THE AGENCY GROUP AUSTRALIA LTD
(formerly Ausnet Financial Services Limited)

ABN 52 118 913 232

And its Controlled Entities

Interim Financial Report
December 2017

THE AGENCY GROUP AUSTRALIA LTD

(FORMERLY AUSNET FINANCIAL SERVICES LIMITED)

ABN 52 118 913 232

And its Controlled Entities
Interim Financial Report
December 2017

Contents

THE AGENCY GROUP AUSTRALIA LTD
(FORMERLY AUSNET FINANCIAL SERVICES LIMITED)
ABN 52 118 913 232
And its Controlled Entities
Interim Financial Report
December 2017

Directors	**Philip Re** Chairman **Paul Niardone** Executive Director **John Kolenda** Non Executive Director **Adam Davey** Non Executive Director **Ross Cotton** Non Executive Director (Resigned 24 October 2017)
Company Secretary	**Stuart Usher**
Managing Director	**Paul Niardone**
Registered Office	Suite 1, 437 Roberts Road Subiaco WA 6008
Principal Place of Business	68 Milligan Street Perth WA 6000
Solicitors	Steinepreis Paganin Level 4, Next Building 16 Milligan St Perth WA 6000 Mills Oakley Level 2, 225 St. Georges Terrace Perth WA 6000
Share Registry	Advanced Share Registry Services 110 Stirling Hwy Nedlands WA 6009
Auditors	Bentleys Audit & Corporate (WA) Pty Ltd PO Box 7775 Cloisters Square Perth WA 6850

DIRECTORS REPORT

Your Directors present their report on The Agency Group Ltd ("the Company") formerly Ausnet Financial Services Limited, and its controlled entities ("the Consolidated Entity") for the half- year ended 31 December 2017.

Directors

The names of Directors in office at any time during or since the end of the half- year are:
- Philip Re
- Paul Niardone
- John Kolenda
- Adam Davey
- Ross Cotton (Resigned 24 October 2017)

Directors have been in office since the start of the half- year unless otherwise stated.

Operating and financial review

Financial Review
The Consolidated Entity continues to achieve strong exponential revenue growth, delivering net revenue from continuing operations of $6,877,278 for the six-month period ending 31 December 2017, representing 71 per cent of the previous full financial year's revenue (FY2017: $9,590,540).

Commissions for the Consolidated Entity for the six-month period totalled $4,798,945, representing 75% of the previous financial year's total commissions (FY2017: $6,355,430).
The Company is confident this revenue and commission growth will be maintained during the upcoming period and could be significantly enhanced as a result of the recent and proposed acquisitions.

While the Consolidated Entity reported a loss before tax of $2,148,445 (Dec 2016: $1,966,290 loss), it is important to note that more than $650,000 in one-off costs associated with several office moves/ fit-out, legal expenses associated with acquisitions and corporate advisory, strengthening trademarks and brand protection etc were included in this figure.

Taking this this into account, the normalised loss before tax shows a marked improvement operationally on previous years and the Company expects the WA operations (real estate, mortgage, and settlement businesses), including the planned acquisitions, to be cash flow positive from the start of the 2018 Financial Year.

In addition, during the reporting period the Company attracted a significant number of new real estate agents to its business, which added costs to the business and little direct revenue. It generally takes agents 3-4 months to start generating revenue/ profitability for a

DIRECTORS REPORT (Continued)

new company and as such The Company expects to see significant revenue/ profit from these new agents in the coming periods.

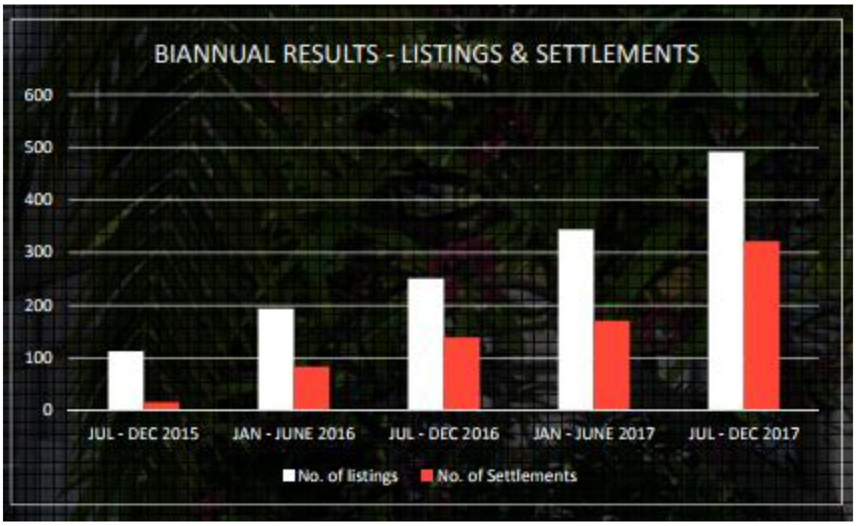
The Consolidated Entity has also made significant one-off investment in both its Western Australian and its national business, both in terms of people, technology, and offices, ahead of the planned expansion during the current period.

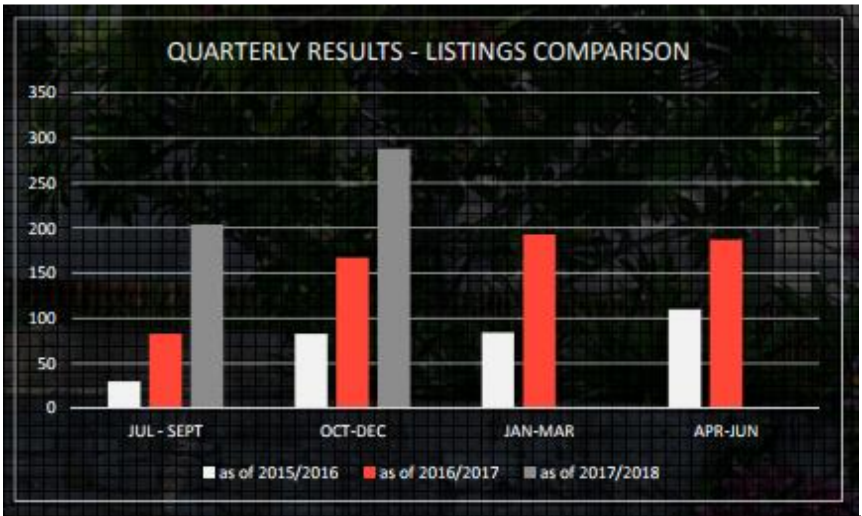
The net assets of the Consolidated Entity were $2,220,359 at 31 December 2017, compared to $2,438,314 for June 2017. The Company is bank debt free with assets between the rent roll and mortgage book of approximately $7 million.

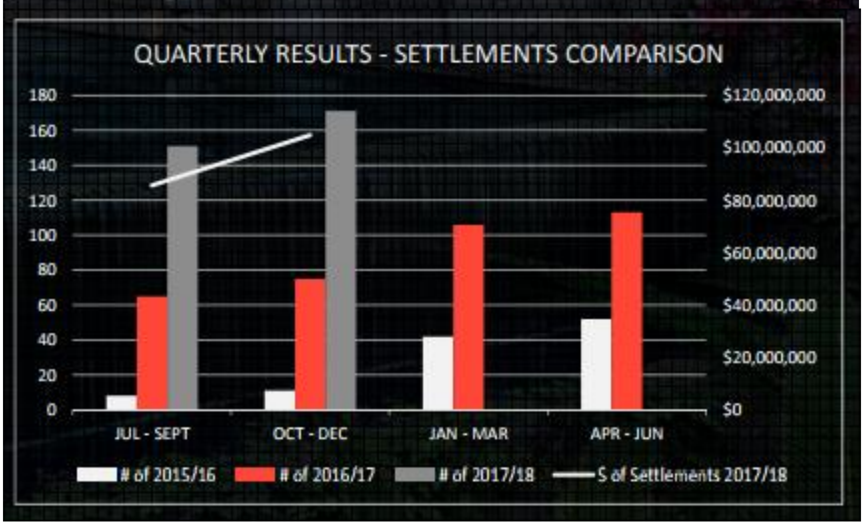
As at 31 December 2017, the Consolidated Entity's cash and cash equivalents stood at $1,986,753 compared to $2,202,655 as at 31 June 2017.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The graphs below highlight the continued success of The Agency's business model.







Operations Review

The Agency Group Australia Ltd consists of a group of successful businesses which deliver finance broking, real estate services, settlement services, property management (2017), project marketing, insurance and financial planning initially to the Western Australian market with an aim to be rolled out nationally.

This model has been created to build underlying asset values starting with the ~$1.1 billion loan book, but also including a rent roll, financial planning book and a general insurance book, by cross referring clients between business units. The largest growing referral area has been built on a highly successful and disruptive real estate agency model named "The Agency".

Each sales representative that joins The Agency not only adds sales activities but also on average bring in a database of ~2000 clients.

DIRECTORS REPORT (Continued)

The Agency's target is to have ~600 sales representatives nationally. The Company is also backed by Finsure Group, one of Australia's fastest growing retail finance brokerages with over 1,200 brokers settling over $1 billion a month.

Acquisition of ServTech Global Holdings Ltd subsidiaries
On 14 December 2017, The Agency Group Australia Ltd (The Agency) announced it had entered into an agreement to acquire Sell Lease Property Ltd (a national real estate agency), Complete Settlements Pty Ltd (conveyancing) and Value Finance Pty Ltd (mortgage brokerage) businesses from ServTech Global Holdings Ltd.

Sell Lease Property Pty Ltd (SLP)
Established in 2011, SLP is an innovative, best practice real estate agency which has expanded its property consultant base to over 200 nationally. SLP was the number one agency in Western Australia by Listings Sold at the 2015/2016 REIWA Awards and awarded eighth place on BRW's 2016 Fast 1000 Companies in Australia.

Complete Settlements Pty Ltd
Complete Settlements is a Perth settlement agency providing a full range of professional conveyancing from title searches to property settlements.

Value Finance Pty Ltd
Value Finance assist with a range of loans from First Homebuyer loans, through to investment loans, development loans, loans for Visa Holders, car loans and refinancing. The company won Best New Office in WA at The Adviser Better Business Awards 2017 and State Finalist for the 2017 Mortgage & Finance Association of Australia (MFAA) Excellence Awards.
The Agency believes the acquisition of these businesses will add significant revenue to its existing infrastructure and operations, with rationalisation and infrastructure/operational efficiency savings already identified across the businesses to be acquired.

SLP will remain as a standalone business, while Complete Settlements and Value Finance will merge with the existing conveyancing and mortgage broking businesses of the Company.

The acquisition will see The Agency cater to the different requirements of sales representatives:

- The Agency: high-level support and exclusive marketing areas
- SLP: online support and unrestricted marketing areas

The acquisition opens the door to sales representatives requiring unrestricted marketing areas. Previously, The Agency turned away many agents as it didn't offer this service. This acquisition therefore significantly increases The Agency's recruitment potential, effectively giving the company access to a greater number of agents.

DIRECTORS REPORT (Continued)

By offering a one-stop-shop for real estate services, agents will also be able to increase cross-selling and increase recurring annual revenues.
SLP agents have the same referral requirements in terms of settlement services, mortgage broking and property management which is expected to double transactions. The remuneration of SLP agents was also changed to be in line with The Agency's commission structure.

The Company will also benefit considerably from ServTech's leading technology platform, with ServTech to provide back-office support to the Company including virtual services to support the Sell Lease business. ServTech will retain its IT development and maintenance business.

Post completion of the transaction, The Agency (WA operations excluding Top Level):

- has approx. 175 real estate agents nationally;
- generate approx. 120 monthly sales worth an estimated $80 million per month – January numbers.

Consideration for the three ServTech subsidiaries consisted of cash payments of up to $950,000. To fund its acquisition of the ServTech subsidiaries, The Agency raised $1.92 million via the issue of up to 96 million shares at an issue price of $0.02 per share and a 1-for-1 free attaching unlisted option exercisable at $0.02.

Queensland expansion
In July 2017, The Agency continued its expansion into key real estate markets outside of Western Australia, signing an office lease in Surf Parade, Broadbeach Queensland.

The Gold Coast market is highly prospective and capable of generating significant sales (numbers and volume) to The Agency. The entry into the Gold Coast market complements The Agency's existing operations in Sydney and Melbourne.

This office has 12 executives across real estate, project marketing and property management.

The Agency WA - strong growth
The Agency performed strongly during the December HY2017 at its Western Australian operations in what was a shrinking and difficult market.

Throughout the half year period, The Agency was recognised as the Top Office in Western Australia by Listings Sold in September, August and July 2017 while 2nd in December, October and November to SLP based on independent industry numbers produced by Real Estate Institute of Western Australia (REIWA).

DIRECTORS REPORT (Continued)

The Agency also had two agents ranked in the top 10 during the month of August 2017, with The Agency's Adam Naumovski ranked as the Top Assisted Salesperson by listings sold, selling 10 properties with a combined value of $4,312,000 for the month and Daniel and Chelsey Grant ranked fifth, with 6 sales worth $7,450,000.

During the half year period, The Agency's Western Australian operations also relocated from a 300m^2 office in the Perth suburb of Doubleview to a refurbished 900m^2 office in Perth's CBD.

Top Level Real Estate Pty Ltd
The Agency's East Coast operations, which were operated under licence with Top Level Real Estate Pty Ltd ("Top Level"), continued to grow significantly during the six-month period.

In September 2017, Top Level confirmed the acquisition of iconic, family-owned and operated Sydney agency S J Laing & Son Pty Limited, which has been trading as Raine & Horne Bondi Junction and Coogee/Clovelly for the last 23 years.

Capital Raising
In December 2017, the Company completed a capital raising by way of a prospectus lodged with the Australian Securities and Investments Commission ("ASIC"). The capital raising consists of the issue of up to 150,000,000 shares at an issue price of $0.02 per share and a 1-for-1 free attaching unlisted option exercisable at $0.02 and expiring on that date which is 2 years from the date of issue of the options, to raise up to $3 million.

Patersons Securities Limited acted as Lead Manager to the offer and advised that it had received expressions of interest for the minimum subscription of $1.92 million which was subsequently raised.

Funds raised are to be directed towards the acquisition of Sell Lease Property Pty Ltd, Complete Settlements Pty Ltd and Value Finance Pty Ltd from ServTech Global Holdings Ltd, expenses of the offer and working capital.

The Company completed the issue of the first tranche of 96,000,000 shares and 96,000,000 free-attaching options. The prospectus also provided for the issue of a total of 10,000,000 options to PAC Partners Pty Ltd (in accordance with shareholder approvals obtained at the Company's Annual General Meeting in November), and the issue of 20,000,000 options as part of the consideration payable to Patersons Securities Limited for its role as Lead Manager.

The balance of the shares and options the subject of the capital raising is subject to shareholder approval at the General Meeting to be held on 1 March 2018.

DIRECTORS REPORT (Continued)

After Balance Date Events

Top Level Real Estate Pty Ltd
On 12 February 2018, The Agency entered into, and exercised, an Amended and Restated Option Agreement to acquire all Top Level shares held by the majority shareholders in Top Level Real Estate (and offer to acquire all other Top Level shares from those shareholders other than the majority shareholders).

In January 2017, The Agency announced it had entered into License Agreement and Option to acquire Top Level at any time on or before 30 January 2018.

Under the Amended and Restated Option Agreement, The Agency was granted an exclusive option to acquire all of the Top Level shares held by the Majority Shareholders on or before 20 February 2018.

It was a condition precedent of settlement of the acquisition that a separate offer be made to all other shareholders of Top Level and accepted by all of those shareholders and that the Top Level shares that Daring Investments, in which The Agency Director Mr John Kolenda holds 50% shareholding in (and directorship of), transfer its Top Level shares to two of the other Majority Shareholders.

Consideration for the acquisition of all issued capital in Top Level is 550 million fully paid ordinary shares in The Agency to be issued amongst all Top Level shareholders.

The Agency will benefit from Top Level Real Estate's significant East Coast growth, with that company achieving the following since launching in March 2017:

- 75 high-quality real estate agents recruited;
- 27 agents confirmed to start;
- 9 office locations with 3 proposed new locations;
- $480 million total sales;
- $7.2 million commissions;
- 267 settlements; and
- 3,375 property managements.

Various shareholder approvals will be required to approve the matters contemplated by the Amended and Restated Option Agreement – for example, the issue of the 550 million shares to be issued as consideration to the Top Level shareholders, the issue of the shares the subject of the capital raising and the proposed consolidation.

DIRECTORS REPORT (Continued)

Following the exercise of the option, settlement of the acquisition of all of the shares in Top Level is conditional upon, and subject to, a number of conditions as follows:

- Independent Expert's Report: any independent expert's report prepared for the purpose of shareholder approvals concluding that the transactions contemplated by the Amended and Restated Option Agreement are either fair and reasonable or not fair but reasonable to the non-associated AU1 shareholders;
- Regulatory Approvals: The Agency obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow The Agency to lawfully complete the matters set out in the Amended and Restated Option Agreement;
- Minority Shareholder Offer: A separate offer, under a more short form agreement such as a share transfer form ("Minority Shareholder Offer") being made and all shareholders in Top Level (other than the Majority Shareholders) accepting the Minority Shareholder Offer;
- Capital Raising: The Agency completing a capital raising (on a pre-Consolidation basis) of no less than $10million via the issue of shares at an issue price of $0.02 per share;
- New Board members:
  - Matt Lahood entering into an executive services agreement with AU1 and consenting to act as an executive director of AU1; and
  - the appointment by the board of AU1 of an additional, non-executive director nominated by Top Level prior to Settlement;
- Top Level debt: immediately prior to Settlement, the total debts of Top Level are no more than as agreed between the parties;
- Convertible loan agreements: execution by each of the Majority Shareholders (other than Aura and Daring Investments) Top Level and AU1 of a convertible loan agreement in agreed form (the "Convertible Loan Agreement") pursuant to which, subject to settlement of the acquisition, those Majority Shareholders assign the benefit of the debt currently owed by Top Level to AU1 in consideration for the issue by AU1 of new convertible notes on a dollar-for-dollar basis;
- Transfer of Daring Investments' Top Level shares: Daring Investments transferring a portion of its Top Level shares to two of the other Majority Shareholders; and
- Top Level loan agreement: execution by Top Level and Daring Investments of a loan agreement in a form agreed by Top Level, Daring Investments, the Majority Shareholders and AU1 setting out the terms upon which the debt currently owed by Top Level to Daring Investments will be repaid.

Acquisition of ServTech Global Holdings Ltd subsidiaries
On 21 February 2018, the Agency completed the acquisition of Sell Lease Property, Complete Settlements and Value Finance from ServTech.

DIRECTORS REPORT (Continued)

The parties entered into a formal Asset Sale Agreement rather than a Share Purchase Sale Agreement as previously contemplated.

The Agency completed the acquisition after successful financial, legal and technical due diligence of the SVT Companies and after its wholly-owned subsidiary, Vision Capital Management Ltd, received a real estate agency licence from the Western Australian Department of Mines, Industry, Regulation and Safety.

Since the proposed acquisition was announced, significant achievements have been made, including:

- Bulk of Sell Lease Property Ltd property consultants signing new employment contracts with The Agency (93 in WA, 9 in QLD and 8 in Victoria);
- In WA where both brands have largest footprint, The Agency and Sell Lease Property Ltd continue to dominate sales rankings (number and value of sales), with January results of:
    - Sell Lease Property top office for listings sold (64) with The Agency second (61 listings sold) - with next best having 30 listings sold.
    - The Agency ranked number one for value of sales ($37 million), with Sell Lease Property second ($25 million)
- Combined, the two groups sold 125 properties, which was ranked fourth amongst real estate groups - with established company Harcourts, ranked third, selling 126 properties.

Underwriting Agreement
The Company has entered into an Underwriting Agreement with CPS Capital Group Pty Ltd ("CPS Capital Group") to underwrite a capital raising of $10 million (minimum).

A condition precedent to the settlement of the Top Level acquisition is the completion of a capital raising (on a pre-consolidation basis) to raise a minimum of A$10 million in gross proceeds, through the issue of fully paid ordinary shares in the Company at an issue price of $0.02 per share.

Subject to successful completion of the proposed capital raising, CPS Capital Group will receive 6% of the underwritten amount (being $10,000,000), plus 2,000,000 ordinary shares in the Company (on a post consolidation basis) will be issued to CPS Capital Group or its nominee.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements.

DIRECTORS REPORT (Continued)

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Consolidated Entity and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Consolidated Entity.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2017 has been received and can be found on page 13 of the Interim Financial Report.

Signed in accordance with a resolution of the Board of Directors.

Paul Niardone
Managing Director

Dated this 28th day of February 2018

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of The Agency Group Australia Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Bentleys	Mark Delaurentis
BENTLEYS	**Mark Delaurentis** CA
Chartered Accountants	**Director**

Dated at Perth this 28th day of February 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Dec 2017 $	Dec 2016 $
Revenue from continuing operations	2	6,877,278	4,261,573
Less Expenses			
Salaries & employee benefits expenses		(6,286,513)	(3,386,038)
Depreciation and Amortisation		(264,755)	(5,583)
Consultancy Fees		(395,691)	(133,998)
Advertising & Promotion expenses		(336,497)	(52,381)
Legal, Professional & Valuation fees		(576,484)	(402,692)
Rent & Outgoings		(236,606)	(91,057)
Other expenses		(929,177)	(594,987)
Share based payment		-	(118,830)
Impairment Costs		-	(3,000)
Corporate transaction accounting expense		-	(1,439,297)
Net loss before income tax		**(2,148,445)**	**(1,966,290)**
Income tax benefit		156,839	-
Loss from continuing operations		**(1,991,606)**	**(1,966,290)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period attributable to the members of The Agency Group Australia Ltd		**(1,991,606)**	**(1,966,290)**
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of The Agency Group Australia Ltd	3	(0.34)	(0.89)

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Dec 2017 $	June 2017 $
Current Assets			
Cash and cash equivalents		1,986,753	2,202,655
Trade and other receivables		1,865,239	1,451,188
Other current assets		95,503	-
Current tax assets		184,115	184,115
Total Current Assets		**4,131,610**	**3,837,958**
Non-Current Assets			
Property, Plant and Equipment		557,366	78,595
Financial Asset		343,866	-
Intangible Assets	5	3,177,001	3,201,441
Deferred Tax Asset		-	-
Total Non Current Assets		**4,078,233**	**3,280,036**
Total Assets		**8,209,843**	**7,117,994**
Current Liabilities			
Trade and Other Payables	6	5,444,562	4,058,364
Application Monies Payable		86,000	-
Borrowings		4,228	6,117
Provisions		279,308	276,093
Total Current Liabilities		**5,814,098**	**4,340,574**
Non Current Liabilities			
Deferred tax liabilities		54,594	211,433
Provisions		120,792	127,673
Total Non Current Liabilities		**175,386**	**339,106**
Total Liabilities		**5,989,484**	**4,679,680**
Net Assets		**2,220,359**	**2,438,314**
Equity			
Contributed Equity	7	11,480,382	9,706,731
Reserves		476,195	476,195
Accumulated Losses		(9,736,218)	(7,744,612)
Total Equity		**2,220,359**	**2,438,314**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	Contributed Equity	Accumulated Losses	Reserves	Total
Balance 1 July 2017	9,706,731	(7,744,612)	476,195	2,438,314
Profit / (Loss) for the year	-	-	-	-
Other comprehensive income	-	(1,991,606)	-	(1,991,606)
Total comprehensive income for the period	-	(1,991,606)	-	(1,991,606)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	1,773,651	-	-	1,773,651
Balance 31 December 2017	11,480,382	(9,736,218)	476,195	2,220,359
Balance 1 July 2016	2,509,890	(3,940,370)	-	(1,430,480)
Profit / (Loss) for the year	-	(1,966,290)	-	(1,966,290)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,966,290)	-	(1,966,290)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	7,096,842	-	-	7,096,842
Options issued	-	-	476,195	476,195
Balance 31 December 2016	9,606,732	(5,906,660)	476,195	4,176,267

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Dec 2017 $	Dec 2016 $
Cash flows from operating activities			
Receipts from customers		6,432,477	3,900,522
Payments to suppliers and employees		(7,570,781)	(3,636,411)
Interest received		17,276	227
Interest paid		(62,585)	(57,767)
Income tax paid		-	-
Net cash inflows/(outflows) from operating activities		(1,183,613)	206,571
Cash flows from investing activities			
Payments for Property Plant and Equipment		(521,465)	-
Proceeds from sale of Property Plant and Equipment		-	10,000
Payment for financial assets		(343,865)	-
Payments for intangibles		(172,621)	(172,500)
Net cash inflow on acquisition of subsidiary (cash held at acquisition)		-	165,082
Net cash inflows/(outflows) from investing activities		(1,037,951)	2,582
Cash flows from financing activities			
Proceeds from issue of shares		2,006,000	5,817,048
Share issue costs		-	(384,700)
Repayments of borrowings		(338)	(16,395)
Net Proceeds from borrowings		-	-
Net cash inflows/(outflows) from financing activities		2,005,662	5,415,953
Net increase in cash held		(215,902)	5,625,106
Cash at the beginning of financial year		2,202,655	153,978
Cash at the end of financial year		1,986,753	5,779,084

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expect to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial statements. Accordingly, this interim financial report is to be read in conjunction with the annual financial statement for the year ended 30 June 2017 and any public announcements made by Ausnet Financial Services Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2017.

The accounting policies have been applied consistently throughout the Company for the purposes of preparation of these interim financial statements.

b) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and liabilities in the normal course of business.

The Consolidated Entity has incurred a loss after tax for the period ended 31 December 2017 of $1,991,606 (Dec 2016: loss of $1,966,290). The loss for 31 December 2017 includes one off transaction costs of $nil (Dec 2016: $1,439,297). In addition the consolidated entity experienced net cash outflows from operating activities of $1,183,613 (Dec 2016: cash inflows of $206,571) and there was a working capital deficit of $1,682,488 at 31 December 2017 (30 June 2017: $502,616 deficit).

During the period ended 31 December 2017, the Company successful completed a capital raising of $1,920,000 before costs.

The ability of the Company to continue as a going concern is principally dependent on the following:

- The Consolidated Entity improves profitability of operations across all business units;
- As disclosed in Note 9, the Consolidated Entity acquired Sell Lease Property, Complete Settlements and Value Finance adding revenue and profitability to the group;

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

- As disclosed in Note 9, the Consolidated Entity is in the process of completing the acquisition for Top Level Real Estate. In addition to other conditions precedent as described in Note 9, the acquisition is subject to a capital raising of no less than $10 million which is underwritten;
- The Consolidated Entity continues to meet its current payment plans in place with the ATO or the successful renegotiation of payment plans with the ATO;
- Raising additional finance through its leverage on its rent roll assets; and
- Continued support from creditors and suppliers.

The Directors have prepared a cash flow forecast based on the factors outlined above which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this interim financial report. Should the Consolidated Entity be unsuccessful in any of the matters outlined above, it may be required to raise additional funding through either debt or equity sources.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Consolidated Entity's history of raising capital to date, the directors are confident of the Consolidated Entity's ability to raise additional funds as and when they are required.

If the Consolidated Entity does not achieve its budgeted results and is unable to raise funding to complete the acquisition of Top Level Real Estate, there exists a material uncertainty which may cast significant doubt over whether the Consolidated Entity will continue as a going concern.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

c) Adoption of new and revised standards

In the period ended 31 December 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 2: REVENUE

	Consolidated Entity	
	Dec 2017 $	**Dec 2016 $**
Revenue from continuing operations:		
Commissions	4,798,945	2,705,376
Fees	1,414,426	1,510,698
Management fees	634,438	18,000
Interest received	58	3,227
Other income	29,411	24,272
Total Revenue	6,877,278	4,261,573

NOTE 3: EARNINGS PER SHARE (EPS)

	Consolidated Entity	
	Dec 2017 $	**Dec 2016 $**
Loss for the half-year	1,991,606	1,966,290
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic EPS	593,532,164	220,429,594
Basic and diluted EPS (cents per share)	(0.34)	(0.89)

At the end of the half-year ended 31 December 2017, the Consolidated Entity has 216,742,739 unissued shares under options (Dec 2016: 80,742,739). The Consolidated Entity does not report diluted earnings per share on annual losses generated by the Consolidated Entity. During half-year ended 31 December 2017 the Group's unissued shares under option were anti-dilutive.

The equity structure in these consolidated financial statements following the reverse acquisition reflects the equity structure of The Agency Group Australia Ltd, being the legal acquirer (the accounting acquiree), including the equity interests issued by The Agency Group Australia Ltd to effect the business combination.

(i) In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS calculation) for the half-year ended 31 December 2016 the number of ordinary shares outstanding for the half-year ended 31 December 2016 shall be the actual number of ordinary shares of The Agency Group Australia Ltd outstanding during that period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 4: INVESTMENT IN CONTROLLED ENTITIES

Name	Ownership Interest	
	Dec 2017 %	June 2017 %
Jelina Holdings Pty Ltd	100	100
Westvalley Corporation Pty Ltd	100	100
Ausnet Asset Management Pty Ltd	100	100
Ausnet Real Estate Network Pty Ltd	100	100
Ausnet Financial Planning Services Pty Ltd	100	100
Ausnet Financial Pty Ltd	100	100
Vision Capital Management Ltd	100	100
Ausnet Property Investment Fund Pty Ltd	100	100
Ausnet Opportunity Fund	55	55
Move Property Solutions Pty Ltd	100	100
Beaufort Realty Pty Ltd	100	100
Empur Pty Ltd (i)	50	50
Namibian Resources Pty Ltd	100	100
Gazania Investments Thirty Two Pty Ltd(ii)	80	80

All the above entities are incorporated in Australia and eliminated on consolidation.

(i) The company has a 50% interest in a joint venture entity trading under the name Ausnet Property Investment Strategies.
(ii) Invested through Namibian Resources Pty Ltd

NOTE 5: INTANGIBLES

	Consolidated Entity	
	Dec 2017 $	June 2017 $
Rent Roll	1,877,762	2,030,013
Goodwill	781,905	781,905
Trademarks	277,381	152,000
Branding & Logo Design	120,651	127,001
Software Development	93,781	79,897
Website Design	25,521	30,625
	3,177,001	3,201,441

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

	Consolidated Entity Dec 2017 $	June 2017 $
Movement reconciliation – Rent Roll		
Balance at the beginning of the year	2,030,013	-
Acquisition of subsidiary	-	2,109,104
Amortisation charge	(152,251)	(79,091)
Net Book Value at end of year	1,877,762	2,030,013
Movement reconciliation - Goodwill		
Balance at the beginning of the year	781,905	-
Acquisition of subsidiary	-	781,905
Net Book Value at end of year	781,905	781,905
Movement reconciliation - Trademarks		
Balance at the beginning of the year	152,000	-
Additions	139,980	160,000
Amortisation charge	(14,599)	(8,000)
Net Book Value at end of year	277,381	152,000
Movement reconciliation – Branding & Logo Design		
Balance at the beginning of the year	127,001	-
Additions	-	130,258
Amortisation Charge	(6,350)	(3,256)
Net Book Value at end of year	120,651	127,001
Movement reconciliation – Software Development		
Balance at the beginning of the year	79,897	-
Additions	32,640	95,876
Amortisation Charge	(18,756)	(15,979)
Net Book Value at end of year	93,781	79,897
Movement reconciliation – Website Design		
Balance at the beginning of the year	30,625	-
Additions	-	36,750
Amortisation Charge	(5,104)	(6,125)
Net Book Value at end of year	25,521	30,625
Movement reconciliation – Total		
Balance at the beginning of the year	3,201,441	-
Additions	172,621	422,884
Acquisition of subsidiary	-	2,891,009
Amortisation Charge	(197,060)	(112,452)
Net Book Value at end of year	3,177,001	3,201,441

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 6: TRADE AND OTHER PAYABLES

	Consolidated Entity Dec 2017 $	June 2017 $
Trade creditors	1,471,047	391,174
Employees' remuneration – commissions payable	751,797	542,282
Superannuation – employees	79,643	122,045
Payroll tax	304,719	148,772
Sundry creditors and accrued expenses	396,431	265,288
GST and PAYG payables	1,974,914	2,122,792
Retention payable	466,011	466,011
	5,444,562	4,058,364

NOTE 7: CONTRIBUTED EQUITY

December 2017: 683,793,034 (June 2017: 587,793,034) fully paid ordinary shares	11,480,382	9,706,731
Ordinary Shares		
At the beginning of the reporting period	9,706,731	2,509,890
Convertible notes converted into shares	-	285,000
Issue of prospectus shares	-	5,800,000
Issue of shares to Ausnet Real Estate Services Pty Ltd shareholders	-	1,755,861
Issue of shares to corporate advisor	-	100,000
Shares issued during the year for cash	1,920,000	-
Shares issued during the year in lieu of service	-	100,000
Transaction costs relating to share issues	(146,349)	(844,019)
At reporting date	11,480,382	9,706,731
Number of Ordinary Shares		
At the beginning of the reporting period	587,793,034	109,838,870
Convertible notes converted into shares	-	14,250,000
Balance before reverse acquisition		124,088,870
Elimination of existing legal acquire shares	-	(124,088,870)
Shares of legal acquirer at acquisition date	-	87,793,034
Issue of prospectus shares	-	290,000,000
Issue of shares to Ausnet Real Estate Services Pty Ltd shareholders	-	200,000,000
Issue of shares to corporate advisor	-	5,000,000
Shares issued during the year for cash	96,000,000	-
Shares issued during the year in lieu of service	-	5,000,000
At reporting date	683,793,034	587,793,034

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

As per the Notice of Meeting lodged June 20, 2016 for meeting held on July 20, 2016, the Consideration Performance Shares approved to be issued was 66,666,667 Performance Shares. In addition to this, 46,666,667 Incentive Performance Shares were approved to be issued to proposed and continuing Directors of NCO.

A Performance Share in the relvant class will convert into one share upon achievement of:

(i) The Consideration Performance Shares vest upon achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement (first milestone); and

(ii) The Incentive Performance Shares vest upon:

   a. achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement; and
   b. achieving a 20 day volume VWAP on the ASX which equals or exceeds 3 times the re-quotation price of $0.02, at any time within 24 months of settlement (second milestone).

If the relevant milestone is not achieved by the required date, then the total number of Performance Shares on issue to each holder will not convert into one ordinary share in the Company.

The Directors have assessed at balance date the likelihood of these milestones being met within the vesting period. The Consideration Performance Shares form part of the reverse acquisition calculations and the determination of the value of the consideration has been detailed in note 3(ii).

In relation to the Incentive Performance Shares, the Directors have estimated that based on current trading results and the real estate market as a whole, there is a low probability that the second milestone in relation to the 10% growth in the mortgage and finance business loan book of Ausnet within eighteen (18) months of Settlement will be met within the vesting period. Therefore no value has been attributed to the Incentive Performance Shares at 31 December 2016. This will be reassessed at the end of the financial year.

NOTE 8: SEGMENT REPORTING

Description of reportable segments
The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources

In December 2016 it was determined that the Consolidated Entity did not have any operating segments with discrete financial information. The Directors reviewed operations as a whole as one real estate business as operations compliment each other and are all owned directly by The Agency Group Australia Ltd (formerly Ausnet Financial Services Limited). The Consolidated Entity did not provide property management services and has no franchise operations. All of the Consolidated Entity’s assets and liabilities are located within Australia. Internal management reports for the Board of Directors’ review are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation was required because the information as presented is what is used by the Board to make strategic decisions.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

As reported at June 2017, the Consolidated Entity is now managed primarily on the basis of service offerings as the diversification of the Consolidated Entity's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of services by segment

(i) Real Estate and Property Services
This represents revenue received for provision of real estate services including selling of property, settlement agent services and property management

(ii) Mortgage Origination Services
This represents revenue received for provision of mortgage broking services.

(iii) Other (includes financial planning, head office etc)
This represents non-reportable segments including head office, financial planning, property investments and other services.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Consolidated Entity.

b. Intersegment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Consolidated Entity's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Consolidated Entity. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

c. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- head office and corporate costs;
- net gains on disposal of available-for-sale investments;
- impairment of assets and other non-recurring items of revenue and expense;
- income tax expense;
- current and deferred tax assets and liabilities;
- other financial assets;
- intangibles assets; and
- discontinued operations.

d. Segment information

The Consolidated Entity's operations are from Australian sources and therefore no geographical segments are disclosed.

Assets and liabilities have not been reported on a segmented basis as the Board of Directors is provided with consolidated information.

Dec 2017	**Real Estate Property Services $**	**Mortgage Origination Services $**	**Total Reportable Segments $**	**Other Segments $**	**Consolidated Total $**
External revenues	5,285,666	1,495,343	6,781,009	66,801	6,847,810
Inter-segment revenues	-	-	-	244,086	244,086
Segment revenue	5,285,666	1,495,343	6,781,009	310,887	7,091,896
Unallocated revenue					29,468
Eliminations					(244,086)
Consolidated revenue					6,877,278
Segment loss before interest, tax, depreciation and amortisation	(1,091,604)	357,265	(734,339)	(61,196)	(795,535)
Unallocated corporate costs					(1,085,278)
EBITDA					(1,880,813)
Depreciation/amortisation	(199,222)	(2,050)	(201,272)	(63,481)	(264,753)
Unallocated corporate depn/amort					(2,879)
Net finance costs					-
Loss before income tax					(2,148,445)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 9: AFTER BALANCE DATE EVENTS

Top Level Real Estate Pty Ltd
On 12 February 2018, The Agency entered into, and exercised, an Amended and Restated Option Agreement to acquire all Top Level shares held by the majority shareholders in Top Level Real Estate (and offer to acquire all other Top Level shares from those shareholders other than the majority shareholders).

In January 2017, The Agency announced it had entered into License Agreement and Option to acquire Top Level at any time on or before 30 January 2018.

Under the Amended and Restated Option Agreement, The Agency was granted an exclusive option to acquire all of the Top Level shares held by the Majority Shareholders on or before 20 February 2018.

It was a condition precedent of settlement of the acquisition that a separate offer be made to all other shareholders of Top Level and accepted by all of those shareholders and that the Top Level shares that Daring Investments, in which The Agency Director Mr John Kolenda holds 50% shareholding in (and directorship of), transfer its Top Level shares to two of the other Majority Shareholders.

Consideration for the acquisition of all issued capital in Top Level is 550 million fully paid ordinary shares in The Agency to be issued amongst all Top Level shareholders.

The Agency will benefit from Top Level Real Estate's significant East Coast growth, with that company achieving the following since launching in March 2017:

- 75 high-quality real estate agents recruited;
- 27 agents confirmed to start;
- 9 office locations with 3 proposed new locations;
- $480 million total sales;
- $7.2 million commissions;
- 267 settlements; and
- 3,375 property managements.

Various shareholder approvals will be required to approve the matters contemplated by the Amended and Restated Option Agreement – for example, the issue of the 550 million shares to be issued as consideration to the Top Level shareholders, the issue of the shares the subject of the capital raising and the proposed consolidation.

Following the exercise of the option, settlement of the acquisition of all of the shares in Top Level is conditional upon, and subject to, a number of conditions as follows:

- Independent Expert's Report: any independent expert's report prepared for the purpose of shareholder approvals concluding that the transactions contemplated by the Amended and Restated Option Agreement are either fair and reasonable or not fair but reasonable to the non-associated AU1 shareholders;
- Regulatory Approvals: The Agency obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow The Agency to lawfully complete the matters set out in the Amended and Restated Option Agreement;
-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

- Minority Shareholder Offer: A separate offer, under a more short form agreement such as a share transfer form ("Minority Shareholder Offer") being made and all shareholders in Top Level (other than the Majority Shareholders) accepting the Minority Shareholder Offer;
- Capital Raising: The Agency completing a capital raising (on a pre-Consolidation basis) of no less than $10million via the issue of shares at an issue price of $0.02 per share;
- New Board members:
  - Matt Lahood entering into an executive services agreement with AU1 and consenting to act as an executive director of AU1; and
  - the appointment by the board of AU1 of an additional, non-executive director nominated by Top Level prior to Settlement;
- Top Level debt: immediately prior to Settlement, the total debts of Top Level are no more than as agreed between the parties;
- Convertible loan agreements: execution by each of the Majority Shareholders (other than Aura and Daring Investments) Top Level and AU1 of a convertible loan agreement in agreed form (the "Convertible Loan Agreement") pursuant to which, subject to settlement of the acquisition, those Majority Shareholders assign the benefit of the debt currently owed by Top Level to AU1 in consideration for the issue by AU1 of new convertible notes on a dollar-for-dollar basis;
- Transfer of Daring Investments' Top Level shares: Daring Investments transferring a portion of its Top Level shares to two of the other Majority Shareholders; and
- Top Level loan agreement: execution by Top Level and Daring Investments of a loan agreement in a form agreed by Top Level, Daring Investments, the Majority Shareholders and AU1 setting out the terms upon which the debt currently owed by Top Level to Daring Investments will be repaid.

Acquisition of ServTech Global Holdings Ltd subsidiaries
On 21 February 2018, the Agency completed the acquisition of Sell Lease Property, Complete Settlements and Value Finance from ServTech.

The parties entered into a formal Asset Sale Agreement rather than a Share Purchase Sale Agreement as previously contemplated.

The Agency completed the acquisition after successful financial, legal and technical due diligence of the SVT Companies and after its wholly-owned subsidiary, Vision Capital Management Ltd, received a real estate agency licence from the Western Australian Department of Mines, Industry, Regulation and Safety.

Since the proposed acquisition was announced, significant achievements have been made, including:

- Bulk of Sell Lease Property Ltd property consultants signing new employment contracts with The Agency (93 in WA, 9 in QLD and 8 in Victoria);
- In WA where both brands have largest footprint, The Agency and Sell Lease Property Ltd continue to dominate sales rankings (number and value of sales), with January results of:
  - Sell Lease Property top office for listings sold (64) with The Agency second (61 listings sold) - with next best having 30 listings sold.
  - The Agency ranked number one for value of sales ($37 million), with Sell Lease Property second ($25 million)
- Combined, the two groups sold 125 properties, which was ranked fourth amongst real estate groups - with established company Harcourts, ranked third, selling 126 properties.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Underwriting Agreement

The Company has entered into an Underwriting Agreement with CPS Capital Group Pty Ltd ("CPS Capital Group") to underwrite a capital raising of $10 million (minimum).

A condition precedent to the settlement of the Top Level acquisition is the completion of a capital raising (on a pre-consolidation basis) to raise a minimum of A$10 million in gross proceeds, through the issue of fully paid ordinary shares in the Company at an issue price of $0.02 per share.

Subject to successful completion of the proposed capital raising, CPS Capital Group will receive 6% of the underwritten amount (being $10,000,000), plus 2,000,000 ordinary shares in the Company (on a post consolidation basis) will be issued to CPS Capital Group or its nominee.

Apart from the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 10: COMMITMENTS

There is no change in the Company's commitments or contingencies since the year ended 30 June 2017 to date of this report.

NOTE 11: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 29, are in accordance with the *Corporations Act 2001*, and:

   (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and

   (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act* 2001 and is signed for and on behalf of the directors by:

Paul Niardone
Managing Director

Dated this 28th day of February 2018

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

Independent Auditor's Review Report

To the Members of The Agency Group Australia Limited

We have reviewed the accompanying financial report of The Agency Group Australia Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2017 , the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of The Agency Group Australia Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the period ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Consolidated Entity incurred a net loss of $1,991,606 during the half year ended 31 December 2017. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

Mark Delaurentis CA
Director

Dated at Perth this 28th day of February 2018