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

ABN 52 118 913 232

And its Controlled Entities

Annual Report
June 2018

Contents

Directors	**Philip Re** Chairman **Paul Niardone** Managing Director **John Kolenda** Non Executive Director **Adam Davey** Non Executive Director
Company Secretary	**Stuart Usher**
Registered Office	Suite 1 GF, 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

CHAIRMAN'S REPORT 2018

Dear shareholders,

The last 12 months have been a significant period for The Agency in which we have completed key acquisitions, integrated companies into the group, achieved top office rankings in WA for sales and delivered robust revenue growth across our WA business.

In a market where real estate companies are contracting or seeing little to no growth, we are achieving strong revenue growth across all business units in our Group.

For FY2018, The Agency reported 75% growth in combined revenue to $16.8 million ($9.6 million FY2017) with recently acquired Sell Lease Property delivering revenue of ~$2 million in the three full months post settlement of the acquisition (February 2018), proof the acquisition has and will continue to significantly benefit the Company.

By division, The Agency (WA operations) delivered a 66% year on year increase in revenue to $8.9 million (2017: $5.3 million) while Property Management reported revenue growth of 354% year on year to $1.2 million (2017: $255,352). Mortgage & Finance Solutions Australia and Landmark Settlements delivered revenue of $2.7 million and $865,909 respectively for 2018.

What makes this revenue growth across each division particularly significant is that it took place in a Western Australian real estate market that was in decline during FY2018.

We are confident revenue growth will continue via organic growth which is driven by recruitment due to the attractiveness of our model. Sale agent numbers have grown to 185 agents across The Agency (WA) and Sell Lease Property businesses, up from 50 at same time last year.

We continued to expand out footprint in Western Australia with the acquisitions of well-known and highly regarded real estate agencies including Sell Lease Property, Beaufort Realty, Inglewood Estate Agency and the proposed acquisition of Vicus Residential Pty Ltd – the residential sales and management division of The Vicus Group.

While one-off costs associated with these acquisitions and associated establishment costs resulted in an operational loss of ~$1.2 million and statutory loss of ~$3.8 million FY2018, these up-front investments ensure the Company has the necessary foundations in place to continue to scale the business in Western Australia and nationally without any impediments.

By addressing these one-off costs now, we position ourselves to maintain and exceed revenue growth with cost base remaining stable.

Post year-end, we announced The Agency was proceeding with the acquisition of Top Level Real Estate, trading as The Agency on the east coast, and that we have received firm commitments to raise A$8.4 million (a condition of the transaction).

CHAIRMAN'S REPORT 2018 (Continued)

This acquisition is a game-changer for The Agency and will see the addition of a highly experienced east coast real estate sales and project marketing team, significant property management portfolio and extensive sales pipe-line.

With the addition of Top Level, The Agency Group will be the only single owner national real estate business having two prominent brands (The Agency and Sell Lease Property), with ~300 sales representatives across Perth, Sydney, Melbourne and the Gold Coast (across nine offices). It will also have over 4100 properties under management, listings of over 1100 and a mortgage book of over A$1.1 billion.

Post the Top Level acquisition, the Company will have a strong footprint in the Perth and Sydney residential property markets, with offices in Melbourne and the Gold Coast and plans to expand into Canberra and further expand its Western Australian options.

The $8.4 million capital raising strengthens our balance sheet, providing us with the funds to progress the Top Level acquisition and expand Sell Lease Property nationally.

In addition, the Company will also be well positioned going forward with a 1-for-30 share consolidation providing a tighter capital structure and stronger balance sheet with a $5 million reduction in Top Level debt via a debt-to-equity conversion.

In further proof that our disruptive model works, The Agency was awarded Top Office for Listings Sold and Top Office by Value Sold in Western Australia for 2018 at the annual REIWA.com Awards.

It reported 667 sales worth over $400 million for the past 12 months, which was 200 more sales and over $50 million more property sold than second place.

The Agency also finished fourth in project market sales for the year. Sell Lease Property (SLP) would have come in second place for Listings Sold with 659 sales for the year, however were ineligible due to the change in ownership.

In conclusion, I wish to thank all our shareholders, our clients, our employees and other key stakeholders for your continued support. I am incredibly proud of what The Agency stands for and for what we have delivered in only a short timeframe.

More importantly, with the proposed addition of Top Level, I am excited by what the group will deliver in the future as we achieve our goals to be the most reliable and trusted fully-integrated real estate and financial services company in the Asia Pacific.

Yours sincerely

Philip Re

Chairman
The Agency Group Australia Pty Ltd

DIRECTORS' REPORT

Your Directors present their report on The Agency Group Australia Ltd ("the Company") formerly Ausnet Financial Services Pty Ltd, and its controlled entities ("the Consolidated Entity") for the year ended 30 June 2018.

Directors

The names of Directors in office at any time during or since the end of the 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 year unless otherwise stated.

Principal Activities

The principal activity of the Consolidated Entity for the financial year was real estate and related activities. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Operating Results and Financial Position

The Agency Group (ASX: AU1) ("The Agency" or "the Company"), has had a strong 12 months of solid organic growth.

The Consolidated Entity delivered a 30 June 2018 loss after tax of $3,819,863 (2017: $3,804,242 loss).

In what was a declining real estate market in Western Australia, combined revenues for the Company grew approx. 75% year-on-year to a record $16,823,018 as at 30 June 2018 (FY2017: $9,590,540) the second year in a row of +70% revenue growth.

By division, The Agency (WA operations) delivered a 66% year on year increase in revenue to $8,862,956 (2017: $5,327,751) while Property Management reported revenue growth of 354% year on year to $1,158,652 (2017: $255,352). Mortgage & Finance Solutions Australia and Landmark Settlements delivered revenue of $2,725,861 and $865,909 respectively for FY2018.

DIRECTORS' REPORT (Continued)

Recently acquired Sell Lease Property delivered revenue of $2,022,540 in the three full months post settlement of the acquisition (February 2018), proof the acquisition has and will continue to significantly benefit the Company.

Significant intangible assets remain off the balance sheet, these include the rent roll and the Mortgage Book with a combined valuation of approximately $7m (based on well-established industry valuation metrics), both of which have grown from the previous year. These assets also now contribute an annuity income to the business of approximately $3m per annum.

Included in the financial results were a large number of one off costs associated with the acquisitions and integration of Beaufort Realty, Inglewood Estate Agency and Sell Lease Property (i.e. rebranding, legal and technology costs, etc.), totaling approximately $2.5m.

The results also highlight the setup costs of expanding The Agency into key real estate markets outside of Western Australia, with the Consolidated Entity opening new high-profile offices on the Gold Coast and in Melbourne CBD, where The Agency will benefit going forward from having a strong base for revenue growth in these key markets.

During the period the Company also recorded one-off costs associated with the creation of the Property Management division, the move to a new head office in Perth CBD and costs associated with The Agency rebranding and securing trademark protection for its brand nationally and globally.

As a result of this decision to invest heavily in its business the Consolidated Entity recorded loss after tax of $3,819,863 (2017: $3,804,242 loss) as at 30 June 2018. The Consolidated Entity's cash and cash equivalents fell from $2,202,655 as at 30 June 2017 to $1,021,887 as at 30 June 2018 while Net Assets fell from $2,438,314 in 2017 to $482,337 in 2018.

Agent recruitment / industry recognition

As at 30 June 2018, The Agency and SLP had a combined 185 sales agents (50 agents as at June 30 2017), primarily in Western Australia. This gives it one of the largest footprints, by number of sales agents and areas covered, of any real estate company in the state.

The Company plans to continue to proactively recruit quality agents to these businesses in future financial years as it continues its expansion of both businesses in Western Australia and nationally.

The Agency was awarded Top Office for Listings Sold and Top Office by Value Sold in Western Australia for 2018 at the annual REIWA.com Awards, held in August. It reported 667 sales worth over $400 million for the past 12 months, which was 200 more sales and over $50 million more property sold than second place. The Agency also finished fourth in project market sales for the year.

Sell Lease Property (SLP) came in second place for Listings Sold with 659 sales for the year, however were ineligible due to the change in ownership.

In Western Australia, the two companies continued to rank as top offices by Real Estate Institute of Western Australia (REIWA) over the course of the 12-month period.

DIRECTORS' REPORT (Continued)

SLP Acquisition

On 14 December 2017, the Company announced it had entered into an agreement to acquire a national real estate agency, conveyancing and mortgage brokerage businesses from ServTech Global Holdings Ltd by way of a share sale agreement. This transaction was completed on 21 February 2018. The transaction included the acquisition of:

- Sell Lease Property Pty Ltd (SLP) - An innovative, best practice real estate agency which has expanded its property consultant base to over 200 nationally.
- Complete Settlements Pty Ltd- A Perth settlement agency providing a full range of professional conveyancing from title searches to property settlements.
- Value Finance Pty Ltd - Providing innovative, transparent and efficient home loan and finance solutions based on client's unique requirements.

The acquisition of these assets provided The Agency with the ability to 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 opened the door to sales representatives requiring low level support. Previously, The Agency turned away one out of two agents as it didn't offer this service.

The acquisition significantly increased The Agency's recruitment potential, effectively giving the company access to double the number of agents. By offering a one-stop-shop for real estate services, this allowed agents to cross-sell and increase recurring annual revenues.

Top Level Acquisition

During the 12-month period, The Agency opened new offices, in Melbourne's prime inner suburb of Albert Park and appointed highly respected sales agent Michael Paproth to join The Agency's General Manager, Melbourne, Peter Kakos.

The Company also opened a new office on the Gold Coast, Queensland, which is regarded as a highly prospective market capable of generating significant sales.

On 19 September 2018, The Agency announced exercised the amended and restated option agreement to acquire all Top Level shares held by the majority shareholders (and offer to acquire all other Top Level shares from those shareholders other than the majority shareholders).

As part of the amended transaction, The Agency announced it would conduct a capital raising of $8.4 million via a share placement with firm commitments received to raise this amount. Funds raised will be used for Top Level acquisition, debt reduction and expansion of The Agency and Sell Lease Property businesses nationally.

The Company will be well positioned going forward with a 1-for-30 share consolidation providing a tighter capital structure and stronger balance sheet with a $5 million reduction in Top Level debt via a debt-to-equity conversion while a bonus issue of shares will be made to current shareholders (equivalent to 6 for 10 on a pre-consolidation basis), totalling 13,675,861 shares on a post-consolidation basis.

Based on submissions made to ASX, ASX has confirmed that the Company must comply with Listing Rule 11.1.2 and seek shareholder approval for the Top Level acquisition (based on the Amended Option Agreement). A copy of the Notice of Meeting will be sent to shareholders in due course, but it is expected the meeting will be held in late October 2018.

Top Level, which has been trading as 'The Agency' on the east coast of Australia since launching in March 2017, has established, with The Agency's support, a significant business in a short period of time, surpassing recruitment and sales targets.

Since March 2017, Top Level has recorded 693 residential sales (with a combined value of ~ A$1.4Bn), built a property management portfolio in excess of 3,300 properties, recruited a team of approximately 160 staff and sales agents and established seven offices positioned in blue chip locations across the eastern suburbs, inner west and lower north shore of Sydney.

Other Acquisitions

The Agency will further expand its operations in Western Australia with the planned acquisition of Vicus Residential Pty Ltd – the residential sales and management division of The Vicus Group – which with more than 200 rental properties predominantly in the inner city of Perth, increase total property managements on The Agency's books to approximately 700 in the state.

The Company also acquired established Inglewood Estate Agency in June 2018, adding approximately 80 property managements to The Agency. As at 30 June 2018 the Consolidated Entity had 582 property managements.

After Balance Date Events

The Company, Top Level Pty Ltd and the majority shareholders of Top Level executed a further amended and restated option agreement on 19 September 2018, replacing the Option Agreement previously announced to ASX on 12 February 2018. The Company has also received firm commitments of A$8.4 million for the capital raising by way of share placement which is one of the conditions precedent to settlement of the acquisition of Top Level.

The Placement will be undertaken subject to receipt of shareholder approval and will be made to domestic and international institutional and sophisticated investors. It will be offered at an issue price of $0.01 per new share (or $0.30 per new share on a post-consolidation basis).

Consideration for the acquisition of all of the issued capital in Top Level has not been changed under the Amended Option Agreement. 550,000,000 fully paid ordinary shares in the capital of AU1 at a deemed issue price of $0.01 per share on a pre-consolidation basis (18,333,333 shares at a deemed issue price of $0.30 per AU1 Share on a post-Consolidation basis) will be issued amongst all Top Level shareholders.

DIRECTORS' REPORT (Continued)

In addition to funding the acquisition of Top Level, funds will also be used to expand The Agency and the Sell Lease Property (SLP) businesses into NSW, Victoria, South Australia and Queensland.

As part of the conditions precedent to settlement of the acquisition, and in addition to the Placement (to be completed on a post-consolidation basis), The Agency will undertake a Consolidation of the issued capital of the Company on a 1 for 30 basis (i.e. the 683,790,034 shares currently on issue will be consolidated to 22,793,101 shares). The Board believes the consolidation will provide the best platform for continued growth, a capital structure that is more in line with the Company's size and a share price level that is more attractive to institutional investors.

The Company also intends to conduct a bonus issue of shares following the Consolidation. The record date for the bonus issue is intended to be the date of The Agency's upcoming shareholder meeting where matters relating to the acquisition of Top Level will be considered. Based on the number of shares on issue as at the date of this announcement, and taking into account the effect of the Consolidation, 13,675,861 shares will be issued pursuant to exception 1 of Listing Rule 7.2 immediately prior to the time the consideration for the Top Level acquisition is issued. The Company will seek a waiver of the timetable requirements in the ASX Listing Rules in order to complete the bonus issue as contemplated.

The Company is currently finalising a Notice of Meeting for shareholders to vote on a range of resolutions regarding the Top Level transaction (which includes approvals for the Consolidation and Placement). A copy of the Notice of Meeting will be sent to shareholders in due course, but it is expected the meeting will be held in late October 2018.

There has not been any matter or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of the operations, or the state of the affairs of the Consolidated Group in future financial years.

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.

DIRECTORS' REPORT (Continued)

Information on Directors

MR PHILIP RE

Chairman and Non- Executive Director

Mr Philip Re has been a Director for a number of publicly listed and unlisted companies involving transactions in property development and investment, technology, education, mining exploration and production, and the renewable energy industry. He has been directly involved in Raising Capital, Merger & Acquisitions, Initial Public Offers and Reverse Takeovers for various ASX listed companies and unlisted property syndicates over many years. Mr Re is the Managing director of Regency Corporate Pty Ltd where he provides corporate advisory services.

Interest in Shares and Options	—	4,069,973 ordinary shares
Directorships held in other listed entities during the past three years	—	Emerge Gaming Limited, Weststar Industrial Limited and iCollege Limited

MR PAUL NIARDONE

Managing Director

Mr Niardone was the Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in the State until he sold the business to WPP. He has experience in marketing and strategic planning for clients in both Government and the private sector. With a degree in Politics and Industrial Relations and a Masters in Business Administration, he started his career in the Department of Cabinet and Parliamentary Services.

He was appointed inaugural Manager of the Peel Region Business Enterprise Centre, and was then appointed as the first Marketing Manager for the entire Enterprise Centre Network comprising 36 centres throughout WA.

Mr Niardone's marketing skills were recognised by Westpac in its decision to appoint him as one of the first Business Banking Managers in Australia without a banking background.

His career to date has provided him with a unique opportunity to gain experience, insights and contacts in a wide range of industries at the CEO and Board level.

He has sat on the boards of a number of public and private companies and not for profit organisations.

Interest in Shares and Options	—	10,463,292 ordinary shares
Directorships held in other listed entities during the past three years	—	MinQuest Limited

MR JOHN KOLENDA
Non- Executive Director
Mr Kolenda is the co-founder and Managing Director of the Finsure Group, one of Australia's fastest growing retail finance brokerages, writing over $1 billion in new mortgages every month across 850 brokers.
Prior to founding Aura and Finsure Group, Mr Kolenda founded X Ino, which was merged with Ray White to form Loan Market Group. From 1994 to 2004, John worked as the General Manager of Sales & Distribution of Aussie Home Loans, where he was responsible for the sales performance of over 700 mortgage advisors.
As Chairman of Aura Group, Mr Kolenda leads corporate strategy for the group and supports the business through his network of strategic and institutional partners. Mr Kolenda's leadership has given Aura Group the ability to execute on its growth plans to date.
Mr Kolenda has significant board experience in both the public and private sector.

Interest in Shares and Options	—	42,718,332 ordinary shares
Directorships held in other listed entities during the past three years	—	Disruptive Investment Group, Global Reviews and iBuyNew Group Ltd. , Goldfields Money Ltd

MR ADAM DAVEY
Non- Executive Director
Mr Davey is a Director, Private Clients and Institutional at Patersons Securities.
Mr Davey's expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisition, ASX listings, asset sales and purchases, transaction due diligence and director duties.
Mr Davey has been involved in significantly growing businesses in both the industrial and mining sector. This has been achieved through holding various roles within different organisations, including Chairman, Managing Director, Non-executive director, major shareholder or corporate adviser to the board.
Mr Davey is also the Chairman of Teen Challenge Foundation, the largest Youth Drug and Alcohol Rehabilitation Centre in Western Australia.

Interest in Shares and Options	—	917,144 ordinary shares
Directorships held in other listed entities during the past three years	—	Ensurance Limited, EPAT Technologies Limited,

MR ROSS COTTON
Non- Executive Director – (Resigned 24 October 2017)

Company Secretary

Mr Stuart Usher Mr Usher is a CPA and Chartered Company Secretary with 20 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

DIRECTORS’ REPORT (Continued)

Meetings of Directors

During the financial year, the following meetings of Directors were held. Attendances by each Director during the year were as follows:

	Director’s Meetings	
	Eligible to attend	**Attended**
Philip Re	5	5
Paul Niardone	5	5
John Kolenda	5	5
Adam Davey	5	5
Ross Cotton (Resigned 24 October 2017)	1	0

The full board fulfils the role of remuneration, nomination and audit committees.

Indemnifying Officers or Auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Consolidated Entity shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Consolidated Entity or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Options

At the date of this report, the unissued ordinary shares of The Agency Group Australia Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
2 September 2014	30 April 2019	$0.15	24,076,072
20 July 2016	30 April 2019	$0.15	5,000,000
19 December 2016	19 December 2019	$0.04	51,666,667
28 December 2017	28 December 2019	$0.02	96,000,000
20 December 2017	20 December 2020	$0.025	8,000,000
20 December 2017	20 December 2020	$0.04	2,000,000

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Consolidated Entity during or since the end of the reporting period.

DIRECTORS' REPORT (Continued)

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of these proceedings.

The Consolidated Entity was not a party to any such proceedings during the year.

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

(i) all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

(ii) the nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

There were no non-audit services paid to the current external auditors, Bentleys Audit & Corporate (WA) Pty Ltd, during the year ended 30 June 2018.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2018 has been received and can be found on page 24 of the Financial Report.

Remuneration Report – Audited

This report which forms part of the Directors' Report, details the nature and amount about the remuneration of the Consolidated Entity Directors and key management personnel ("KMP").

Key Management Personnel include:

Directors	
Mr Philip Re	Chairman and Non-Executive Director
Mr Paul Niardone	Managing Director
Mr John Kolenda	Non-Executive Director
Mr Adam Davey	Non-Executive Director
Mr Ross Cotton	Non-Executive Director (Resigned 24 October 2017))

DIRECTORS' REPORT (Continued)

A. Remuneration Policy

The remuneration policy of Ausnet Financial Services Limited has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives, based on key performance areas affecting the Consolidated Entity's financial results. The Board of Ausnet Financial Services Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Consolidated Entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Consolidated Entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board.

Remuneration Report – Audited (Continued)

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (AGM). Fees for non-executive Directors are not linked to the performance of the Consolidated Entity.

B. Performance Conditions Linked to Remuneration

The Consolidated Entity seeks to establish and maintain The Agency Group Australia Limited Performance Rights Plan (”Plan”) to provide ongoing incentives to any full time or part time employee, consultant or any person nominated by the Board (including director or company secretary of the Company who holds salaried employment with the Company on a full or part time basis) (“Eligible Participants”) of the Company.

The Board adopted the Plan to allow Eligible Participants to be granted Performance Rights to acquire shares in the Company.

The objective of the Plan is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of Eligible Participants in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the Plan are aligned with the successful growth of the Company's business activities.

Employment Details of Members of Key Management Personnel

Mr Paul Niardone has entered into an Executive Services Agreements (**ESA**) with the Company to be employed as Managing Director upon and subject to the terms and conditions of the ESA. The key terms of this agreement are disclosed below:

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

(i) Remuneration

- Mr Niardone will receive a salary, exclusive of superannuation, of $300,000 per year, on a total employment cost basis, which will be reviewed annually by the Company (**Salary**).
- Mr Niardone will not receive any further director's fees in addition to the Salary from the Company during such period as Mr Niardone serves as a director of the Company as determined by the Board.
- In addition, the Company may at any time during the term of the ESA pay Mr Niardone a performance-based bonus of not less than 50% of the total employment cost over and above the salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Niardone and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.
- The Company shall provide to Mr Niardone, at its own cost, life insurance protection on similar terms to the life insurance protection currently offered by Ausnet Real Estate Services Pty Ltd.
- The Company will make employer superannuation contributions on behalf of Mr Niardone.
- The Company will reimburse Mr Niardone for all reasonable travelling intra/interstate or overseas, accommodation, and general expenses incurred in the performance of all duties in connection with the business of the Company and its related bodies corporate
- Mr Niardone is entitled to all leave in accordance with the National Employment Standard (**NES**) and Western Australian long service leave legislation.

(ii) Termination by the Company without reason

The Company may at its sole discretion terminate employment by giving three months' written notice and, at the end of that notice period, making a payment to Mr Niardone equal to the salary payable over a five month period. The Company may elect to pay Mr Niardone the equivalent of the eight months' salary and dispense with the notice period.

(iii) Termination by Mr Niardone

Mr Niardone may at his sole discretion terminate the Employment in the following manner:

- if at any time the Company commits any serious or persistent breach of any of the provisions contained in the ESA and the breach is not remedied within 28 days of receipt of written notice from Mr Niardone to the Company to do so, by giving notice effective immediately; or
- by giving three months' written notice to the Company.

On 16 August 2016, Mr Phillip Re executed a letter of appointment to become non-executive Chairman of the Company

(i) Term

Mr Re's service commenced on the date of completion of the acquisition of Ausnet Real Estate Services Pty Ltd by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

(ii) Fee

Mr Re will be paid a fee of $60,000 per annum for his role as a non-executive Chairman of the Company. Any fees paid to Mr Re will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Re for all reasonable expenses incurred in performing his duties.

On 16 August 2016, Adam Davey executed a letter of appointment to become a non-executive Director of the Company.

(i) Term

Mr Davey's service commenced on the date of completion of the acquisition of Ausnet Real Estate Services Pty Ltd by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

(ii) Fee

Mr Davey will be paid a fee of $48,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr Davey will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Davey for all reasonable expenses incurred in performing his duties.

On 16 August 2016, John Kolenda executed a letter of appointment to become a non-executive Director of the Company effective from Settlement.

(i) Term

Mr Kolenda's service will commence on the date of completion of the acquisition of Ausnet Real Estate Services Pty Ltd by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

(ii) Fee

Mr Kolenda will be paid a fee of $48,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr Re will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Kolenda for all reasonable expenses incurred in performing his duties.

DIRECTORS' REPORT (Continued)
Remuneration Report – Audited (Continued)

The following table provides employment details of persons who were, during the financial year, members of KMP of the Consolidated Entity. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

	Position Held as at 30 June 2018 and any Change during the Year	Contract Commencement/Termination Date	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance		
			Non-salary Cash-based Incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees – cash based	Fixed Salary/ Fees – share based	Total
			%	%	%	%		%
Group KMP								
Philip Re	Non-Executive Chairman	Appointed 19 December 2016	-	-	-	100	-	100
Paul Niardone	Managing Director	Appointed 19 December 2016	-	-	-	100	-	100
John Kolenda	Non-Executive Director	Appointed 19 December 2016	-	-	-	100	-	100
Adam Davey	Non-Executive Director	Appointed 19 December 2016	-	-	-	100	-	100

Performance rights

As per a 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 the company.

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

1. 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
2. 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).

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

The following table shows how many performance shares were granted, vested and forfeited during the year.

Name	Financial Year granted	Balance at start of year	Granted during the year	Performance Rights Vested		Performance Rights Forfeited		Balance at end of year (unvested)	Maximum value yet to vest*
		No.	No.	No.	%	No.	%	No.	$
Philip Re	2017	11,648,324	-	-	-	-	-	11,648,324	-
Paul Niardone	2017	15,820,432	-	-	-	-	-	15,820,432	-
John Kolenda	2017	22,339,445	-	-	-	-	-	22,339,445	-
Adam Davey	2017	8,000,000	-	-	-	-	-	8,000,000	-
Ross Cotton	2017	8,000,000	-	-	-	-	-	8,000,000	-

* The maximum value of the performance shares yet to vest was estimated based on the fair value of shares granted which was valued at nil. The minimum value of the performance shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

Remuneration

Details of the nature and amount of each element of the remuneration of each of the KMP of the Company (the Directors) for the year ended 30 June 2018 are set out in the following tables:

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

Remuneration Expense Details

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Consolidated Entity. Such amounts have been calculated in accordance with Australian Accounting Standards.

For the year ended 30 June 2018

	Short-term benefits		Post-employment benefits	Equity			
	Salary and fees	Other benefits	Superannuation	Share-based payment	Other payments	Total	Performance-based
Name	$	$	$	$	$	$	%
Directors:							
Philip Re	60,000	-	-	-	-	60,000	-
Paul Niardone	300,000	-	28,500	-	19,076	347,576	-
John Kolenda	48,000	-	-	-	-	48,000	-
Adam Davey	48,000	-	-	-	-	48,000	-
Ross Cotton (resigned 24 Oct-17)	26,000	-	-	-	-	26,000	-
	482,000	-	28,500	-	19,076	529,576	-

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

For the year ended 30 June 2017

	Short-term benefits		Post-employment benefits	Equity			
	Salary and fees	Other benefits	Superannuation	Share-based payment	Other payments	Total	Performance-based
Name	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors:							
Philip Re	51,000	-	-	-	-	51,000	-
Paul Niardone	266,112	8,750	19,616	-	46,324	340,802	13
John Kolenda	24,000	-	-	-	-	24,000	-
Adam Davey	24,000	-	-	-	-	24,000	-
Ross Cotton	24,000	-	-	-	-	24,000	-
	389,112	8,750	19,616	-	46,324	463,802	

C. Service Agreements

There are no service agreements with Key Management Personal not previously disclosed.

D. Options and Performance Rights Granted as Remuneration

For the year ended 30 June 2018

	Balance at Beg of Year	Grant Details			Exercised		Lapsed		Balance at End of Year	
		Issue Date	No.	Value	No.	Value	No.	Value	No.	Value
Group KMP										
Philip Re	-	-	-	-	-	-	-	-	-	-
Paul Niardone	-	-	-	-	-	-	-	-	-	-
John Kolenda	-	-	-	-	-	-	-	-	-	-
Adam Davey	-	-	-	-	-	-	-	-	-	-
Ross Cotton (Resigned 24 Oct-17)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

For the year ended 30 June 2017

	Balance at Beg of Year	Grant Details			Exercised		Lapsed		Balance at End of Year	
		Issue Date	No.	Value	No.	Value	No.	Value	No.	Value
				$		$		$		$
Group KMP										
Philip Re	-	-	-	-	-	-	-	-	-	-
Paul Niardone	-	-	-	-	-	-	-	-	-	-
John Kolenda	-	-	-	-	-	-	-	-	-	-
Adam Davey	-	-	-	-	-	-	-	-	-	-
Ross Cotton	-	-	-	-	-	-	-	-	-	-
Neil Warburton*	**1,445**	**28 Nov 2014**	**1,500,000**	**1,445**	-	-	(1,500,000)	(1,445)	-	-
Gregory Hall*	**1,445**	**28 Nov 2014**	**1,500,000**	**1,445**	-	-	(1,500,000)	(1,445)	-	-
Michael Curnow*	**1,445**	**28 Nov 2014**	**1,500,000**	**1,445**	-	-	(1,500,000)	(1,445)	-	-
	4,335			**4,335**	-	-	(4,500,000)	(4,335)	-	-

*Resigned from the position of non-executive director on 19 December 2016. Accordingly, all performance right options previously granted were lapsed on this date.

E. Share Holdings Disclosures Relating to Key Management Personnel

The number of ordinary shares in the Parent Entity held during the financial year by each Director of The Agency Group Australia Limited and any other key management personnel, including their personally related parties, are set out below:

2018	Balance 1 July 2017	Granted as Remuneration during the year	Issued on Exercise of Options during the year	Other Movements	Balance 30 June 2018
Philip Re	4,069,973	-	-	-	4,069,973
Paul Niardone	10,463,292	-	-	-	10,463,292
John Kolenda	42,718,332	-	-	-	42,718,332
Adam Davey	617,144	-	-	300,000*	917,144
Ross Cotton	5,400,000	-	-	(5,400,000)**	-
Total	63,268,741	-	-	(5,100,000)	58,168,741

*Other movements relate to purchase/sale and issue of shares

**Movement when resigned as Director

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

2017	Balance 1 July 2016	Granted as Remuneration during the year	Issued on Exercise of Options during the year	Other Movements	Balance 30 June 2017
Philip Re	-	-	-	4,069,973	4,069,973
Paul Niardone	-	-	-	10,463,292	10,463,292
John Kolenda	-	-	-	42,718,332	42,718,332
Adam Davey	-	-	-	617,144	617,144
Ross Cotton	30,000,000	-	-	(24,600,000)	5,400,000
Neil Warburton	45,854,118	-	-	(45,854,118)**	-
Gregory Hall	35,121,986	-	-	(35,121,986)**	-
Michael Curnow	28,651,738	-	-	(28,651,738)**	-
Total	139,627,842	-	-	(76,359,101)	63,268,741

**Movement when resigned as Director

F. Option Holdings Disclosures Relating to Key Management Personnel

2018	Balance 1 July 2017	Granted as Remuneration during the year	Exercise of Options during the year	Other Movements	Balance 30 June 2018
Philip Re	-	-	-	-	-
Paul Niardone	-	-	-	-	-
John Kolenda	-	-	-	-	-
Adam Davey	142,858	-	-	-	142,858
Ross Cotton	2,500,000	-	-	(2,500,000)**	-
Total	2,642,858	-	-	(2,500,000)	142,858

**Movement when resigned as Director

2017	Balance 1 July 2016	Granted as Remuneration during the year	Exercise of Options during the year	Other Movements	Balance 30 June 2017
Philip Re	-	-	-	-	-
Paul Niardone	-	-	-	-	-
John Kolenda	-	-	-	-	-
Adam Davey	-	-	-	142,858	142,858
Ross Cotton	-	-	-	2,500,000	2,500,000
Neil Warburton	7,142,857	-	-	(7,142,857)**	-
Gregory Hall	2,850,000	-	-	(2,850,000)**	-
Michael Curnow	2,850,000	-	-	(2,850,000)**	-
Total	12,842,857	-	-	(10,199,999)	2,642,858

**Movement when resigned as Director

DIRECTORS’ REPORT (Continued)

Remuneration Report – Audited (Continued)

G. Other Transactions with Key Management Personnel

Some Directors or former Directors of the Consolidated Entity hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided exploration, accounting and corporate services to the Consolidated Entity. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2018 $	2017 $	2018 $	2017 $
Regency Partners	Professional services	Philip Re	49,900	3,190	-	-
Daring Investments Pty Ltd	Licence fees	John Kolenda	21,852	11,906	-	-
Chapter One Advisers	Public Relations	Paul Niardone	56,500	-	-	-

H. Loans to Directors and Executives

There are no loans at 30 June 2018 to any Directors (2017: Nil).

Voting and Comments Made at the Company’s 2017 Annual General Meeting

At the Annual General Meeting held on 28 November 2017, the company received 17,180,609 (99%) “Yes” votes and 150,000 “Against” and Abstain on its remuneration report for the 2017 financial year. The Consolidated Entity did not employ a remuneration consultant during the year.

********END OF REMUNERATION REPORT********

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Paul Niardone
Managing Director

Dated this 30th day of September 2018

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To The Board of Directors

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

As lead audit partner for the audit of the financial statements of The Agency Group Australia Limited or the financial year ended 30 June 2018, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	June 2018 $	June 2017 $
Revenue from continuing operations	2	16,823,018	9,590,540
Less Expenses			
Salaries & employee benefits expenses		(14,607,844)	(8,439,488)
Depreciation and Amortisation		(494,935)	(125,942)
Profit/(loss) on disposal of assets		(2,053)	-
Doubtful debts		(200,000)	-
Consultancy Fees		(873,737)	(613,450)
Advertising & Promotion expenses		(478,892)	(214,032)
Legal, Professional & Valuation fees		(1,532,538)	(954,602)
Rent & Outgoings		(515,794)	(247,440)
Licencing fees		(156,541)	-
Interest		(224,369)	-
Computer expenses		(287,613)	-
Subscriptions and licences		(144,692)	-
Other expenses		(1,262,911)	(926,849)
Share based payment		-	(118,830)
Impairment Costs		-	(285,284)
Corporate transaction accounting expense	3	-	(1,439,297)
Net Profit / (loss) before income tax		**(3,958,901)**	**(3,774,674)**
Income tax (expense) / benefit	5	139,038	(29,568)
Profit / (loss) from continuing operations		**(3,819,863)**	**(3,804,242)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period attributable to the members of Ausnet Financial Services Limited		**(3,819,863)**	**(3,804,242)**
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of The Agency Group Australia Limited	4	(0.60)	(0.95)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 2018 $	June 2017 $
Current Assets			
Cash and cash equivalents	6	1,021,887	2,202,655
Trade and other receivables	7	2,997,142	1,451,188
Current tax asset	8	191,102	184,115
Total Current Assets		**4,210,131**	**3,837,958**
Non Current Assets			
Property, Plant and Equipment	9	520,607	78,595
Financial assets	11	408,182	-
Intangible Assets	10	4,462,505	3,201,441
Total Non Current Assets		**5,391,294**	**3,280,036**
Total Assets		**9,601,425**	**7,117,994**
Current Liabilities			
Trade and Other Payables	14	7,378,707	4,058,364
Borrowings	15	1,100,000	6,117
Provisions	16	388,221	276,093
Total Current Liabilities		**8,866,928**	**4,340,574**
Non Current Liabilities			
Deferred tax liabilities	13	188,220	211,433
Provisions	17	63,940	127,673
Total Non Current Liabilities		**252,160**	**339,106**
Total Liabilities		**9,119,088**	**4,679,680**
Net Assets/(Liabilities)		**482,337**	**2,438,314**
Equity			
Contributed Equity	18	11,480,382	9,706,731
Reserves	19	566,430	476,195
Accumulated Losses		(11,564,475)	(7,744,612)
Total Equity/(Net Deficiency)		**482,337**	**2,438,314**

The accompanying notes form part of these financial statements

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	-	(3,819,863)	-	(3,819,863)
Other comprehensive income				
Total comprehensive income for the period	-	(3,819,863)	-	(3,819,863)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	1,773,651	-	-	1,773,651
Options issued	-	-	90,235	90,235
Balance 30 June 2018	11,480,382	(11,564,475)	566,430	482,337

CONSOLIDATED	Contributed Equity	Accumulated Losses	Reserves	Total
Balance 1 July 2016	2,509,890	(3,940,370)	-	(1,430,480)
Profit / (Loss) for the year	-	(3,804,242)	-	(3,804,242)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(3,804,242)	-	(3,804,242)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	7,196,841	-	-	7,196,841
Options issued	-	-	476,195	476,195
Balance 30 June 2017	9,706,731	(7,744,612)	476,195	2,438,314

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	June 2018 $	June 2017 $
Cash flows from operating activities			
Receipts from customers		15,033,255	8,921,689
Payments to suppliers and employees		(17,153,785)	(9,643,275)
Interest received		8,694	26,529
Interest paid		(224,369)	(98,101)
Income tax paid		-	(50,692)
Net cash inflows/(outflows) from operating activities	20	(2,336,205)	(843,850)
Cash flows from investing activities			
Payments for Property Plant and Equipment		(218,088)	(26,898)
Advancement of bank guarantee		(408,182)	-
Proceeds from sale of Property Plant and Equipment		-	10,000
Payments for intangibles		(891,944)	(422,887)
Deferred purchase consideration paid		(200,000)	-
Net cash inflow on acquisition of Beaufort (cash held at acquisition)	3(ii)	-	(2,239,714)
Net cash inflow on reverse acquisition (cash held at acquisition)	3(i)	-	165,082
Net cash inflows/(outflows) from investing activities		(1,718,214)	(2,514,417)
Cash flows from financing activities			
Proceeds from issue of shares		1,920,000	5,800,000
Share issue costs		(146,349)	(384,700)
Repayments of borrowings			(8,356)
Proceeds from borrowings		1,100,000	-
Net cash inflows/(outflows) from financing activities		2,873,651	5,406,944
Net increase in cash held		(1,180,768)	2,048,677
Cash at the beginning of financial year		2,202,655	153,978
Cash at the end of financial year	6	1,021,887	2,202,655

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Ausnet Financial Services Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report covers The Agency Group Australia Limited and controlled entities ("the Consolidated Entity"). The Agency Group Australia Limited is a Company limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian dollars which is the Consolidated Entity's functional and presentation currency.

The financial statements are presented in Australian dollars and have been prepared under the historical cost convention. The financial statements of the Consolidated Entity also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

b) Reverse Acquisition

The Agency Group Australia Limited (formerly Namibian Copper Limited) is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Ausnet Real Estate Services Pty Ltd on 16 December 2016.

Ausnet Real Estate Services Pty Ltd (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer The Agency Group Australia (Formally named Ausnet Financial Services Limited) (accounting subsidiary). Accordingly, the consolidated financial statements of The Agency Group Australia Limited have been prepared as a continuation of the financial statements of Ausnet Real Estate Services Pty Ltd. Ausnet Real Estate Services Pty Ltd (as the deemed acquirer) has accounted for the acquisition of The Agency Group Australia Limited from 16 December 2016. The comparative information presented in the consolidated financial statements is that of Ausnet Real Estate Services Pty Ltd.

The impact of the reverse acquisition on each of the primary statements is as follows:

(a) The consolidated statement of profit and loss and other comprehensive income:

(i) for the year ended 30 June 2017 comprises 12 months of Ausnet Real Estate Services Pty Ltd and 196 days of Ausnet Financial Services Limited.

(b) The consolidated statement of financial position:

(i) as at 30 June 2017 represents both Ausnet Real Estate Services Pty Ltd and The Agency Group Australia Limited as at that date.

(c) The consolidated statement of changes in equity:

(i) for the year ended 30 June 2017 comprises Ausnet Real Estate Services Pty Ltd's balance at 1 July 2016, its loss for the year and transactions with equity holders for 12 months. It also comprises Ausnet Financial Services Limited transactions within equity for the 196 days ended 30 June 2017 and the equity value of Ausnet Real Estate Services Pty Ltd and The Agency Group Australia Limited at 30 June 2017. The number of shares on issue at the end of the year represent those of Ausnet Financial Services Limited only.

(d) The consolidated statement of cash flows:

for the year ended 30 June 2017 comprises the cash balance of Ausnet Real Estate Services Pty Ltd, as at 1 July 2015, the cash transactions for the 12 months (12 months of Ausnet Real Estate Services Pty Ltd and the period from 17 December 2016 to 30 June 2017 of Ausnet Financial Services Limited) and the cash balances of Ausnet Real Estate Services Pty Ltd and The Agency Group Australia Limited as at 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

c) 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 for the year ended 30 June 2018 of $3,819,863 (2017: loss of $3,804,242). In addition the Consolidated Entity experienced net cash outflows from operating activities of $2,336,205 (2017: cash outflows of $843,850) and there was a working capital deficit of $4,656,796 at 30 June 2018 (2017: $502,616 deficit).

During the year ended 30 June 2018, the Company successful completed a capital raising of $1,920,000 before costs.

The ability of the Consolidated Entity to continue as a going concern is dependent on the following:

- It is successful with the acquisition of Top Level Pty Ltd and capital raise plans of $8,400,000 that are subject to shareholder approval at the end of October or early November 2018;
- The Company 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;
- Continued support from creditors and suppliers;
- Profitable operations.

The Directors are confident that the Consolidated Entity will receive further funding and consider the Consolidated Entity is a going concern, but recognise that it is dependent on the matters mentioned above and in the financial statements.

On the basis that sufficient funding is expected to be raised to meet the Consolidated Entity's expenditure forecasts, the Directors consider that the Consolidated Entity remains a going concern and these financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. In considering the above, the directors have reviewed the Consolidated Entity's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

If the Consolidated Entity does not achieve its budgeted results and is unable to raise additional funding there exists a material uncertainty which may cast significant doubt whether the Consolidated Entity will continue as a going concern and therefore the Consolidated Entity may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Agency Group Australia Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended. The Agency Group Australia Limited and its subsidiaries together are referred to in this financial report as the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity (refer to note 1(w)). Investments in subsidiaries are accounted for at cost in the individual financial statements of The Agency Group Australia Limited.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively.

e) Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or

liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation
Ausnet Real Estate Services Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group (“the Group”) under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2010. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

As at the date of this report, The Agency Group Australia Limited and Beaufort Realty Pty Ltd have not been included in the tax consolidated group.

f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is

recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

g) Cash and cash equivalents

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

h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

- Settlement Fee Income – on settlement of real estate transaction.
- Upfront commissions for Mortgage Origination – on approval of finance to clients and settlement of real estate transaction.
- Trail commissions – on receipt.
- Real Estate Commissions – upon settlement and/or sale of property is unconditional
- Training Seminars and Functions – on date function is held.
- Interest Revenue – on a proportional basis taking into account the interest rates applicable to the financial assets.
- Dividend Revenue – when it is received.

All revenue is stated net of the amounts of goods and services tax (GST).

i) Goods and services tax

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

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

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

j) Property, Plant and Equipment

Plant and equipment are measured on the cost basis.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on either a straight line basis or diminishing balance basis, whichever is considered most appropriate, over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the remaining term of the lease.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	**Depreciation Rate**
Leasehold Improvements (over term of lease)	
Office furniture and fittings	10%
Office equipment	25%
Motor vehicle	25%

k) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii)Trail Book intangible assets
Trail book contracts and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trail book and licences over their estimated useful lives, which vary from 5 to 8 years.

(iii)Property Management intangible assets
The property management rights are expected to have a finite life and are therefore amortised over their useful lives. The investment is carried at cost less accumulated amortisation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Amortisation is calculated using the diminishing value method to allocate the cost of the rent roll over its estimated useful lives which is based on comparable market evidence. The amortisation rate used is 15%.

(iv)Business and domain names
Business and domain names are recognised at cost of acquisition. They have a finite useful life and are amortised on a systematic basis based on the future economic benefits to be obtained over its useful life. Amortisation is calculated using the diminishing value method at 10%.

l) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled.
Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n) Non Current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determine the accounting treatment of the item. The categories and various treatments are:

- held to maturity, measured at amortised cost;
- held for trading, measured at fair value with unrealised gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

o) Critical accounting estimates and critical judgements in applying accounting policies

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Key Estimate – Impairment
The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised at the end of the reporting period.

Key Estimate – Taxation
Balances disclosed in the financial statements and the notes thereto, that are related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Critical judgement – Recognition of trailing commission revenue & trailing commission expense
The Consolidated Entity receives trailing commissions from lenders on loans they have settled that were originated by the Consolidated Entity. The trailing commissions are received over the life of the loans based on the individual loan balance outstanding. The Consolidated Entity also makes trailing commission payments to brokers based on the individual loan balance outstanding.

As disclosed in Note 1(h), revenue from trailing commission on receipt. The directors considered the detailed criteria for the recognition of revenue from the rendering of services set out in AASB 118 'Revenue', in particular whether the recognition of revenue on the trail satisfied the probability requirements. The directors determined that at the contract level, the Consolidated Entity cannot reliably determine the likelihood of that individual remaining with the Consolidated Entity or the period that they will continue for, resulting in revenue only being recognised upon receipt.

Trailing commission expenditure is recognised on the same basis as trailing commission revenue and is recognised upon receipt of trailing commission revenue.

p) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

q) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement within no more than 30 days. Marketing allowances and upfront commissions paid to employees and agents are recovered against future sales commissions received by the employee or agent.
Collectability of trade and other receivables are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

r) Trade payables

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

s) Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

u) Contributed Equity

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

v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

w) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition–related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Consolidated Entity recognises any non-controlling interest in the acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Consolidated Entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

x) Financial Risk Management

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

Risk management is carried out by the full Board of Directors as the Consolidated Entity believes that it is crucial for all board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Consolidated Entity does not have any foreign currency exposures.

Interest rate risk

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Entity are exposed to movements in market interest rates on cash and cash equivalents. The Consolidated Entity policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

Other market price risk
The Consolidated Entity does not carry any equity price risk and does not enter into commodity contracts.

(b) Credit risk
Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers and investment securities.

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Consolidated Entity is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks and any loans made to external parties are secured under contracts and charges over relevant assets, for which the Board evaluate credit risk to be minimal.

(c) Liquidity risk
Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The financial liabilities of the Consolidated Entity are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

y) Adoption of new and revised standards

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards for Application in Future Periods
Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- AASB 9 : Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.
  The key changes that may affect the Consolidated Entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Based on preliminary analysis the directors anticipate that the adoption of AASB 9 is unlikely to have a material impact on the Consolidated Entity’s financial instruments.

- AASB 15 : Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018,).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.
  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
    - identify the contract(s) with a customer;
    - identify the performance obligations in the contract(s);
    - determine the transaction price;
    - allocate the transaction price to the performance obligations in the contract(s); and
    - recognise revenue when (or as) the performance obligations are satisfied.

  The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.
  Although the directors anticipate that the adoption of AASB 15 may have an impact on the Consolidated Entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16 : Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 : Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.
  The main changes introduced by the new Standard are as follows:
    - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- depreciation of right-of-use assets in line with AASB 116 : Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Consolidated Entity 's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: REVENUE

	Consolidated Entity	
	June 2018 $	**June 2017 $**
Revenue from continuing operations:		
Commissions	10,528,108	6,335,430
Fees	4,122,877	3,018,512
Management fees	2,117,509	173,526
Interest received	8,694	24,764
Other income	45,830	38,308
Total Revenue	16,823,018	9,590,540

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: BUSINESS COMBINATION

(i) REVERSE ACQUISTION

On 16 December 2016, The Agency Group Australia Limited (formerly Namibian Copper Limited acquired 100% of the ordinary share capital and voting rights in Ausnet Real Estate Services Pty Ltd as detailed in the prospectus and supplementary prospectus announced by the Company.

Under AASB 3 Business Combinations (AASB 3) this is treated as a 'reverse acquisition', whereby the accounting acquirer is deemed to be Ausnet Real Estate Services Pty Ltd and The Agency Group Australia Limited is deemed to be the accounting acquiree. Refer to the effect upon the basis of preparation at Note 1(b).

(a) Acquisition Consideration

As consideration for the issued capital of Ausnet Real Estate Services Pty Ltd, The Agency Group Australia Limited issued 200,000,000 post consolidation shares to the shareholders of Ausnet Real Estate Services Pty Ltd at $0.02 and 66,666,667 performance shares for a total consideration of $4,000,000. No cash was paid as part of the acquisition consideration.

(b) Fair value of consideration transferred

Under the principles of AASB 3, the transaction between The Agency Group Australia Limited and Ausnet Real Estate Services Pty Ltd is treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Ausnet Real Estate Services Pty Ltd, are measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being The Agency Group Australia Limited are measured at fair value on the date of acquisition.

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Ausnet Real Estate Services Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Ausnet Financial Services Limited). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Ausnet Real Estate Services Pty Ltd) would have issued to the legal parent entity The Agency Group Australia Limited to obtain the same ownership interest in the combined entity. Therefore the deemed fair value of the acquisition of The Agency Group Australia Limited (Accounting Subsidiary) was determined to be 87,793,034 shares on issue in The Agency Group Australia Limited at $0.02 for a total value of $1,755,861.

(c) Goodwill

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the legal parent, being The Agency Group Australia Limited. Details of the transaction are as follows:

NOTES TO THE FINANCIAL STATEMENTS
NOTE 3: BUSINESS COMBINATION

	Fair Value $
Fair value of consideration transferred	1,755,861
Fair value of assets and liabilities held at acquisition date:	
Cash	165,082
Trade and other receivables	185,049
Other current assets	7,660
Trade and other payables	(20,407)
Borrowings	(20,820)
Fair value of identifiable assets and liabilities assumed	316,564
Goodwill (Corporate transaction accounting expense)	1,439,297

The goodwill calculated above represents goodwill in The Agency Group Australia Limited; however this has not been recognised. Instead the deemed fair value of the interest in Ausnet Real Estate Services Pty Ltd issued to existing The Agency Group Australia Limited shareholders to effect the combination (the consideration for the acquisition of the public shell company) was recognised as an expense in the consolidated statement profit or loss and comprehensive income. This expense has been presented as a "Corporate transaction accounting expense" on the face of the consolidated statement profit or loss and comprehensive income.

(ii) ACQUISTION OF BEAUFORT REALTY PTY LTD

On 31 March 2017, Ausnet Real Estate Services Pty Ltd acquired 100% of the ordinary share capital and voting rights in Beaufort Realty Pty Ltd.

(a) Acquisition Consideration

As consideration for the issued capital of Beaufort Realty Pty Ltd, Ausnet Real Estate Services Pty Ltd paid $3,286,576 of which $466,011 was a retention payment due and payable 12 months from acquisition date .

(b) Fair value of consideration transferred

Under the principles of AASB 3, the assets and liabilities of Beaufort Realty Pty Ltd are measured at fair value on the date of acquisition.

(c) Goodwill

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of Beaufort Realty Pty Ltd. Details of the transaction are as follows:

NOTES TO THE FINANCIAL STATEMENTS
NOTE 3: BUSINESS COMBINATION

	Fair Value $
Consideration	
Provisional payment	2,896,829
Completion payment refund	(76,264)
	2,820,565
Retention payment	466,011
	3,286,576
Fair value of assets and liabilities held at acquisition date:	
Cash	657,115
Trade and other receivables	248,277
Other current assets	17,893
Current tax asset	133,423
Plant and equipment	42,574
Intangible asset – rent roll	2,109,104
Trade and other payables	(123,711)
Deferred tax liability	(580,004)
Fair value of identifiable assets and liabilities assumed	2,504,671
Goodwill	781,905

(iii) ACQUISTION OF SELL LEASE PROPERTY AND REAL ESTATE ASSETS

- On 21 February 2018, Vision Capital Management Pty Ltd (a wholly owned subsidiary of The Agency Group Australia Ltd) acquired the assets of Sell Lease Property Pty Ltd, Westvalley Corporation Pty Ltd (trading as Mortgage and Finance Solutions Australia) (a wholly owned subsidiary of The Agency Group Australia Ltd) acquired the assets of Value Finance Pty Ltd and Jelina Holdings Pty Ltd (trading as Landmark Settlements Australia) (a wholly owned subsidiary of The Agency Group Australia Ltd) acquired the assets of Complete Settlements Pty Ltd. The primary asset of all three business combinations represent intangible assets from the three subsidiaries of ServTech Global Holdings Ltd (ASX:SVT). All parties entered into separate asset sale agreements with all conditions precedent being satisfied on 21 February 2018.

Acquisition Consideration

- As consideration for the assets of all businesses the company paid $940,000.

Fair value of consideration transferred

- Under the principles of AASB 3, the assets and liabilities of the Sell Lease property and the Real Estate assets are measured at fair value on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS
NOTE 3: BUSINESS COMBINATION

Goodwill provisionally accounted for

- Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of Sell Lease property and the Real Estate assets. Details of the transaction are as follows:

	Fair Value $
Consideration	
Provisional cash payment	500,000
Contingent/deferred payment	440,000
	940,000
Fair value of assets and liabilities held at acquisition date:	
Intangible assets –	940,000
Fair value of identifiable assets and liabilities assumed	940,000

IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP

Included in the loss for the 2018 year is $13,864 profit and $2,022,540 in revenue attributable to the SLP business acquired.

NOTES TO THE FINANCIAL STATEMENTS

(iv) ACQUISTION OF INGLEWOOD REAL ESTATE ASSETS

- On 12 June 2018, The Agency Group Australia Ltd acquired the real estate assets and rent roll of Inglewood Estate Agency.

Acquisition Consideration

As consideration for the real estate assets and rent roll the company paid $436,180 of which $87,236 was a retention payment due and payable 12 months from acquisition date .

Fair value of consideration transferred

- Under the principles of AASB 3, the assets and liabilities being the real estate and rent roll assets of Inglewood Estate Agency.
- are measured at fair value on the date of acquisition.

Goodwill provisionally accounted for

- Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of Sell Lease property and the Real Estate assets. Details of the transaction are as follows:

	Fair Value **$**
Consideration	
Provisional cash payment	351,944
Retention payment payable	84,236
	436,180
Fair value of assets and liabilities held at acquisition date (provisionally accounted for):	
Intangible assets – Rent Roll	421,180
Deferred tax liability	(115,825)
Fair value of identifiable assets and liabilities assumed	305,355
Goodwill (provisional)	130,825

IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP

Included in the loss for the 2018 year is $10,000 profit and revenue attributable to the rent roll business generated by Inglewood Estate Agency.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: EARNINGS PER SHARE (EPS)

	Consolidated Entity	
	June 2018 $	June 2017 $
Loss for the year	3,819,863	3,804,242
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	638,554,678	400,711,191
Basic and diluted EPS (cents per share)	(0.60)	(0.95)

At the end of the year ended 30 June 2018, the Consolidated Entity has 186,742,739 unissued shares under options (2017: 80,742,739). The Consolidated Entity does not report diluted earnings per share on annual losses generated by the Consolidated Entity. During year ended 30 June 2018 the Consolidated Entity's unissued shares under option were anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: INCOME TAX EXPENSE / (BENEFIT)

	Consolidated Entity	
	June 2018 $	June 2017 $
(a) Income tax expense / (benefit)		
Current tax	-	-
Under/(over) provision – prior year	-	-
Deferred tax	(139,038)	29,568
	(139,038)	29,568
(b) The Prima facie tax on operating profit/ (loss) at 27.5%	(1,088,698)	(1,038,035)
Tax effect of permanent differences:		
Non Deductible Expenses	8,833	474,442
Income tax benefit in respect of current year losses	940,827	593,161
Income tax expense/(benefit)	(139,038)	29,568
Under/(over) provision for income tax in prior year	-	-
Income tax expense/(benefit)	(139,038)	29,568

(c) Tax losses

	Consolidated Entity	
	June 2018 $	June 2017 $
Unused tax losses for which no deferred tax asset has been recognised	8,783,909	5,131,452
Potential tax benefit @ 27.5%	2,415,575	1,411,174

The benefit for tax losses will only be obtained if:

- The Company and Consolidated Entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- The Company and the Consolidated Entity continue to comply with the conditions for deductibility imposed by Law; and
- No changes in tax legislation adversely affect the ability of the Company and Consolidated Entity to realise these benefits.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	June 2018 $	June 2017 $
Cash at bank and on hand	1,021,887	2,202,655

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: TRADE AND OTHER RECEIVABLES

Trade debtors	1,307,028	718,847
Prepaid expenses	165,116	57,426
Commissions receivable	960,683	173,630
Recoverable commissions/wages	740,522	513,164
Deposits paid	89,169	49,169
Other receivables	79,092	83,420
Provision for non-recovery of commissions/wages	(344,468)	(144,468)
	2,997,142	1,451,188

Ageing of receivables past due not impaired
Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Consolidated Entity has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered receivable. Refer Note 26(iii).

Ageing of impaired trade receivables
As at 30 June 2018, the age of impaired trade receivables of $128,570 that are past due +90 days (2017: 144,468) the full amount represent commissions due and payable on settlements yet to occur.

NOTE 8: CURRENT TAX ASSETS

	Consolidated Entity	
	June 2018 $	June 2017 $
Income tax refundable	191,102	184,115
	191,102	184,115

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment – at cost	664,572	209,064
Accumulated depreciation	(143,965)	(130,469)
Net Book Value	520,607	78,595
Total Property Plant & Equipment	520,607	78,595
Reconciliation:		
Plant and equipment – at cost		
Opening balance	78,595	209,064
Additions	205,707	-
Accumulated depreciation	(105,990)	(130,469)
Net Book Value	178,312	78,595
Leasehold improvements – at cost		
Opening balance	-	-
Additions	380,270	-
Accumulated depreciation	(37,975)	-
Net Book Value	342,295	-
Total Property Plant & Equipment	**520,607**	**78,595**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: INTANGIBLES

	Consolidated Entity	
	June 2018 $	June 2017 $
Rent Roll	2,146,691	2,030,013
Goodwill	1,852,730	781,905
Trademarks	268,420	152,000
Other	194,664	237,523
	4,462,505	3,201,441
Movement reconciliation – Rent Roll		
Balance at the beginning of the year	2,030,013	-
Acquisition of subsidiary (Note 3(ii))	-	2,109,104
Acquisition of rent roll	421,180	-
Amortisation charge	(304,502)	(79,091)
Net Book Value at end of year	2,146,691	2,030,013
Movement reconciliation - Goodwill		
Balance at the beginning of the year	781,905	-
Acquisition of Business assets	1,070,825	-
Acquisition of subsidiary (Note 3(ii)	-	781,905
Net Book Value at end of year	1,852,730	781,905
Movement reconciliation - Trademarks		
Balance at the beginning of the year	152,000	-
Additions	139,980	160,000
Amortisation charge	(23,560)	(8,000)
Net Book Value at end of year	268,420	152,000
Movement reconciliation – Other intangible assets		
Balance at the beginning of the year	237,523	-
Additions	9,608	262,884
Amortisation Charge	(52,467)	(25,361)
Net Book Value at end of year	194,664	237,523
Movement reconciliation – Total		
Balance at the beginning of the year	3,201,441	-
Additions	1,641,593	422,884
Acquisition of subsidiary	-	2,891,009
Amortisation Charge	(380,529)	(112,452)
Net Book Value at end of year	4,462,505	3,201,441

Amortisation charge

Please refer to Note 1 k) Intangible Assets for further details

Impairment charge

Please refer to Note 1 f) Impairment of Assets for further details

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: INTANGIBLES (continued)

Property Management cash generating unit

Included within the Property Management Cash-Generating Unit ("CGU") are rent roll assets of $2,146,691 and goodwill of $1,852,730. The recoverable amount of this CGU is derived from market transactional evidence in relation to the fair value attributable to rent roll assets. The directors have determined that a multiple of 3 time's annual rent roll income is an appropriate measure of the fair value of the rent roll assets and thus the recoverable amount of the CGU. Based on this assumption it was determined that the recoverable amount of the CGU exceeded the carrying amount of the related CGU assets.

NOTE 11: FINANCIAL ASSETS

	Consolidated Entity	
	June 2018 $	June 2017 $
Bank Guarantees	408,182	
	408,182	-

NOTE 12: INVESTMENT IN CONTROLLED ENTITIES

Name	Ownership Interest June 2018 %	June 2017 %
Ausnet Real Estate Services Pty Ltd	100	100
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
The Agency Property Management WA Pty Ltd (Previously named 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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: DEFERRED TAX ASSET/(LIABILITY)

	Consolidated Entity June 2018 $	Consolidated Entity June 2017 $
Deferred Tax on Temporary Differences	(188,220)	(211,433)

The balance comprises temporary differences in relation to the following amounts recognised in the statement of comprehensive income:

	June 2018 $	June 2017 $
Deferred Tax Assets		
Employee benefits	227,628	144,598
Accrued expenses	397,430	194,290
Provisions	41,250	-
Investments	-	55,000
Total deferred tax assets	666,309	393,888
Deferred Tax Liabilities		
Accrued income	(264,188)	(47,067)
Rent Roll	(590,341)	(558,254)
Total deferred tax liabilities	(854,529)	(605,321)
Net deferred tax liabilities	(188,220)	(211,433)
Movement Reconciliation		
Opening balance at 1 July	(211,433)	346,821
(Charged)/credited to income tax expense	139,038	(681)
Deferred tax liability recognised in business combination	(115,825)	(558,254)
Recognition of temporary differences	-	-
	(188,220)	(211,433)

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated Entity June 2018 $	Consolidated Entity June 2017 $
Trade creditors	1,271,763	391,174
Employees' remuneration – commissions payable	1,035,821	542,282
Superannuation – employees	486,107	122,045
Payroll tax	388,971	148,772
Sundry creditors and accrued expenses	113,548	265,288
Lease incentive liability	109,855	-
Deferred consideration on acquisition of SLP (Note 3)	440,000	-
GST and PAYG payables	3,182,394	2,122,792
Retention payable (Beaufort & Inglewood Real Estate) (Note 3)	350,247	466,011
	7,378,706	4,058,364

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: BORROWINGS

Current		
Loans	[(i)]1,100,000	6,377
Less: Unexpired interest	-	(260)
	1,100,000	6,117
Total	1,100,000	6,117

(i) Loan of $1,100,000 repayable by 23 October 2018 at a rate of 1.5% per month, secured by a security interest over all assets pursuant to a general security deed.

NOTE 16: CURRENT PROVISIONS

Employee entitlements	388,221	276,093

NOTE 17: NON CURRENT PROVISIONS

Employee entitlements	63,940	127,673

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: CONTRIBUTED EQUITY

	Consolidated Entity	
	June 2018 $	June 2017 $
683,793,034 (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 FINANCIAL STATEMENTS

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

1. 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
2. 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(i). An independent assessment is being completed by the auditors Bentleys to determine if the milestone has been achieved. The directors have assessed the likelihood of the milestone being achieved at 90% as at the date of this report.

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 30 June 2018.

NOTE 19: RESERVES

	Consolidated Entity	
	June 2018 $	June 2017 $
Options Reserve	566,430	476,195

	June 2018 Number	June 2017 Number
Movement		
At the beginning of the reporting period	80,742,739	24,076,072
Issue of options to joint lead managers		51,666,667[1]
Issue of share placement options	96,000,000	-
Issue of options to corporate advisor	10,000,000[3]	5,000,000[2]
At reporting date	186,742,739	80,742,739

The options reserve is used to recognise the grant date fair value of options issued but not exercised.

NOTES TO THE FINANCIAL STATEMENTS

Valuation of Options

The options were valued using the Black & Scholes option model based on the following inputs

	Options to[3] corporate advisor	Options to[3] corporate advisor	Options to[2] corporate advisor	Options to[1] Joint lead managers
Number of options	2,000,000	8,000,000	2,000,000	51,666,667
Underlying share price	$0.02	$0.02	$0.02	$0.02
Option exercise price (post-consolidation)	$0.04	$0.025	$0.15	$0.04
Effective date	28/11/2017	28/11/2017	17/12/16	17/12/16
Option expiry date	28/11/2020	28/11/2020	30/04/2019	16/12/2019
Share price volatility	80.71%	80.71%	93%	93%
Risk free rate	1.74%	1.74%	1.83%	1.83%
Fair value per option	$0.0072	$0.0095	$0.0038	$0.0089

NOTE 20: CASHFLOW INFORMATION

	Consolidated Entity	
	June 2018 $	June 2017 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(3,819,863)	(3,804,242)
Income tax expense	139,038	29,568
Share based payment	-	118,830
Acquisition cost	-	1,439,297
(Profit)/Loss on sale of assets	-	(10,000)
Amortisation & depreciation expense	571,060	125,942
Trademark written off	-	-
Doubtful debts expense	200,000	144,468
Bad debts written off	-	140,816
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(1,545,954)	(477,402)
(Increase)/Decrease in Financial assets	(408,182)	-
(Increase)/Decrease in current tax asset	(6,987)	(184,115)
Increase/(Decrease) in trade and other payables	2,486,288	1,765,285
Increase/(Decrease) in provisions	48,395	(132,297)
Cash Flow from Operations	(2,336,205)	(843,850)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: KEY MANAGEMENT PERSONNEL COMPENSATION

1. Names and positions held of Consolidated Entity key management personnel in office at any time during the financial year are:

Philip Re	Chairman
Paul Niardone	Managing Director
John Kolenda	Non-Executive Director
Adam Davey	Non-Executive Director
Ross Cotton (Resigned 24 October 2017))	Non-Executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

2. Key management personnel compensation

	June 2018 $	June 2017 $
Short-term employee benefits	482,000	397,862
Post-employment benefits	28,500	19,616
Share-based payments	-	-
Other	19,076	46,324
	529,576	463,802

NOTE 22: RELATED PARTY TRANSACTIONS

(a) Parent Entity
The parent entity within the Consolidated Entity is The Agency Group Australia Limited.

(b) Subsidiaries.
Interests in subsidiaries are set out in Note 12.

(c) Key management personnel
Transactions relating to key management personnel are set out in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

(d) Transactions with related parties

Some Directors or former Directors of the Consolidated Entity hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. During the year, the following entities provided exploration, accounting and corporate services to the Consolidated Entity. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	Nature of transactions	Key Management Personnel	Total Transactions		Payable Balance	
			2018 $	2017 $	2018 $	2017 $
Regency Partners	Professional services	Philip Re	49,900	3,190	-	-
Daring Investments Pty Ltd	Licence fees	John Kolenda	21,852	11,906	-	-
Chapter One Advisers	Public Relations	Paul Niardone	56,500	-	-	-

Furthermore as detailed in Note 24, the Company announced that it had entered into a Licence Agreement and an Option to acquire Top Level Real Estate Pty Ltd (“Top Level”) (via its wholly owned subsidiary Ausnet Real Estate Services Pty Ltd). Mr John Kolenda owns 19.52% of Top Level on a fully diluted basis.

NOTE 23: AUDITORS REMUNERATION

	June 2018 $	June 2017 $
Remuneration of the auditor of the entity:		
Audit or review of the financial report		
– Bentleys Audit & Corporate (WA) Pty Ltd	58,000	52,350
Other - Bentleys Audit & Corporate (WA) Pty Ltd	3,650	5,000
	61,650	57,350

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: COMMITMENTS AND CONTINGENCIES

The Company, Top Level Pty Ltd and the majority shareholders of Top Level executed a further amended and restated option agreement on 19 September 2018, replacing the Option Agreement previously announced to ASX on 12 February 2018. The Company has also received firm commitments of A$8.4 million for the capital raising by way of share placement which is one of the conditions precedent to settlement of the acquisition of Top Level.

The Placement will be undertaken subject to receipt of shareholder approval and will be made to domestic and international institutional and sophisticated investors. It will be offered at an issue price of $0.01 per new share (or $0.30 per new share on a post-consolidation basis).

Consideration for the acquisition of all of the issued capital in Top Level has not been changed under the Amended Option Agreement. 550,000,000 fully paid ordinary shares in the capital of AU1 at a deemed issue price of $0.01 per share on a pre-consolidation basis (18,333,333 shares at a deemed issue price of $0.30 per AU1 Share on a post-Consolidation basis) will be issued amongst all Top Level shareholders.

In addition to funding the acquisition of Top Level, funds will also be used to expand The Agency and the Sell Lease Property (SLP) businesses into NSW, Victoria, South Australia and Queensland.

As part of the conditions precedent to settlement of the acquisition, and in addition to the Placement (to be completed on a post-consolidation basis), The Agency will undertake a Consolidation of the issued capital of the Company on a 1 for 30 basis (i.e. the 683,790,034 shares currently on issue will be consolidated to 22,793,101 shares). The Board believes the consolidation will provide the best platform for continued growth, a capital structure that is more in line with the Company’s size and a share price level that is more attractive to institutional investors.

The Company also intends to conduct a bonus issue of shares following the Consolidation. The record date for the bonus issue is intended to be the date of The Agency’s upcoming shareholder meeting where matters relating to the acquisition of Top Level will be considered. Based on the number of shares on issue as at the date of this announcement, and taking into account the effect of the Consolidation, 13,675,861 shares will be issued pursuant to exception 1 of Listing Rule 7.2 immediately prior to the time the consideration for the Top Level acquisition is issued. The Company will seek a waiver of the timetable requirements in the ASX Listing Rules in order to complete the bonus issue as contemplated.

The Company is currently finalising a Notice of Meeting for shareholders to vote on a range of resolutions regarding the Top Level transaction (which includes approvals for the Consolidation and Placement). A copy of the Notice of Meeting will be sent to shareholders in due course, but it is expected the meeting will be held in late October 2018.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: COMMITMENTS AND CONTINGENCIES(Continued)

Rent for leased premises

	June 2018 $	June 2017 $
Not longer than 1 year	416,006	-
Longer than 1 year and not longer than 5 years	1,432,628	-
Longer than 5 years	-	-
	1,848,634	-

NOTE 25: 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.

The Consolidated Entity is 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 25: SEGMENT REPORTING (Continued)

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.

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e. 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.

f. 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.

NOTES TO THE FINANCIAL STATEMENTS
NOTE 25: SEGMENT REPORTING (Continued)

2018	Real Estate Property Services	Mortgage Origination Services	Total Reportable Segments	Other Segments	Consolidated Total
	$	$	$	$	$
External revenues	12,240,803	2,725,863	14,966,666	1,856,352	16,823,018
Inter-segment revenues	-	-	-	488,172	488,172
Segment revenue	12,240,803	2,725,863	14,966,666	2,344,524	17,311,190
Unallocated revenue					-
Eliminations					(488,172)
Consolidated revenue					16,823,018
Segment loss before interest, tax, depreciation and amortisation	(1,460,521)	651,911	(808,610)	(543,614)	(1,352,224)
Unallocated corporate costs					(1,887,373)
EBITDA					(3,239,597)
Unallocated Depreciation					(304,502)
Depreciation/amortisation	(100,292)	(4,510)	(104,802)	(85,631)	(190,433)
Net finance costs					(224,369)
Loss before income tax					(3,958,901)

2017	Real Estate Property Services	Mortgage Origination Services	Total Reportable Segments	Other Segments	Consolidated Total
	$	$	$	$	$
External revenues	6,149,904	3,203,064	9,352,968	174,500	9,527,468
Inter-segment revenues	-	-	-	1,764,000	1,764,000
Segment revenue	6,149,904	3,203,064	9,352,968	1,938,500	11,291,468
Unallocated revenue					63,072
Eliminations					(1,764,000)
Consolidated revenue					9,590,540
Segment loss before interest, tax, depreciation and amortisation	(1,800,080)	363,171	(1,436,909)	(91,126)	(1,528,035)
Unallocated corporate costs					(2,120,697)
EBITDA					(3,648,732)
Depreciation/amortisation	(119,242)	(4,393)	(123,635)	-	(123,635)
Unallocated corporate depn/amort					(2,307)
Net finance costs					-
Loss before income tax					(3,774,674)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: AFTER BALANCE DATE EVENTS

The Company, Top Level Pty Ltd and the majority shareholders of Top Level executed a further amended and restated option agreement on 19 September 2018, replacing the Option Agreement previously announced to ASX on 12 February 2018. The Company has also received firm commitments of A$8.4 million for the capital raising by way of share placement which is one of the conditions precedent to settlement of the acquisition of Top Level.

The Placement will be undertaken subject to receipt of shareholder approval and will be made to domestic and international institutional and sophisticated investors. It will be offered at an issue price of $0.01 per new share (or $0.30 per new share on a post-consolidation basis).

Consideration for the acquisition of all of the issued capital in Top Level has not been changed under the Amended Option Agreement. 550,000,000 fully paid ordinary shares in the capital of AU1 at a deemed issue price of $0.01 per share on a pre-consolidation basis (18,333,333 shares at a deemed issue price of $0.30 per AU1 Share on a post-Consolidation basis) will be issued amongst all Top Level shareholders.

In addition to funding the acquisition of Top Level, funds will also be used to expand The Agency and the Sell Lease Property (SLP) businesses into NSW, Victoria, South Australia and Queensland.

As part of the conditions precedent to settlement of the acquisition, and in addition to the Placement (to be completed on a post-consolidation basis), The Agency will undertake a Consolidation of the issued capital of the Company on a 1 for 30 basis (i.e. the 683,790,034 shares currently on issue will be consolidated to 22,793,101 shares). The Board believes the consolidation will provide the best platform for continued growth, a capital structure that is more in line with the Company's size and a share price level that is more attractive to institutional investors.

The Company also intends to conduct a bonus issue of shares following the Consolidation. The record date for the bonus issue is intended to be the date of The Agency's upcoming shareholder meeting where matters relating to the acquisition of Top Level will be considered. Based on the number of shares on issue as at the date of this announcement, and taking into account the effect of the Consolidation, 13,675,861 shares will be issued pursuant to exception 1 of Listing Rule 7.2 immediately prior to the time the consideration for the Top Level acquisition is issued. The Company will seek a waiver of the timetable requirements in the ASX Listing Rules in order to complete the bonus issue as contemplated.

The Company is currently finalising a Notice of Meeting for shareholders to vote on a range of resolutions regarding the Top Level transaction (which includes approvals for the Consolidation and Placement). A copy of the Notice of Meeting will be sent to shareholders in due course, but it is expected the meeting will be held in late October 2018.

There has not been any matter or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of the operations, or the state of the affairs of the Consolidated Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

(i) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Cashflow and interest rate risk

The Consolidated Entity's only interest rate risk arises from cash and cash equivalents held and the convertible notes at fixed interest rates. Current accounts held with variable interest rates expose the Consolidated Entity to cash flow interest rate risk and this risk is managed by regular monitoring of the fluctuations of the interest rates.

NOTES TO THE FINANCIAL STATEMENTS

The following sets out the Consolidated Entity's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2018 $	2018 $	2018 $	2018 $	2018 $	2018 %
Financial Assets						
Cash	1,021,887	-	-	-	1,021,887	1.1
Trade and other receivables	-	-	-	2,997,142	2,997,142	-
Bank Guarantees	-	-	408,182	-	408,182	
Financial Assets	1,021,887	-	408,182	2,997,142	4,427,211	
Financial Liabilities						
Trade and other payables	-	-	-	7,378,705	7,378,705	-
Borrowings	-	1,100,000	-	-	1,100,000	18
Total Financial Liabilities	-	1,100,000	-	7,378,705	8,478,705	

	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2017 $	2017 $	2017 $	2017 $	2017 $	2017 %
Financial Assets						
Cash	2,202,655	-	-	-	2,202,655	1.1
Trade and other receivables	-	-	-	1,393,762	1,393,762	-
Total Financial Assets	2,202,655	-	-	1,393,762	3,596,417	
Financial Liabilities						
Trade and other payables	-	-	-	4,058,364	4,058,364	-
Borrowings	-	6,117	-	-	6,117	7.8
Total Financial Liabilities	-	6,117	-	4,058,364	4,064,481	

The Consolidated Entity's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The Consolidated Entity does not have any receivables or payables that may be affected by interest rate risk.

Sensitivity analysis
At 30 June 2018, if interest rates had changed by -/+100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss would have been $11,003 (2017: 22,027) lower/higher as a result of lower/higher interest income from cash and cash equivalents and lower/higher interest expense applicable to loans. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and cash and cash equivalents. For the Consolidated Entity, it primarily relates to cash and cash equivalents and trade and other receivables. All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

Exposure to credit risk
The carrying amount of the Consolidated Entity's financial assets represents the maximum credit risk exposure. The Consolidated Entity's maximum exposure to credit risk at the end of the reporting period was:

The ageing of the Consolidated Entity's trade and other receivables are as follows:

	Consolidated Entity	
	June 2018 $	June 2017 $
Not past due	830,623	873,443
Past due 0-30 days	252,468	83,379
Past due 31-90 days	95,367	258,730
Past due 90+ days	128,570	235,638
Total	1,307,028	1,451,189
Average age (days)	49	50

Financial assets that are neither past due and not impaired are as follows:-

Cash and cash equivalents	1,021,887	2,202,655

(iii) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Consolidated Entity has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities the Consolidated Entity had at the end of the reporting period were trade and other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities and assets
The table below analyses the Consolidated Entity's financial liabilities and assets into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2018	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
	$	$	$	$	$	$	$
Financial liabilities							
Trade and other payables	(7,378,706)	-	-	-	-	(7,378,706)	(7,378,706)
Borrowings	(1,100,000)	-	-	-	-	(1,100,000)	(1,100,000)
Financial assets							
Trade and other receivables	2,997,142	-	-	-	-	2,997,142	2,997,142
Cash and cash equivalents	1,021,887	-	-	-	-	1,021,887	1,021,887
Bank Guarantees	-	-	-	408,182	-	408,182	408,182
Net financial assets	(4,459,677)	-	-	408,182	-	(4,051,495)	(4,051,495)

2017	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets/ (liabilities)
	$	$	$	$	$	$	$
Financial liabilities							
Trade and other payables	(4,058,364)	-	-	-	-	(4,058,364)	(4,058,364)
Borrowings	-	(6,117)	-	-	-	(6,117)	(6,117)
Financial assets							
Trade and other receivables	1,451,188	-	-	-	-	1,451,188	1,504,866
Cash and cash equivalents	2,202,655	-	-	-	-	2,202,655	2,202,655
Net cash outflow	(404,521)	(6,117)	-	-	-	(410,638)	(356,960)

NOTES TO THE FINANCIAL STATEMENTS

(iv) Fair value estimation

All financial assets and liabilities recognised in the Statement of Financial Position are recognised at amounts that represent a reasonable approximation of fair value.

(v) Risk Management

Capital is defined as the combination of contributed equity, reserves and net debt (borrowings less cash). The Board is responsible for monitoring and approving the capital management framework within which management operates. The Consolidated Entity's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders such as employees. The Consolidated Entity focuses on interrelated financial parameters, including its gearing ratio, earnings growth, average cosy of debt, gearing, weighted average debt maturity and borrowing capacity. These are taken into account when the Consolidated Entity makes decisions on how to invest its capital and evaluate its existing investments.

The capital structure of the Consolidated Entity can be changed by paying distributions to shareholders, returning capital to shareholders, issuing new shares or selling assets.

NOTE 27: PARENT ENTITY DISCLOSURES

(i) Financial Position

	June 2018 $	June 2017 $
Assets		
Current Assets	168,549	3,265,846
Non-Current Assets	2,619,321	-
	2,787,870	3,265,846
Liabilities		
Current Liabilities	1,648,654	827,532
Non-Current Liabilities	656,879	-
	2,305,533	827,532
Equity		
Contributed Equity	23,051,517	13,359,846
Reserves	743,859	480,530
Accumulated Losses	(23,313,039)	(11,402,062)
	482,337	2,438,314

(ii) Financial Performance

Profit/(loss) for the year	(11,910,977)	(3,347,152)
Other Comprehensive income	-	-
	(11,910,977)	(3,347,152)

(iii) Contingent Liabilities of the Parent Entity

There are no such contingencies

NOTES TO THE FINANCIAL STATEMENTS

(iv) Commitments of the Parent Entity

	June 2018 $	June 2017 $
Not longer than 1 year	245,690	-
Longer than 1 year and not longer than 5 years	1,815,525	-
Longer than 5 years	-	-
	2,061,215	-

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The consolidated financial statements and notes set out on pages 25 to 69 are in accordance with the *Corporations Act 2001*, including:
    a. comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.
2. The Chief Executive Officer and the Company Secretary have declared that:
    a. the financial records of the Company for the financial year have been properly maintained in accordance with s295A of the Corporations Act 2001;
    b. the financial statements and notes for the financial year comply with Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view; and
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Paul Niardone
Managing Director

Dated this 30th day of September 2018

Independent Auditor's Report

To the Members of The Agency Group Australia Limited

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Agency Group Australia Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss after tax of $3,819,863 during the year ended 30 June 2018. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Accounting for Business Combination	
On 21 February 2018, the Group acquired the assets of Sell Lease Property Pty Ltd, Value Finance Pty Ltd and Complete Settlements Pty Ltd. On 12 June 2018, the Group made an additional acquisition of the real estate assets and rent roll of Inglewood Estate Agency. The acquisitions have been accounted for as business combinations in accordance with AASB 3 Business Combination as disclosed in note 3(iii) and 3(iv) of the consolidated financial statements. Accounting for the acquisition constituted a key audit matter due to: – The size and scope of the acquisition; – The complexities inherent in such a transaction; and – The judgement required in determining the value of the consideration transferred.	Our procedures amongst others included: › Reviewing the acquisition agreement to understand the key terms and conditions and confirming our understanding of the transaction with management; › Assessed the deemed consideration with the terms of the acquisition agreement; › Assessed the provisionally accounted for allocation of assets and liabilities at the date of acquisition; and › We assessed the appropriateness of the disclosures included in Notes 1(w) and 3 to the financial report.
Revenue Recognition – Commission Income	
A substantial amount of the Group's revenue is derived from mortgage finance and real estate sale. Refer Note 2 of the consolidated financial statements for the breakdown of revenue. The recognition of the commission revenue is considered a key audit matter given the materiality of the revenue to the overall financial	Our procedures amongst others included: › Assessing the Group accounting policy for commission revenue as set out in Note 1(h), for compliance with the revenue recognition requirements of Australian Accounting Standards (AASBs) ; › We performed audit procedures over the recognition and accuracy of the revenue transactions on a

Key Audit Matter	How our audit addressed the key audit matter
statements and the judgement required in terms of timing of the revenue recognition.	sample basis; - Evaluating the design and operating effectiveness of controls over the capture and measurement of revenue transactions; - Performing analytical procedures on the revenue to ensure reasonableness.
Impairment assessment of Cash Generating Unit (CGU) inclusive of intangible assets	
As disclosed in note 10 of the consolidated financial statements, the Group has rent roll assets of $2,146,691 and goodwill of $1,852,730. Impairment is considered to be a key audit matter due to the significance of the assets to the Group's consolidated financial position, the Group's current year's performance and due to the judgement involved in determining the key assumptions used in the recoverable amount.	Our procedures amongst others included: Intangible Assets – Rent Roll and Goodwill - We assessed the Group's determination of CGUs based on our understanding of the business; - We evaluated the Group's process regarding impairment assessment of goodwill, other intangible assets to determine any asset impairments; - We assessed the net assets of the CGU to the fair value less costs of disposal of the related CGU assets; and - We assessed the appropriateness of the disclosures included in Note 10 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of The Agency Group Australia Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2018

SHAREHOLDER INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Shareholdings as at 18 September 2018

(a) Distribution of Shareholders

Spread of Holdings	Number of Holders	Number of Units	% Issued Capital
1 – 1,000	119	101,693	0.015%
1,001 – 5,000	81	214,450	0.031%
5,001 – 10,000	20	177,373	0.026%
10,001 – 100,000	171	9,645,766	1.411%
100,001 – 999,999,999	474	673,653,752	98.517%
TOTAL	**865**	**683,793,034**	**100%**

LOCATION	Number of Holders	Number of Units
AUSTRALIA	844	675,746,434
OVERSEAS	21	8,046,600
TOTAL	**865**	**683,793,034**

(b) The number of shareholders held in less than marketable parcels is 279.

(c) Voting Rights

The voting rights attached to each class of equity securities are as follows:
Ordinary Shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at the meeting or by proxy has one vote on a show of hands.

(d) 20 Largest Shareholders – Ordinary Shares as at 18 September 2018

Rank	Shareholder	Total Units	% Issued Capital
1	FINSURE HOLDINGS PTY LTD	42,718,332	6.25
2.	COAST EQUITY PTY LTD <THE COAST INVESTMENT A/C>	27,700,000	4.05
3.	SEMC 2 PTY LTD <THE CHEN ASSET A/C>	21,150,000	3.09
4.	EARL BG PTY LTD <EARL BG A/C>	12,500,000	1.83
5.	NUTSVILLE PTY LTD <INDUST ELECTRIC CO S/F A/C>	11,783,580	1.72
6.	CROSSBAY PTY LTD	10,485,000	1.53
7.	TRINDIS PTY LTD	10,461,292	1.53
8.	BNP PARIBAS NOMINEES PTY LTD	10,385,011	1.52
9.	QUEBEC HOLDINGS PTY LTD	9,967,778	1.46
10.	MURRAY DAVID JOSEPH + SANDRA LYNN JOSEPH	9,244,322	1.35
11.	KALONDA PTY LTD <LEIBOWITZ SUPER FUND A/C>	9,243,306	1.35
12.	BEN COLLIER INVESTMENTS PTY LTD <BEN COLLIER INVESTMENTS P/L>	8,500,000	1.24
13.	MAK PROPERTY GROUP PTY LTD <MAK A/C>	8,500,000	1.24
14.	ON TIME TAXIS PTY LTD	8,250,000	1.21
15.	MR ALLAN GRAHAM JENZEN + MRS ELIZABETH JENZEN <AG & E JENZEN P/L NO2 SF A/C>	7,301,434	1.07
16.	LTL CAPITAL PTY LTD	7,000,000	1.02
17.	FRESH COMMODITY TRADERS PTY LTD <THE HOLDSWORTH S/FUND A/C>	7,000,000	1.02
18.	BEACH HOUSE SUPERANNUATION PTY LTD <BEACH HOUSE SUPER A/C>	6,700,000	0.98
19.	RAYMOND GROGAN + LOLITA GROGRAN <GROGAN FAMILY SUPER A/C>	6,697,301	0.98
20.	MS DEBORAH LEE WEST	6,000,000	0.88
	TOTAL	**241,587,356**	**35.33**

Option holdings as at 18 September 2018

(d) Distribution of Shareholders

Spread of Holdings	Number of Holders	Number of Units	% Issued Capital
1 – 1,000	4	1,808	0.01%
1,001 – 5,000	14	42,000	0.14%
5,001 – 10,000	4	30,910	0.11%
10,001 – 100,000	24	1,254,715	4.32%
100,001 – 999,999,999	43	22,746,656	95.43%
TOTAL	**91**	**24,076,089**	**100%**

(e) 20 Largest Option holders –as at 18September 2018

Rank	Shareholder	Total Units	% Issued Capital
1	MR ROBERT JESSE HUNT	3,600,000	15.0%
2.	MR NATHAN JAMES KEMEYS	2,000,000	8.3%
3.	RIVECK NOMINEES PTY LTD <RUTH PANETH SUPER FUND A/C>	1,428,572	5.9%
4.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,065,151	4.4%
5.	MR ALFREDO VARELA	1,000,000	4.2%
6.	MS DEBORAH LEE WEST	1,000,000	4.2%
7.	CITICORP NOMINEES PTY LIMITED	813,684	3.4%
8.	VYNBEN PTY LTD <MARK HOHNEN SUPER FUND A/C>	811,801	3.4%
9.	A CHAMPION INVESTMENTS PTY LTD	800,000	3.3%
10.	MICHLANGE PTY LTD <WARBURTON SELF ADMIN S/F A/C>	714,286	3.0%
11.	MR JOHN VIEIRA + MRS TRACEY VIEIRA <BAYVIEW RETIREMENT PLAN A/C>	714,286	3.0%
12.	RIVECK NOMINEES PTY LTD	600,000	2.5%
13.	GREGORACH PTY LTD	563,529	2.3%
14.	FERBER HOLDINGS PTY LTD <SCOTT SUPER FUND A/C>	433,025	1.8%
15.	RIVECK NOMINEES PTY LTD <RUTH PANETH SUPER A/C>	410,000	1.7%
16.	FLUE HOLDINGS PTY LTD	407,993	1.7%
17.	CONTINENTAL GLOBAL INVESTMENT LIMITED	390,321	1.6%
18.	HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	357,498	1.5%
19.	MR ARTUR GILLER	350,000	1.5%
20.	MR DANIEL RICHARD CHITTENDEN + MISS SANDRA KHERRAT	300,000	1.2%
	TOTAL	**17,760,146**	**73.8%**

Substantial Shareholders

An extract of the Company's register of substantial shareholders is as follows:

Name	Number of Fully Paid Ordinary Shares
FINSURE HOLDINGS PTY LTD	42,718,332

Unlisted Options

Number of Options	Exercise Price $	Exercise date
5,000,000	$0.15	30-Apr 2019
51,666,667	$0.04	19-Dec-2019
8,000,000	$0.025	20-Dec-2020
2,000,000	$0.04	20-Dec-2020

The names of option holders who hold 20% or more of each class of unlisted options are as follows:

Name	Number of Options	Percentage
Options expiring 30 April 2019		
Exercise Price $0.15		
Richmond Food Systems PTY LTD <MONTERY A/C>	2,500,000	50%
Kioraku PTY LTD <KIORAKU A/C>	2,500,000	50%
Options expiring 19 April 2019		
Exercise Price $0.04		
Nil		

Performance Shares
A total of 46,666,667 performance shares are on issue. The holders are as follows:

Name	Number of Performance Shares
Paul Niardone	12,333,334
Philip Re	10,333,333

Voting Rights
The voting rights attached to each class of equity security are as follows:
Ordinary Shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a how of hands.

Performance Shares

- These shares have no voting rights.

Restricted securities
There are 44,285,100 fully paid ordinary shares subject to voluntary escrow on issue.

Use of Cash
During the reporting period, the use of cash has been consistent with the Company's business objectives.