that the related fair value is reclassified to other income or expense as part of gain or loss on extinguishment. In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. The Company marks to market the fair value of the embedded derivative convertible notes at each balance sheet date and records the change in the fair value of the embedded derivative convertible notes as other income or expense in the statements of operations. The Company utilizes the binomial lattice model that values the liability of the derivative convertible notes. The binomial lattice valuation model requires the use of subjective assumptions.

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Revenue Recognition

The Company recognizes revenue when persuasive evidence of a sale arrangement exists, services have been rendered, the sales price is fixed and determinable and collectability is reasonably assured. There are two sources of recognized revenue. These comprise (1) payment processing services related to online money transfer transactions for diversified online merchants with a target market in Europe and (2) consulting for business development. For the consulting business, revenue is recognized when the Company satisfies the performance obligation based on the consulting agreement. In the payment processing segment, revenues consist of fees generated through the electronic processing of payment transactions and related services, and is recognized as revenue during the period the transactions are processed or when the related services are performed. Merchants may be charged for these processing services at a bundled rate based on a percentage of the dollar amount of each transaction and, in some instances, additional fees are charged for each transaction. Merchant customers are generally charged a flat fee plus percentage per transaction, while others may also be charged miscellaneous fees, including fees for chargebacks or returns, monthly minimums, and other miscellaneous services. Revenues also include any up-front fees for the work involved in implementing the basic functionality required to provide electronic payment processing services to a customer. Revenue from such implementation fees is recognized over the term of the related service contract. The Company's revenue is comprised of monthly recurring services provided to customers, for whom charges are contracted for over a specified period of time. Payments received from customers that are related to future periods are recorded as deferred revenue until the service is provided.

Stock-Based Compensation

Stock-based compensation is accounted for based on the requirements of the ASC 718, Share-Based Payment, which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The Financial Accounting Standards Board ("FASB") also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the measurement date defined as the earlier of a) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached or b) the date at which the counterparty's performance is complete. The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company records compensation expense based on the fair value of the award at the reporting date. The awards to consultants and other third-parties are then revalued, or the total compensation is recalculated, based on the then current fair value, at each subsequent reporting date.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," ("ASU 2014-09"). ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. ASU 2014-09 is effective for public entities for annual reporting periods beginning after December 15, 2016 and interim periods within those periods. Early adoption is not permitted. The FASB has approved a one-year deferral of the effective date with the option to early adopt using the original effective date. Entities may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-09. In December 2016, the FASB issued Accounting Standards Update No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, or ASU 2016-20. In May 2016, the FASB issued Accounting Standards Update No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, or ASU 2016-12. In April 2016, the FASB issued Accounting Standards Update No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, or ASU 2016-10. In March 2016, the FASB issued Accounting Standards Update No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross), or ASU 2016-08. These updates provide additional clarification and implementation guidance on the previously issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 2014-09. The amendments in ASU 2016-20 provide technical corrections to various implementation examples and clarifying guidance on the treatment of capitalized advertising costs, impairment testing of capitalized contract costs, performance obligation disclosures and scope exceptions. The amendments in ASU 2016-12 provide clarifying guidance on assessing collectability; noncash consideration; presentation of sales taxes; and transition. The amendments in ASU 2016-10 provide clarifying guidance on the materiality and evaluation of performance obligations; treatment of shipping and handling costs; and determining whether an entity's promise to grant a license provides a customer with either a right to use or a right to access an entity's intellectual property. The amendments in ASU 2016-08 clarify how an entity should identify the specified good or service for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. Collectively, these updates will require a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The adoption of ASU 2016-20, ASU 2016-12, ASU 2016-10 and ASU 2016-08 is to coincide with an entity's adoption of ASU 2014-09. The new guidance permits adoption through either a full retrospective approach or a modified retrospective approach with a cumulative effect adjustment to retained earnings. The Company has assessed the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures and believes such impact will not be material.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Topic 825-10): "Recognition and Measurement of Financial Assets and Financial Liabilities." ASU 2016-01 amends the guidance on the classification and measurement of financial instruments. Some of the amendments in ASU 2016-01 include the following: 1) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; 2) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; 3) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; and 4) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value; among others. For public business entities, the amendments of ASU 2016-01 are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is not permitted. The Company is currently evaluating the effects of ASU 2016-01 on its financial statements and disclosures.

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In August 2016, the FASB issued ASU 2016-15 which addresses eight cash flow classification issues, eliminating the diversity in practice. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted. The retrospective transition method, requiring adjustment to all comparative periods presented, is required unless it is impracticable for some of the amendments, in which case those amendments would be prospectively applied as of the earliest date practicable. The Company is evaluating the impact this ASU will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (“ASU No. 2016-02”). The amendments in ASU No. 2016-02 change the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The standard requires lessors to identify lease and non-lease components under their leasing arrangements and allocate the total consideration in the lease agreement to these lease and non-lease components based on their relative standalone selling prices. Non-lease components will be subject to the new revenue recognition standard upon the Company’s adoption of the new leasing standard on January 1, 2019. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of ASU No. 2016-02 as of its issuance is permitted. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. In March 2018, the FASB affirmed a proposed amendment to the leases ASU, which would add a transition option to the new leases standard that would allow entities to apply the transition provisions of the new standard at its adoption date instead of the earliest comparative periods presented in its financial statements. The FASB also tentatively approved a practical expedient that would permit lessors to not separate lease and non-lease components if certain conditions are met. The Company is currently evaluating the impact of adopting the new leases standard on its consolidated financial statements and if adopted by the FASB, applying the transition option and electing the practical expedient of the proposed amendment.

In January 2017, the FASB issued the Accounting Standards Update No. 2017-01 (“ASU 2017-01”), Clarifying the Definition of a Business. ASU 2017-01 clarifies the definition of a business and establishes a screening process to determine whether an integrated set of assets and activities acquired is deemed the acquisition of a business or the acquisition of assets. ASU 2017-01 is effective for annual and interim periods beginning after December 15, 2017 and should be applied prospectively, with early adoption permitted. The Company does not expect that adoption of ASU 2017-01 will have a material impact on its financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-07, Improvements to Nonemployee Share-Based Payment Accounting, which simplifies several aspects of the accounting for nonemployee share-based payment transactions by expanding the scope of the stock-based compensation guidance in ASC 718 to include share-based payment transactions for acquiring goods and services from non-employees. ASU No. 2018-07 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods. Early adoption is permitted, but entities may not adopt prior to adopting the new revenue recognition guidance in ASC 606. The Company is evaluating the impact this ASU will have on its financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Results of Operations**Revenues**

For the nine months ended June 30, 2018 and 2017, we generated revenues of \$45,595 and \$19,019, including revenues from related parties of \$39,963 and \$14,129, respectively. For the three months ended June 30, 2018 and 2017, we generated revenues of \$22,400 and \$5,628, including revenues from related parties of \$22,400 and \$2,669, respectively. Revenues increased during the nine months ended June 30, 2018 due to an increase in related party revenues of \$25,834 mainly due a new contract related to a new business segment for consulting fees to conduct business development services during the period. Revenues increased during the three months ended June 30, 2018 due to an increase in related party revenues of \$22,400 mainly due a new contract related to a new business segment for consulting fees to conduct business development services offset by a decrease in third party revenues of \$2,959 and a decrease in related party revenues of \$2,669. The related party revenues from payment processing services are derived from the Gateway Processing Agreement the Company has in place with an affiliate, Global Humax Cyprus Ltd. and other transaction service charges. Our affiliate agreed to pay an initial set up fee for access to ClickDirectPay and will pay a continuing annual fee and transaction processing fees under the terms of this agreement.

Cost of Revenues

For the nine months ended June 30, 2018, we incurred \$24,998 in cost of revenues as compared to \$22,160 for the nine months ended June 30, 2017, a decrease of \$2,838 or 12.8%. For the three months ended June 30, 2018, we incurred \$8,961 in cost of revenues as compared to \$7,341 for the three months ended June 30, 2017, an increase of \$1,620 or 22.1%.

Operating Expenses

For the nine months ended June 30, 2018, we incurred \$290,742 in operating expenses as compared to \$4,265,240 for the nine months ended June 30, 2017, a decrease of \$3,974,498 or 93.2%. For the three months ended June 30, 2018, we incurred \$120,379 in operating expenses as compared to \$925,175 for the three months ended June 30, 2017, a decrease of \$804,796 or 87.0%. Operating expenses consisted of the following:

	Nine months Ended June 30,	
	2018	2017
Compensation	\$ 10,500	\$ 3,061,900
Amortization of software development costs and intangible asset	—	25,867
Professional fees	205,350	1,106,151
Asset impairment	—	55,489
Other selling, general and administrative expenses	74,892	15,833
Total	<u>\$ 290,742</u>	<u>\$ 4,265,240</u>
	Three months Ended June 30,	
	2018	2017
Compensation	\$ 3,000	\$ 104,000
Amortization of software development costs and intangible asset	—	10,734
Professional fees	81,640	750,546
Asset impairment	—	55,489
Other selling, general and administrative expenses	35,739	4,406
Total	<u>\$ 120,379</u>	<u>\$ 925,175</u>

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Operating expenses decreased primarily due to

- For the nine months ended June 30, 2018, there was a decrease in compensation of \$3,051,400 primarily due to stock based compensation to our director and CEO for \$3,045,000 in 2017, a decrease in professional fees of \$900,801 primarily due to a decrease in consulting of \$793,418 and investor relations services of \$100,517 for the nine months ended June 30, 2018. For the three months ended June 30, 2018, there was a decrease in compensation of \$101,000 primarily due to stock based compensation to our director and CEO for \$100,000, a decrease in professional fees of \$668,906, primarily due to a decrease in consulting of \$645,807 and investor relations services of \$26,850 for the three months ended June 30, 2018.
- A \$25,867 and \$10,734 or 100%, for the nine and three months ended June 30, 2018 respectively reduction in amortization of software development costs arising from the impairment of these costs during the year ended September 30, 2017.

Loss from Operations

For the nine months ended June 30, 2018, we incurred a loss from operations of \$270,145 as compared to \$4,268,381 for the nine months ended June 30, 2017, a decrease of \$3,998,236 or 93.7%. For the three months ended June 30, 2018, we incurred a loss from operations of \$106,940 as compared to \$926,888 for the three months ended June 30, 2017, a decrease of \$819,948 or 88.5%. These decreases were resulting from the discussion above.

Other Expenses

For the nine months ended June 30, 2018, we incurred total other expenses of \$344,774 as compared to \$1,500 for the nine months ended June 30, 2017. For the three months ended June 30, 2018, we incurred total other income of \$642,245 as compared to \$231 for the three months ended June 30, 2017. The increase in other income(expenses) was primarily related to the recording of a gain(loss) on derivative liabilities of \$756,782 and (\$107,850) from convertible note borrowings during the three and nine months ended June 30, 2018 as compared to \$0 for both comparable periods in fiscal 2017.

Net Loss

For the nine months ended June 30, 2018, we incurred a net loss of \$614,919 or \$(0.01) per common share as compared to \$4,269,881 or \$(0.09) per common share for the nine months ended June 30, 2017. For the three months ended June 30, 2018, we incurred net income (loss) of \$535,305 or \$0.01 per common share as compared to (\$926,657) or \$(0.02) per common share for the three months ended June 30, 2017. These increases were resulting from the discussion above.

Unrealized Gain (Loss) on Available-for-sale Marketable Securities

For the nine months ended June 30, 2018, we incurred an unrealized (loss)/gain on available-for-sale marketable securities of (\$896) as compared to \$1,693 for the nine months ended June 30, 2017, a decrease of \$2,589 related to our marketable securities that we invested during fiscal 2017. These securities were sold during the period ended June 30, 2018. For the three months ended June 30, 2017, we incurred an unrealized (loss)/gain on available-for-sale marketable securities of \$0 as compared to \$143 for the three months ended June 30, 2017, a decrease of \$143 related to our marketable securities that we invested during fiscal 2017.

Comprehensive Loss

For the nine months ended June 30, 2018, we incurred a comprehensive loss of \$615,815 as compared to \$4,268,188 for the nine months ended June 30, 2017. For the three months ended June 30, 2018, we incurred comprehensive income (loss) of \$535,305 as compared to (\$926,514) for the three months ended June 30, 2017. These decreases were resulting from the discussion above.

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Liquidity, Capital Resources, and Off-Balance Sheet Arrangements

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. We had a working capital deficit of (\$498,860) and \$99,417 of cash at June 30, 2018 and working capital of \$262 and \$12,694 of cash at September 30, 2017.

The increase in working capital deficit was primarily attributable to an increase in derivative liabilities of \$313,124 and convertible notes payable during the period.

Cash flows for the nine months ended June 30, 2018 compared to the nine months ended June 30, 2017

	Nine months June 30,	
	2018	2017
Net Cash Used in Operating Activities	\$ (183,773)	\$ (131,231)
Net Cash Provided by Investing Activities	2,676	10,020
Net Cash Provided by Financing Activities	267,820	115,258
Net Increase (decrease) in Cash	<u>\$ 86,723</u>	<u>\$ (5,953)</u>

Net cash flow used in operating activities was \$183,773 for the nine months ended June 30, 2018 as compared to \$131,231 for the nine months ended June 30, 2017, an increase of \$51,472.

- Net cash flow used in operating activities for the nine months ended June 30, 2018 primarily reflected a net loss of \$614,919 and the add-back of non-cash items consisting of loss on derivative liabilities of \$107,580, stock-based compensation of \$63,000, amortization of debt discounts of \$183,208, and a gain on sale of marketable securities of \$838, accretion of debt premium of \$37,082, bad debt expense of \$1,009 offset by changes in operating assets and liabilities of \$39,675, primarily related to an increase in accrued expenses of \$16,421 and an increase in deferred revenue – related party of \$22,401. During the nine months ended June 30, 2018, cash used in operating activities primarily consisted of payments of professional fees.
- Net cash flow used in operating activities for the nine months ended June 30, 2017 primarily reflected a net loss of \$4,269,881 and the add-back of non-cash items consisting of stock-based compensation of \$4,021,135, amortization of development costs and intangible asset of \$25,867, asset impairment charge of \$55,489 and a loss on sale of marketable securities of \$1,693, offset by changes in operating assets and liabilities of \$34,466 primarily related to a decrease in prepaid expenses of \$28,708 and an increase in accounts payable of \$12,947. During the nine months ended June 30, 2017, cash used in operating activities primarily consisted of payments of professional fees.

Net cash flow provided by investing activities was \$2,676 for the nine months ended June 30, 2018 as compared to net cash provided by investing activities of \$10,020 for the nine months ended June 30, 2017. During the nine months ended June 30, 2018, we received proceeds from the sale of marketable securities of \$2,676. During the nine months ended June 30, 2017, we purchased marketable securities of \$659 offset by the receipt of proceeds from the sale of marketable securities of \$10,679.

Net cash provided by financing activities was \$267,820 for the nine months ended June 30, 2018 as compared to \$115,258 for the nine months ended June 30, 2017. During the nine months ended June 30, 2018, we received net proceeds from convertible debt of \$266,750 and proceeds from a related party of \$1,070. During the nine months ended June 30, 2017, we received net proceeds from the sale of common stock of \$115,258.

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Cash Requirements

Our management does not believe that our current capital resources will be adequate to continue operating our company and maintaining our business strategy for much more than 12 months. At the date hereof, we have minimal cash at hand. We require additional capital to implement our business and fund our operations.

Since inception we have funded our operations primarily through equity and debt financings and we expect that we will continue to fund our operations through the equity and debt financing, either alone or through strategic alliances. Additional funding may not be available on favorable terms, if at all. We intend to continue to fund our business by way of equity or debt financing until natural revenues can support the Company. If we raise additional capital through the issuance of equity or convertible debt securities, the percentage ownership of our company held by existing shareholders will be reduced and those shareholders may experience significant dilution. In addition, new securities may contain certain rights, preferences or privileges that are senior to those of our common stock. We cannot assure you that we will be able to raise the working capital as needed in the future on terms acceptable to us, if at all.

If we are unable to raise capital as needed, we are required to reduce the scope of our business development activities, which could harm our business plans, financial condition and operating results, or cease our operations entirely, in which case, you will lose all of your investment.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our stockholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports, filed under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. As required by the SEC Rules 13a-15(b) and 15d-15(b), we carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level due to material weaknesses in internal controls over financial reporting.

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To address these material weaknesses, management engaged financial consultants, performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

A material weakness is a deficiency, or a combination of deficiencies, within the meaning of Public Company Accounting Oversight Board (“PCAOB”) Audit Standard No. 2201, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. Management has identified the following material weaknesses which have caused management to conclude that as of June 30, 2018 our internal controls over financial reporting were not effective at the reasonable assurance level:

1. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. We do not have sufficient resources in our accounting function, which restricts the Company’s ability to gather, analyze and properly review information related to financial reporting in a timely manner. In addition, due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

3. We have determined that oversight over our external financial reporting and internal control over our financial reporting is ineffective, as we do not currently have an audit committee or a financial expert on staff. We do, however, engage third party accountants to assist in oversight over our external financial reporting and oversight over the independent registered accounting firm’s audits and reviews of the Company’s financial statements.

We have taken steps to remediate some of the weaknesses described above, including by engaging a financial reporting advisor with expertise in accounting for complex transactions. We intend to continue to address these weaknesses as resources permit.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 1A. RISK FACTORS

Not applicable to smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In April 2018, the Company issued 25,000 shares as a conversion of interest on a convertible promissory note held by Auctus Fund, LLC. The shares and the original note were issued pursuant to Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In May 2018, the Company issued 50,000 shares as a conversion of interest on a convertible promissory note held by Auctus Fund, LLC. The shares and the original note were issued pursuant to Rule 506 of Regulation D of the Securities Act of 1933, as amended.

In June 2018, the Company issued 110,000 shares as a conversion of interest on a convertible promissory note held by Auctus Fund, LLC. The shares and the original note were issued pursuant to Rule 506 of Regulation D of the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002.
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002.
101.INS*	XBRL INSTANCE DOCUMENT
101.SCH*	XBRL TAXONOMY EXTENSION SCHEMA
101.CAL*	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
101.DEF*	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
101.LAB*	XBRL TAXONOMY EXTENSION LABEL LINKBASE
101.PRE*	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GH CAPITAL, INC.

Dated: August 20, 2018

By: /s/ Wolfgang Ruecker

Wolfgang Ruecker
Chief Executive Officer (principal executive officer)

Dated: August 20, 2018

By: /s/ Wolfgang Ruecker

Wolfgang Ruecker
Chief Financial Officer (principal financial officer and principal accounting officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Wolfgang Ruecker, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2018 of GH Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 20, 2018

/s/ Wolfgang Ruecker

Wolfgang Ruecker
Chief Executive Officer (principal executive officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Wolfgang Ruecker, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2018 of GH Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 20, 2018

/s/ Wolfgang Ruecker
Wolfgang Ruecker
Chief Financial Officer (principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of GH Capital, Inc. (the “Company”) for the quarter ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Wolfgang Ruecker, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: August 20, 2018

/s/ Wolfgang Ruecker

Wolfgang Ruecker
Chief Executive Officer and Chief Financial Officer
(principal executive officer and principal financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.