THE AGENCY GROUP AUSTRALIA LTD

ABN 52 118 913 232

And its Controlled Entities

Interim Financial Report
December 2018

THE AGENCY GROUP AUSTRALIA LTD

ABN 52 118 913 232

And its Controlled Entities
Interim Financial Report
December 2018

Contents

THE AGENCY GROUP AUSTRALIA LTD
ABN 52 118 913 232
And its Controlled Entities
Interim Financial Report
December 2018

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

DIRECTORS REPORT

Your Directors present their report on The Agency Group Ltd ("the Company") formerly Ausnet Financial Services Limited, and its controlled entities ("the Consolidated Entity") for the half- year ended 31 December 2018.

Directors

The names of Directors in office at any time during or since the end of the half- year are:

- Paul Niardone
- John Kolenda
- Adam Davey
- Andrew Jensen (Appointed 18 February 2019)
- Matthew Lahood (Appointed 17 January 2019)

- Philip Re (Resigned 18 February 2019)

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

Operating and financial review

Financial Review

The Consolidated Entity continues to achieve strong exponential revenue growth, delivering net revenue from continuing operations of $10,479,073 for the six-month period ending 31 December 2018, representing a 52 per cent increase on the previous comparative period 31 December 2017 revenue (HY2017: $6,877,278). This also represents 62% of the FY18 Annual revenues.

Commissions for the Consolidated Entity for the six-month period totaled $7,011,868, representing a 46 per cent increase on the previous comparative period 31 December 2017 revenue (HY2017: $4,798,945). This also represents a 67% of the previous financial year's total commissions (FY2018: $10,528,108).

While the Consolidated Entity reported a loss before tax of $2,110,461 (Dec 2017: $2,148,445 loss), it is important to note that more than $615,000 in one-off costs associated with legal expenses and corporate advisory were incurred in relation to the acquisition of Top Level Pty Ltd.

Revenue and commission growth will be maintained during the upcoming period and significantly enhanced as a result of the acquisition of Top Level Real Estate Pty Ltd which settled post 31 December on 11 January 2019.

- Loss before tax slightly down to $1.97 million (HY2018: $2.11 million loss)
- One off costs of $615,000 associated with legal expenses associated with acquisitions and corporate advisory.

DIRECTORS REPORT (Continued)

- Normalised loss of $1.34 million highlights reduced cash burn rate and is a further marked improvement operationally on previous years. The Company expects the WA operations (real estate, mortgage, and settlement businesses) to be cash flow positive from the start of the 2019.
- Costs associated with the Company's aggressive expansion nationally with the acquisition of Top Level didn't impact on the Company's loss for the six-month period.
- Cash and cash equivalents at $1.2 million as at 31 December 2018 ($1 million as at 30 June 2018).
- Net liabilities of the Consolidated Entity were $1.4 million at 31 December 2018, compared to net assets of $0.4 million at 30 June 2018. This was due to the delay in the finalisation of the Top Level acquisition which affected the delay in the capital raising and does not include the value of the loan book of $4 million which is off balance sheet.
- The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Subsequent Events

Top Level Real Estate Pty Ltd

On 17 January 2019, The Agency completed its acquisition and settlement of Top Level Pty Ltd ("Top Level"), by The Agency's wholly-owned subsidiary Ausnet Real Estate Services Pty Ltd, after all conditions precedent to the transaction were satisfied. The total cost of the acquisition was $5,000,000.

As announced on 12 February 2018, the Company and its wholly-owned subsidiary, Ausnet Real Estate Services Pty Ltd, entered into an amended and restated option agreement with Top Level Real Estate Pty Ltd and Top Level's Majority Shareholders for Ausnet to acquire all of the Top Level Shares held by the Majority Shareholders and offer to acquire all of the Top Level Shares held by the Minority Shareholders. It was a condition precedent to Settlement that the Minority Shareholders accept Ausnet's offer to acquire their Top Level Shares.

As set out in the Company's ASX announcement of 12 February 2018, Ausnet has exercised the option to acquire all of the Majority Shareholders' Top Level Shares. On 19 September 2018 the Company announced that it had executed a further Amended and Restated Option Agreement

Top Level is a proprietary company limited by shares incorporated in New South Wales. Top Level is a real estate business which is currently focused on residential real estate sales in New South Wales.

DIRECTORS REPORT (Continued)

Subsequent Events

Completion of the acquisition occurred after the following conditions were satisfied.

- Consideration Shares issued to majority and minority shareholders of Top Level Real Estate Pty Ltd;
- Conversion of Top Level unrelated and related party loans totaling $5,000,000 from debt to equity;
- Successful capital raise of $8,400,000;
- 840,000 Ordinary Shares issued on 11 January 2019 to Lead Manager; and
- Election of Mr. Matthew Lahood to the Board on 17 January 2019.

Full details of the acquisition were contained in a Notice of Meeting held on 28 November 2018. Accompanying this notice was an Independent expert's report. Addendum dated 13 November 2018 was also issued that contained an updated Pro forma statement of financial position.

The initial accounting for the acquisition of Top Level Pty Ltd has not been provisionally determined at the end of the reporting period. At the date of this interim financial report, the necessary identification and fair value assessment of the separately identifiable intangible assets acquired have not been finalized due to the close proximity to the reporting date the company is unable to provide accurate information at that point in time.

As part of the post-acquisition settlement process, the Company has re-negotiated the existing Top Level Macquarie Bank financing, with a new debt facility executed, for a term extending from 17 January 2019 to July 2019. The facility has a first ranking charge over all the consolidated group companies

Vicus Residential Pty Ltd

The Agency completed the acquisition of Vicus Residential - the residential sales and management division of The Vicus Property Group – completed on 11 January 2019 with settlement of 2,666,667 shares and a $75,000 cash payment as payment for all of Vicus Residential's issued shares after receiving shareholder approval on 15 November 2018 (refer to ASX announcement 15 November 2018). The total acquisition cost is $875,000.

The initial accounting for the acquisition of Vicus Residential has not been provisionally determined at the end of the reporting period. At the date of this interim report, the necessary identification and fair value assessment of the separately identifiable intangible assets acquired have not been finalised due to the close proximity to the reporting date the company is unable to provide accurate information at that point in time.

DIRECTORS REPORT (Continued)

Future Developments, Prospects and Business Strategies

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

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2018 has been received and can be found on page 7 of the Interim Financial Report.

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

Paul Niardone
Managing Director

Dated this 28th day of February 2019

Bentleys
THINKING AHEAD

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

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

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

bentleys.com.au

To the Board of Directors

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

As lead audit partner for the review of the financial statements of iCollege Limited for the period ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 28th day of February 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Dec 2018 $	Dec 2017 $
Revenue from continuing operations	2	10,479,073	6,877,278
Less Expenses			
Salaries & employee benefits expenses		(9,128,308)	(6,286,513)
Depreciation and Amortisation		(219,392)	(264,755)
Doubtful debts		(9,410)	-
Consultancy Fees		(216,700)	(395,691)
Advertising & Promotion expenses		(150,967)	(336,497)
Legal, Professional & Valuation fees		(997,159)	(576,484)
Rent & Outgoings		(46,282)	(236,606)
Interest expense		(340,780)	-
Other expenses		(1,480,536)	(929,177)
Net loss before income tax		**(2,110,461)**	**(2,148,445)**
Income tax benefit		152,452	156,839
Loss from continuing operations		**(1,958,009)**	**(1,991,606)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period attributable to the members of The Agency Group Australia Ltd		**(1,958,009)**	**(1,991,606)**
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of The Agency Group Australia Ltd	3	(5.37)	(6.29)

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Dec 2018 $	June 2018 $
Current Assets			
Cash and cash equivalents		1,161,436	1,021,887
Trade and other receivables		3,888,354	2,997,142
Current tax assets		191,102	191,102
Total Current Assets		**5,240,892**	**4,210,131**
Non-Current Assets			
Property, Plant and Equipment		525,804	520,607
Financial Asset		448,586	408,182
Intangible Assets	5	4,300,483	4,462,505
Total Non Current Assets		**5,274,873**	**5,391,294**
Total Assets		**10,515,765**	**9,601,425**
Current Liabilities			
Trade and Other Payables	6	9,552,444	7,308,707
Application Monies Payable		570,000	70,000
Borrowings		1,350,000	1,100,000
Provisions		398,132	388,221
Total Current Liabilities		**11,870,576**	**8,866,928**
Non Current Liabilities			
Deferred tax liabilities		35,768	188,220
Provisions		85,093	63,940
Total Non Current Liabilities		**120,861**	**252,160**
Total Liabilities		**11,991,437**	**9,119,088**
Net Assets		**(1,475,672)**	**482,337**
Equity			
Contributed Equity	5	11,480,382	11,480,382
Reserves		566,430	566,430
Accumulated Losses		(13,522,484)	(11,564,475)
Total Equity		**(1,475,672)**	**482,337**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	Contributed Equity	Accumulated Losses	Reserves	Total
Balance 30 June 2018	11,480,382	(11,564,475)	566,430	482,337
Profit / (Loss) for the year	-	(1,958,009)	-	(1,958,009)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,958,009)	-	(1,958,009)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	-	-	-	-
Options issued	-	-	-	-
Balance 31 December 2018	11,480,382	(13,522,484)	566,430	(1,475,672)

CONSOLIDATED	Contributed Equity	Accumulated Losses	Reserves	Total
Balance 1 July 2017	9,706,731	(7,744,612)	476,195	2,438,314
Profit / (Loss) for the year	-	-	-	-
Other comprehensive income	-	(1,991,606)	-	(1,991,606)
Total comprehensive income for the period	-	(1,991,606)	-	(1,991,606)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	1,773,651	-	-	1,773,651
Balance 31 December 2017	11,480,382	(9,736,218)	476,195	2,220,359

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Dec 2018 $	Dec 2017 $
Cash flows from operating activities			
Receipts from customers		9,463,450	6,432,477
Payments to suppliers and employees		(9,413,532)	(7,570,781)
Interest received		-	17,276
Interest paid		(340,780)	(62,585)
Net cash inflows/(outflows) from operating activities		(290,862)	(1,183,613)
Cash flows from investing activities			
Payments for Property Plant and Equipment		(53,578)	(521,465)
Payment for financial assets			(343,865)
Payments for deferred consideration		(266,011)	(172,621)
Net cash inflows/(outflows) from investing activities		(319,589)	(1,037,951)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,006,000
Proceeds from share subscriptions		500,000	-
Proceeds of borrowings		250,000	-
Repayments of borrowings		-	(338)
Net cash inflows/(outflows) from financing activities		750,000	2,005,662
Net increase in cash held		139,549	(215,902)
Cash at the beginning of financial year		1,021,887	2,202,655
Cash at the end of financial year		1,161,436	1,986,753

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expect to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial statements. Accordingly, this interim financial report is to be read in conjunction with the annual financial statement for the year ended 30 June 2018 and any public announcements made by Ausnet Financial Services Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2018.

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

b) Going concern

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

The Consolidated Entity has incurred a loss after tax for the period ended 31 December 2018 of $1,958,009 (Dec 2017: loss of $1,991,606). The loss for 31 December 2018 includes one off transaction costs directly related to the acquisition of Top Level of $615,000. In addition the consolidated entity experienced net cash outflows from operating activities of $290,862 (Dec 2017: cash outflows of $1,183,613) and there was a working capital deficit of $6,629,683 at 31 December 2018 (30 June 2018: $4,656,797 deficit).

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

- The Consolidated Entity improves profitability of operations across all business units;
- As disclosed in Note 6, the Consolidated Entity acquired Top Level Pty Ltd subsequent to the reporting period adding revenue and profitability to the group;
- Re-negotiation of the Macquarie Bank debt facility;

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

- Raising additional finance through its leverage on its rent roll assets;
- Further re-negotiation or conversion of related party loans and subordinated debt totaling $5,4M; and
- Continued support from creditors and suppliers.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern. In the event the above matters are not achieved, the Consolidated Entity will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. In particular:

- As at the date of this report, the Company has re-negotiated the existing Top Level Macquarie Bank debt facilities, with a new facility of $12.65M which extends from 17 January 2019 to July 2019. The facility has a first ranking charge over all the assets of the consolidated group companies;
- In January a capital raise was successfully completed to raise $8,400,000;
- Re-negotiated an extension of the repayment date on an existing $1,350,000 loan until June 2019;
- Included in the forecast is an improvement in operations of core business units, which management expect to generate profitable operations within the next 12 months;
- The payment in full of all ATO debt liabilities;
- The continued support of the Company's creditors. At the date of the report there were no outstanding statutory demands made against the company; and
- Managing cash flows in line with available funds.

If the Company is unsuccessful in any of the above, it will be required to immediately raise funds for its working capital requirements and settlement of its debt instruments from debt or equity sources.

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

c) Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments* and related amending Standards
- AASB 15 *Revenue from Contracts with Customers* and related amending Standards
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

AASB 9 Financial Instruments and related amending Standards
In the current year, the Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures*.

In summary AASB 9 introduced new requirements for:
- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards
In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.
There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 2: REVENUE

	Consolidated Entity	
	Dec 2018 $	Dec 2017 $
Revenue from continuing operations:		
Commissions	7,011,868	4,798,945
Fees	2,521,730	1,414,426
Management fees	910,190	634,438
Interest received	9,765	58
Other income	25,520	29,411
Total Revenue	10,479,073	6,877,278

NOTE 3: EARNINGS PER SHARE (EPS)

	Consolidated Entity	
	Dec 2018 $	Dec 2017 $
Loss for the half-year	1,958,009	1,991,606
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic EPS	36,468,962	31,682,875
Basic and diluted EPS (cents per share)	(5.37)	(6.29)

At the end of the half-year ended 31 December 2018, the Consolidated Entity has 10,335,928 unissued shares under options (Dec 2017: 7,224,757). The Consolidated Entity does not report diluted earnings per share on annual losses generated by the Consolidated Entity. During half-year ended 31 December 2018 the Group's unissued shares under option were anti-dilutive.

The weighted average number of ordinary shares outstanding during the period and for all periods presented have been adjusted for the bonus share issue and the share consolidation that was completed during the reporting period. The number of ordinary shares outstanding before the event, being the comparative period ended 31 December 2017, is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event has occurred at the beginning of the earliest period presented, being 31 December 2017.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 4: TRADE AND OTHER PAYABLES

	Consolidated Entity Dec 2018 $	June 2018 $
Trade creditors	2,306,037	1,271,763
Employees' remuneration – commissions payable	1,123,034	1,035,821
Superannuation – employees	607,870	486,107
Payroll tax	491,243	388,971
Sundry creditors and accrued expenses	494,769	43,549
Lease incentive liability	98,870	109,855
Deferred consideration on acquisitions	410,000	440,000
GST and PAYG payables	3,936,385	3,182,394
Retention payable (Inglewood Real Estate)	84,236	350,247
	9,552,444	7,308,707

NOTE 5: CONTRIBUTED EQUITY

	Consolidated Entity Dec 2018 $	June 2018 $
December 2018: 36,468,962 (June 2018: 683,793,034) fully paid ordinary shares	11,480,382	11,480,382
Ordinary Shares		
At the beginning of the reporting period	-	9,706,731
Shares issued during the year for cash	-	1,920,000
Transaction costs relating to share issues	-	(146,349)
At reporting date	11,480,382	11,480,382
Number of Ordinary Shares		
At the beginning of the reporting period	683,793,034	587,793,034
Shares issued during the year for cash	-	96,000,000
Bonus issue of shares	410,275,820	-
Shares before share consolidation	1,094,068,854	-
Share consolidation – 30 for 1 basis	36,468,962	-
At reporting date	36,468,962	683,793,034

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 6: 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 now managed primarily on the basis of service offerings as the diversification of the Consolidated Entity's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of services by segment

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

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

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

Basis of accounting for purposes of reporting by operating segments

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

b. Intersegment transactions
An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Consolidated Entity's financial statements.
Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Consolidated Entity. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.
Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

c. Unallocated items

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

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

d. Segment information

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Dec 2018	Real Estate Property Services $	Mortgage Origination Services $	Total Reportable Segments $	Other Segments $	Consolidated Total $
External revenues	8,925,238	1,528,515	10,453,553	25,520	10,479,073
Inter-segment revenues	-	-	-	438,000	438,000
Segment revenue	8,925,238	1,528,515	10,453,553	468,520	10,917,073
Unallocated revenue					
Eliminations					(438,000)
Consolidated revenue					10,479,073
Segment loss before interest, tax, depreciation and amortisation	(954,165)	421,078	(533,087)	(50,479)	(583,566)
Unallocated corporate costs	-	-	-	(966,723)	(966,723)
EBITDA					(1,550,289)
Depreciation/amortisation	(209,006)	(1,419)	(210,425)	(8,967)	(219,392)
Unallocated corporate depn/amort					
Net finance costs	(196,594)	(16,678)	(213,272)	(127,508)	(340,780)
Loss before income tax					(2,110,461)

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 7: SUBSEQUENT EVENTS

Top Level Real Estate Pty Ltd

On 17 January 2019, The Agency completed its acquisition and settlement of Top Level Pty Ltd ("Top Level"), by The Agency's wholly-owned subsidiary Ausnet Real Estate Services Pty Ltd, after all conditions precedent to the transaction were satisfied. The total cost of the acquisition was $5,000,000.

As announced on 12 February 2018, the Company and its wholly-owned subsidiary, Ausnet Real Estate Services Pty Ltd, entered into an amended and restated option agreement with Top Level Real Estate Pty Ltd and Top Level's Majority Shareholders for Ausnet to acquire all of the Top Level Shares held by the Majority Shareholders and offer to acquire all of the Top Level Shares held by the Minority Shareholders. It was a condition precedent to Settlement that the Minority Shareholders accept Ausnet's offer to acquire their Top Level Shares.

As set out in the Company's ASX announcement of 12 February 2018, Ausnet has exercised the option to acquire all of the Majority Shareholders' Top Level Shares. On 19 September 2018 the Company announced that it had executed a further Amended and Restated Option Agreement

Top Level is a proprietary company limited by shares incorporated in New South Wales. Top Level is a real estate business which is currently focused on residential real estate sales in New South Wales.

Completion of the acquisition occurred after the following conditions were satisfied.

- Consideration Shares issued to majority and minority shareholders of Top Level Real Estate Pty Ltd;
- Conversion of Top Level unrelated and related party loans totaling $5,000,000 from debt to equity;
- Successful capital raise of $8,400,000;
- 840,000 Ordinary Shares issued on 11 January 2019 to Lead Manager (In accordance with Shareholder approval at a General Meeting of Shareholders held on 28-Nov 2018 Resolution 9); and
- Election of Mr. Matthew Lahood to the Board on 17 January 2019.

Full details of the acquisition were contained in a Notice of Meeting held on 28 November 2018. Accompanying this notice was an Independent expert's report. Addendum dated 13 November 2018 was also issued that contained an updated Pro forma statement of financial position.

The initial accounting for the acquisition of Top Level Pty Ltd has not been provisionally determined at this date. At the date of this interim financial report, the necessary identification and fair value assessment of the separately identifiable intangible assets acquired have not been finalized due to the close proximity to the reporting date the company is unable to provide accurate information at that point in time.

As part of the post-acquisition settlement process, the Company has re-negotiated the existing Top Level Macquarie Bank financing, with a new debt facility executed, for a term extending from 17 January 2019 to July 2019. The facility has a first ranking charge over all the consolidated group companies

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Vicus Residential Pty Ltd

The Agency completed the acquisition of Vicus Residential - the residential sales and management division of The Vicus Property Group – completed on 11 January 2019 with settlement of 2,666,667 shares and a $75,000 cash payment as payment for all of Vicus Residential's issued shares after receiving shareholder approval on 15 November 2018 (refer to ASX announcement 15 November 2018). The total acquisition cost is $875,000.

The initial accounting for the acquisition of Vicus Residential has not been determined at this date. At the date of this interim report, the necessary identification and fair value assessment of the separately identifiable intangible assets acquired have not been finalised due to the close proximity to the reporting date the company is unable to provide accurate information at that point in time.

NOTE 8: COMMITMENTS

There is no change in the Company's commitments or contingencies since the year ended 30 June 2018 to date of this report.

NOTE 9: CONTINGENT LIABILITIES

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

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 21, are in accordance with the *Corporations Act 2001*, and:

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

   (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date.

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

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

Paul Niardone
Managing Director

Dated this 28th day of February 2019

Bentleys
THINKING AHEAD

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

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

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

bentleys.com.au

Independent Auditor's Review Report

To the Members of iCollege Limited

We have reviewed the accompanying financial report of iCollege Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2018 , the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the period ended on that date; and

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of $339,120 during the half year ended 31 December 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 28th day of February 2019