THE AGENCY GROUP AUSTRALIA LIMITED

ABN 52 118 913 232

And its Controlled Entities

Annual Report
June 2019

THE AGENCY

Contents

Directors	**Andrew Jensen** Chairman **Paul Niardone** Executive Director **John Kolenda** Non-Executive Director **Adam Davey** Non-Executive Director **Matthew LaHood** 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

MANAGING DIRECTOR'S REPORT 2019

Dear shareholders,

Despite a prolonged market downturn in which real estate companies have contracted or seeing little to no growth, The Agency Group Australia (ASX:AU1) has delivered a company-making year in which we completed key acquisitions and continued our strong operational and financial growth.

For FY2019, The Agency reported an 86% year-on-year increase in combined revenue to $31.3 million (FY2018: $16.8 million), further highlighting the effectiveness of the Company's disruptive model. This follows 75% growth and 70% growth during the prior two years.

It is important to note this result only takes into account six months of operations from Top Level Real Estate Pty Ltd ("Top Level") following completion of the acquisition in mid-January 2019.

The increase in revenue was primarily due to a 31% increase year-on-year in Combined Gross Commission Income to $38 million (FY18: $29 million) bolstered by 2,419 sales (up from 667 sales for FY18) and $2.5 billion worth of property sold across the combined group for the FY2019 (FY18: $400 million).

At the completion of FY2019, the Company had 3,430 listings, up 43% on the 2,401 listings at the end of FY18. Property management continues to grow and we reported a record total of 4,337 Properties Under Management as at 30 June 2019, up 29% on the Prior Corresponding Period.

The Company also reported strong increase year-on-year in the number of agents recruited with a 47% increase to 272 agents as at 30 June 2019 (FY18: 185). We remain confident revenue growth will continue via organic growth which is driven by the recruitment of highly-experienced agents. Our disruptive model has and always will continue to attract the best talent.

Cash receipts for FY2019 came in at $33 million, a 120% year-on-year increase (FY18: $15 million). Importantly, during the June quarter, the Company delivered $44,000 net cash from operating activities as a result of an increase in cash receipts for the period.

While an EBITDA loss of approx. $4.2 million was reported for FY19 (2018: $3.1 million loss), this included $1.3 million of one-off, non-recurring costs expensed this year, primarily associated with the Top Level transaction (i.e. legal, accounting, professional services, corporate advisory, financing and office fit-outs, etc).

Excluding these would have seen the Company record a normalised EBITDA loss of approx. $2.9 million, or a 10% reduction on previous year.

Cash at end of financial year was $2.6 million (2018: $1.02 million).

The combined East and West Coast businesses are expected to further drive operational growth and efficiency savings from 2020 onwards.

As the Company continues to aggressively grow its brand into new markets (and expand into existing markets) it is focussed on maintaining a sustainable financial framework and to this end continues to identify and implement efficiencies into its business.

The integration of The Agency's East Coast and West Coast operations, following the acquisition of Top Level in January 2019, is continuing to deliver cost synergies as planned. We have already identified and have begun implementing $2.8 million in cost savings that will be delivered in FY20.

In addition, the Combined Group has taken steps to strengthen its balance sheet announcing post year-end a $5.6 million capital raising and $5.8 million debt to equity conversion to be used to repay existing loans while providing the necessary funds to accelerate The Agency's growth plan in key real estate markets.

As part of the capital raising, The Agency has secured two new strategic investors, Magnolia Capital and Honan Insurance Group, who understand The Agency's business model and can see how it has successfully disrupted, and will continue to disrupt, the Australian real estate market.

In addition, the value of the key assets (mortgage book and rent roll) that sit off balance sheet continues to rise and is in excess of $31 million.

In conclusion, the strong results for FY2019 are testament to the hard work and dedication of our team of highly experienced agents and staff. Our disruptive model attracts the best talent that can negotiate the best results for our clients and continues to disrupt the traditional franchise-based real estate model.

With cost savings of $2.8 million being delivered, a strengthened balance sheet and a full year of operations from Top Level, The Agency is well placed to deliver significant improvements to its financial performance over the next 12 months.

It is exciting times ahead for The Agency Group and thank you for being a loyal shareholder.

Paul Niardone

Managing Director

DIRECTORS' REPORT

Your Directors present their report on The Agency Group Australia Ltd, and its controlled entities ("the Consolidated Entity") for the year ended 30 June 2019.

Directors

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

- Paul Niardone
- John Kolenda
- Adam Davey
- Matt LaHood (Appointed 17 January 2019)
- Andrew Jensen (Appointed 18 February 2019)
- Philip Re (Resigned 18 February 2019)

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

Combined revenues increase significantly, to be underpinned in future by annuity income

Though only operating The Agency business model for less than three years, for the FY2019 the Consolidated Entity reported Annual Group Revenue of $31.3 million, an 86% increase year-on-year (FY2018: $16.8 million) which further highlights the effectiveness of the Company's disruptive model.

This follows 75% growth and 70% growth during the prior two years. The increase in revenue was primarily due to a 31% increase year-on-year in Combined Gross Commission Income to $38 million (FY18: $29 million). This figure was bolstered by 2,419 sales (up from 667 sales for FY18) and $2.5 billion worth of property sold across the combined group for the FY2019 (FY18: $400 million).

At the completion of FY2019, the Company had 3,430 listings, up 43% on the 2,401 listings at the end of FY18. Property management continues to grow with The Agency reporting a record total of 4,337 Properties Under Management as at 30 June 2019, up 29% on the Prior Corresponding Period.

The Company also reported strong increase year-on-year in the number of agents recruited with a 47% increase year-on-year to 272 agents as at 30 June 2019 (FY18: 185).

The Agency Group reported cash receipts of $33 million for the FY2019, a 120% year-on-year increase (FY18: $15 million). Importantly, The Agency Group reported $44,000 net cash from operating activities for the June Quarter as a result of an increase in cash receipts for the period.

Importantly, the financial results only include six months of operations from Top Level Real Estate Pty Ltd ("Top Level") following completion of the acquisition in mid-January 2019.

Financial performance

The Company recorded an EBITDA loss of approx. $4.2 million for FY19 (2018: $3.1 million loss), however this included $1.3 million of one-off non-operational costs expensed during the year, primarily associated with the Top Level transaction (i.e. legal, accounting, professional services, corporate advisory, financing and office fit-outs, etc).

Excluding these would have seen the Company record a normalised EBITDA loss of approx. $2.9 million, or a 10% reduction on previous year with only six months of revenue contribution from Top Level. Cash at end of financial year was $2.6M (2018: $1.02M).

The combined East and West Coast businesses are expected to further drive operational growth and efficiency savings from 2020 onwards.

Cash at end of financial year was $2.6 million (2018: $1.02 million).

At the time the Appendix 4E Preliminary Final Results were published, the audit had not started. As a result there have been a number of adjustments made that have increased the loss result from $7,725,629 to $7,830,605. During the year, there has been an impairment of goodwill and other intangibles of $1,169,651, additional provisions for debtors and write off of prepayments amounting to approximately $613,000 and the completion of the tax effect calculations which resulted in a income tax revenue and reduction in net deferred tax liabilities of approximately $1,4m.

The Agency Transformation Program - Identifying and delivering cost savings into FY20

As the Company continues to aggressively grow its brand into new markets (and expand into existing markets) it is focussed on maintaining a sustainable financial framework and to this end continues to identify and implement efficiencies into its business.

The integration of The Agency's East Coast and West Coast operations, following the acquisition of Top Level in January 2019, is continuing to deliver cost synergies as planned.
The Company has already identified and has begun implementing $2.8 million in cost savings that will be delivered in FY20.

There remain significant intangible assets off the balance sheet, these include the rent roll and the Mortgage Book, both of which have grown from the previous year. These assets also now contribute an annuity income to the business in excess of $3 million per annum. Total market asset value of rent roll and loan book is in excess of $31m.

Subsequent events

The company completed a private placement on 1 August 2019 of $1.1 million to Magnolia Capital and Honan Insurance Group with 16,923,077 ordinary Shares issued, as announced to ASX on 24 July and 1 August 2019.

An Entitlement Issue prospectus was lodged with ASIC and ASX on 2 September 2019 for;

- A non-renounceable four-for-seven Entitlement Offer at an issue price of $0.065 per share (together with one free attaching option for every two shares subscribed for and issued) was closed on 20th September 2019.
- On 30 September 2019, the company completed the full allotment of 68,990,739 ordinary shares and 34,495,370 options, under the offer, gross proceeds raised totalled $4,484,398, of which $2,993,080 had been received as at the date of this report.

As approved at a shareholder meeting held on 23 September 2019, the following share allotments are in the process of being completed;

1. 11,138,462 Ordinary Shares issued to consultants for nil consideration in satisfaction of $724,000 of consulting services provided by the consultants at a deemed issue price of $0.065 per share;
2. 89,889,649 Ordinary Shares and 34,495,370 Options issued on $5,842,827 of debt conversion to equity, issued at a deemed issue price of $0.065 per share;
3. 5,980,205 Ordinary Shares issued on $388,713 of director fees converted to equity, issued at a deemed issue price of $0.065 per share .

Funds from the transaction (including debt-to-equity conversions) will primarily be used to strengthen the Company balance sheet with ~$5.8m in existing debt converted to equity as well as a further ~$1.7 million applied to repayment of existing loans, with $1.1 million allocated for working capital and $2.2 million allocated to fund further growth and acquisition initiatives.

Macquarie Bank has agreed to extend its bank finance facility with the Company by six months to end of March 2020 on terms similar to the current facility. At the date of this report the Amendment Deed Loan Agreement had been executed by the Consolidated Entity and is expected to be completed this week.

No other matter or circumstances has arisen since 30 June 2019 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 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

DIRECTORS' REPORT (Continued)

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, , Painchek Ltd

MR ANDREW JENSEN (Appointed 18 February 2019)
Chairman and Non- Executive Director
Mr Jensen previously held the position of Chief Financial Officer for International and leading Australian Companies, which will greatly assist the Company in its next phase of national growth under the two prominent brands of The Agency and Sell Lease Property.
Mr Jensen has strong commercial, strategic and M&A experience and has financially led companies engaged in various fields including real estate, financial services, telecommunications and the franchising sectors both in Australia and Internationally.
He is an accomplished CFO with over 18 years' experience in senior finance and management roles. Previously, Mr Jensen was the CFO and Director of Australasia's largest real estate group Ray White, with over $20 billion in annual sales and one of Australia's largest independent mortgage broking businesses

Loan Market. He has also been the CFO of VGC Food Group Pty Ltd, a private diversified manufacturing and franchising group.
Mr Jensen was also CFO and COO of Digicel PNG (Papua New Guinea) part of Digicel Group Limited (Digicel), one of the South Pacific's largest and most successful telecommunications companies. He is also a fellow of the (National Institute of Accountants) and member of the Institute of Company Directors.

Interest in Shares and Options	—	1,823,077 ordinary shares
Directorships held in other listed entities during the past three years	—	IBUYNEW (ASX: IBN), Freedom Insurance (ASX: FIG)

MR MATTHEW LAHOOD (Appointed 17 January 2019)
Executive Director

Matt Lahood is synonymous with Australian real estate, during more than two decades at the forefront of the industry, he's honed his expertise in everything from property sales to auctioneering. Having personally coached and mentored many of the industry's finest sales agents to become million-dollar writers, Matt knows what it takes to significantly grow their businesses. Matt is also well known around Australia for his outstanding leadership skills and for building super sales and operational teams. He has been recognised with countless performance awards and is considered a thought leader within the Australian real estate space. Matt provides media commentary on a national level and is a regular keynote speaker at real estate and financial events.

Matt's love of real estate is only outshone by his passion for helping people grow personally and professionally. For over 28 years, he has stood firmly by his values of humility, transparency and integrity, values that he has passed onto many who have been lucky enough to work alongside him.

Interest in Shares and Options	—	24,656,457 ordinary shares 9,622,044 Options
Directorships held in other listed entities during the past three years	—	Nil

MR PHILIP RE
Non- Executive Director & Chairman– (Resigned 18 February 2019)

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 (Resigned 18 Feb 2019)	3	3
Paul Niardone	8	8
John Kolenda	7[1]	6
Adam Davey	8[1]	7
Matt Lahood (Appointed 17 Jan 2019)	5	5
Andrew Jensen (Appointed 18 Feb 2019)	5	5

[1] Due to conflict of interest was excluded from one meeting

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
19 December 2016	19 December 2019	$1.20	1,722,222
28 December 2017	28 December 2019	$0.60	3,200,023
20 December 2017	20 December 2020	$0.75	266,667
20 December 2017	20 December 2020	$1.20	66,667
28 November 2018	11 January 2022	$1.20	333,333
30 September 2019	31 December 2020	$0.065	2,026,506

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 2019 (2018: Nil).

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 2019 has been received and can be found on page xx 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 (Resigned 18 February 2019)
Mr Paul Niardone	Managing Director
Mr John Kolenda	Non-Executive Director
Mr Adam Davey	Non-Executive Director
Mr Matt Lahood	Executive Director (Appointed 17 January 2019)
Mr Andrew Jensen	Chairman and Non-Executive Director (Appointed 18 February 2019)

DIRECTORS' REPORT (Continued)

A. Remuneration Policy

The remuneration policy of the Agency Group Australia 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 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.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and executive compensation is separate and distinct.

DIRECTORS' REPORT (Continued)

Non-executive Directors' Remuneration
The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 29 April 2016 when shareholders approved an aggregate remuneration of $250,000 per year. The board considers advice from external consultants when undertaking the annual review process.

Executive Remuneration
Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Details of the nature and amount of each element of each Director, including any related company and each of the officers of the Company receiving the highest emoluments are set out below.

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:

(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.

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

- 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 the Company.
- 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 11 January 2019, Mr Niardone executed a new ESA with the following revised terms.

- Mr Niardone will receive a salary, exclusive of superannuation, of $390,000 per year, exclusive of superannuation, which will be reviewed annually by the Company (**Salary**).

- Termination by the Company without reason

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

All other terms are in accordance with the superseded ESA.

Mr Matthew Lahood has entered into an Executive Services Agreements (**ESA**) with the Company to be employed as an Executive 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)

(iv) Remuneration

- Mr Lahood will receive a salary, exclusive of superannuation, of $500,000 per year, on a total employment cost basis, which will be reviewed annually by the Company (**Salary**).
- Mr Lahood will also receive additional director's fees of $36,000 per year, from the Company in addition to the Salary from the Company during such period, as Mr Lahood 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 Lahood a performance-based bonus over and above his salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Lahood and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.
- The Company will provide a motor vehicle allowance of up to $22,000 per year.
- The Company will make employer superannuation contributions on behalf of Mr Lahood.
- The Company will reimburse Mr Lahood 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 Lahood is entitled to all leave in accordance with the National Employment Standard (**NES**).

(v) 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 Lahood equal to the salary payable over a five month period. The Company may elect to pay Mr Lahood the equivalent of the six months' salary and dispense with the notice period.

(vi) Termination by Mr Lahood

Mr Lahood 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 Lahood to the Company to do so, by giving notice effective immediately; or
- by giving three months' written notice to the Company.

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

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.

On 15 February 2019, Andrew Jensen executed a letter of appointment to become a non-executive Director of the Company effective from Settlement.

(i) Term

Mr Jensen's service commenced from the date of the incumbent, Non-executive Director and Chairman Mr Phillip, Re resigned from office being from 18 February 2019, 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 Jensen will be paid a fee of $60,000 per annum for his role as a non-executive Director of the Company. Any fees paid to Mr Jensen 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 Jensen for all reasonable expenses incurred in performing his duties.

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.

(ii) Fee

Mr Re was 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.

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	Resigned 18 February 2019	-	-	-	100	-	100
Paul Niardone	Managing Director		-	-	-	100	-	100
John Kolenda	Non-Executive Director		-	-	-	100	-	100
Adam Davey	Non-Executive Director		-	-	-	100	-	100
Matthew Lahood	Executive Director	Appointed 17 January 2019	-	-	-	100	-	100
Andrew Jensen	Non-Executive Chairman	Appointed 18 February 2019	-	-	-	100	-	100

Performance Shares

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.

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

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

	Financial Year granted	Balance at start of year (1)	Granted during the year	Performance Rights				Balance at end of year (unvested)	Maximum value yet to vest*
				Vested		Forfeited			
Name		No.	No.	No.	%	No.	%	No.	$
Philip Re (Resigned 18 Feb 2019)	2017	344,445	-	-	-	-	-	344,445	-
Paul Niardone	2017	116,237	-	-	-	-	-	116,237	-
John Kolenda	2017	266,667	-	-	-	-	-	266,667	-
Adam Davey	2017	266,667	-	-	-	-	-	266,667	-
Matthew Lahood (Appointed 17 Jan 2019)	-	-	-	-	-	-	-	-	-
Andrew Jensen (Appointed 18 Feb 2019)	-	-	-	-	-	-	-	-	-

* 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.

(1) Opening balance restated to reflect the Share consolidation on a 1 for 30 basis during 2019

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 2019 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.

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

For the year ended 30 June 2019

	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 (Resigned 18 Feb 2019)	40,000	-	-	-	-	40,000	-
Paul Niardone	300,000	29,006	20,531	116,667	-	466,204	19
John Kolenda	48,000	-	-	-	-	48,000	-
Adam Davey	48,000	-	-	16,996	-	64,996	26
Matthew Lahood (Appointed 17 Jan 2019)	255,496	-	12,504	-	-	268,000	-
Andrew Jenson (Appointed 18 Feb 2019)	78,283	-	5,376	-	-	83,659	-
	769,779	29,006	38,411	133,663	-	970,859	25

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)

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 2019

	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 (Resigned 18 Feb 2019)	-	-	-	-	-	-	-	-	-	-
Paul Niardone	-	-	-	-	-	-	-	-	-	-
John Kolenda	-	-	-	-	-	-	-	-	-	-
Adam Davey	-	11 Jan 2019	333,333	$16,996	-	-	-	-	333,333	$16,996
Matt Lahood (Appointed 17 Jan 2019)	-	-	-	-	-	-	-	-	-	-
Andrew Jensen (Appointed 18 Feb 2019)	-	-	-	-	-	-	-	-	-	-
	-	**-**	**333,333**	**$16,996**	**-**	**-**	**-**	**-**	**333,333**	**$16,996**

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

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)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

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:

2019	**Balance 1 July 2018**	**Movement due to Share Consolidation 1:30**	**Granted as Remuneration during the year**	**Issued on Exercise of Options during the year**	**Other Movements**	**Balance 30 June 2019**
Philip Re (Resigned 18 Feb 2019)	4,069,973	(3,934,307)	-	-	81,403 (217,069)[2]	-
Paul Niardone	10,463,292	(10,114,548)	833,333	-	209,248[3] 84,500[1]	1,475,825
John Kolenda	42,718,332	(41,294,386)	-	-	854,369[3] 1,827,599[4] 6,160,000[5] 9,633,333[6] (2,278,315)[7]	17,620,932
Adam Davey	917,144	(886,572)	-	-	18,350[3]	48,922
Matt Lahood (Appointed 17 Jan 2019)	-	-	-	-	5,105,702[2] 306,667[1]	5,412,369
Andrew Jensen (Appointed 18 Feb 2019)	-	-	-	-	80,415[2]	80,415
Total	58,168,741	(56,229,813)	833,333	-	21,866,202	24,638,463

(1) Other movements relate to purchase/sale and issue of shares
(2) Movement when appointed or resigned as Director
(3) Bonus issue of shares on a 6 for 10 basis pro-rata entitlement
(4) Top Level Consideration Shares
(5) Top Level Loan conversion shares
(6) Capital Raising shares issued
(7) No longer holds a relevant interest in Finsure Holdings Pty Ltd

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

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

F. Option Holdings Disclosures Relating to Key Management Personnel

2019	Balance 30 June 2018	Movement due to Share Consolidation 1:30	Granted as Remuneration during the year	Exercise of Options during the year	Other Movements	Balance 30 June 2019	Vested 30 June 2019
Philip Re (Resigned 18 Feb 2019)	-	-	-	-	-	-	-
Paul Niardone	-	-	-	-	-	-	-
John Kolenda	-	-	-	-	-	-	-
Adam Davey	142,858	(138,096)	333,333(1)	-	-	338,095	338,095
Matt Lahood (Appointed 17 Jan 2019)	-		-	-	-	-	-
Andrew Jensen (Appointed 18 Feb 2019)	-	-	-	-	-	-	-
Total	142,858	(138,096)	333,333	-	-	338,095	338,095

(1) Unquoted options exercisable at 0.30 per share, exercisable by 11-Jan 2022

DIRECTORS' REPORT (Continued)

Remuneration Report – Audited (Continued)

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

(1) Movement when appointed or resigned as Director

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 2019 $	Total Transactions 2018 $	Payable Balance 2019 $	Payable Balance 2018 $
Regency Partners	Professional services	Philip Re	12,000	49,900	-	-
Daring Investments Pty Ltd	Licence fees	John Kolenda	17,886	21,852	17,886	-
Chapter One Advisers	Public Relations	Paul Niardone	120,000	56,500	42,000	-
Aura Capital Pty Ltd	Placement fees/transaction fees	John Kolenda	791,968	-	416,558	-
Matt Lahood	Advance commissions	Matt Lahood	-	-	(147,750)	

All transactions are based on commercial and arms-length basis

H. Loans to Directors and Executives

There are no loans at 30 June 2019 to any Directors (2018: Nil).

Voting and Comments Made at the Company's 2018 Annual General Meeting

At the Annual General Meeting held on 28 November 2018, the company received 27,142,534 (89.5%) "Yes" votes and 3,196,513 (10.5%) "Against" and Nil Abstain on its remuneration report for the 2018 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 2019

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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 2019, 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 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	June 2019 $	June 2018 $
Revenue from continuing operations	2	31,308,279	16,823,018
Less Expenses			
Salaries & employee benefits expenses		(24,024,002)	(14,607,844)
Depreciation and Amortisation		(2,266,548)	(494,935)
Profit/(loss) on disposal of assets		-	(2,053)
Gain on acquisition		-	77,612
Doubtful debts		(208,728)	(200,000)
Consultancy Fees		(1,195,372)	(873,737)
Advertising & Promotion expenses		(3,462,705)	(478,695)
Legal, Professional & Valuation fees		(1,907,502)	(1,532,538)
Rent & Outgoings		(2,178,362)	(515,794)
Licencing fees		-	(156,541)
Impairment of goodwill & Intangibles		(1,169,651)	-
Interest		(1,242,675)	(224,369)
Computer expenses		(1,006,107)	(432,306)
Other expenses		(1,768,412)	(1,263,107)
Share based payment		(133,663)	-
Net Profit / (loss) before income tax		**(9,255,448)**	**(3,881,289)**
Income tax (expense) / benefit	5	1,424,843	139,038
Profit / (loss) from continuing operations		**(7,830,605)**	**(3,742,251)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period attributable to the members of Ausnet Financial Services Limited		**(7,830,605)**	**(3,742,251)**
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of The Agency Group Australia Limited	4	(12.71)	(17.58)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 2019 $	June 2018 $
Current Assets			
Cash and cash equivalents	6	2,597,299	1,021,887
Trade and other receivables	7	4,493,365	2,997,142
Current tax asset	8	-	191,102
Total Current Assets		**7,090,664**	**4,210,131**
Non Current Assets			
Property, Plant and Equipment	9	2,577,550	520,607
Financial assets	11	1,142,387	408,182
Intangible Assets	10	39,036,212	4,648,092
Trade and other receivables		282,772	-
Total Non Current Assets		**43,038,921**	**5,576,881**
Total Assets		**50,129,585**	**9,787,012**
Current Liabilities			
Trade and Other Payables	14	13,555,575	7,378,707
Borrowings	15	21,126,603	1,100,000
Provisions	16	752,815	388,221
Total Current Liabilities		**35,434,993**	**8,866,928**
Non Current Liabilities			
Trade and Other Payables		35,308	-
Deferred tax liabilities	13	4,667,857	296,195
Provisions	17	960,420	63,940
Total Non Current Liabilities		**5,633,585**	**360,135**
Total Liabilities		**41,098,578**	**9,227,063**
Net Assets/(Liabilities)		**9,031,007**	**559,949**
Equity			
Contributed Equity	18	27,765,049	11,480,382
Reserves	19	583,426	566,430
Accumulated Losses		(19,317,468)	(11,486,863)
Total Equity/(Net Deficiency)		**9,031,007**	**559,949**

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 2018	11,480,382	(11,486,863)	566,430	559,949
Profit / (Loss) for the year	-	(7,830,605)	-	(7,830,605)
Other comprehensive income				
Total comprehensive income for the period	-	(7,830,605)	-	(7,830,605)
Transactions with equity holders in their capacity as owners:				
Options issued	-	-	16,996	16,996
Share based payments	116,667	-	-	116,667
Share Subscriptions (net of transaction costs)	7,896,000	-	-	7,896,000
Shares issued in lieu of services	252,000	-	-	252,000
Shares issued on acquisition of Top Level Pty Ltd	7,566,667	-	-	7,566,667
Shares issued on acquisition of Vicus Residential Pty Ltd	453,333			453,333
Balance 30 June 2019	27,765,049	(19,317,468)	583,426	9,031,007

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	-	(3,742,251)	-	(3,742,251)
Other comprehensive income				
Total comprehensive income for the period	-	(3,742,251)	-	(3,742,251)
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	(11,486,863)	566,430	559,949

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	June 2019 $	June 2018 $
Cash flows from operating activities			
Receipts from customers		32,724,160	15,033,255
Payments to suppliers and employees		(37,763,237)	(17,153,785)
Interest received		12,958	8,694
Interest paid		(1,405,068)	(224,369)
Net cash inflows/(outflows) from operating activities	20	(6,431,187)	(2,336,205)
Cash flows from investing activities			
Payments for Property Plant and Equipment		(241,107)	(218,088)
Advancement of bank guarantee		(600,000)	(408,182)
Payments for intangibles		-	(891,944)
Deferred purchase consideration paid		(75,000)	(200,000)
Net cash inflow on acquisition (cash held at acquisition)	3(i)	594,258	-
Net cash inflows/(outflows) from investing activities		(321,849)	(1,718,214)
Cash flows from financing activities			
Proceeds from issue of shares		8,400,000	1,920,000
Share issue costs		(277,200)	(146,349)
Repayments of borrowings		(44,352)	-
Proceeds from borrowings		250,000	1,100,000
Net cash inflows/(outflows) from financing activities		8,328,448	2,873,651
Net increase in cash held		1,575,412	(1,180,768)
Cash at the beginning of financial year		1,021,887	2,202,655
Cash at the end of financial year	6	2,597,299	1,021,887

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) 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 2019 of $7,830,605 (2018: loss of $3,742,251). In addition the Consolidated Entity experienced net cash outflows from operating activities of $6,431,187 (2018: cash outflows of $2,336,205) and there was a working capital deficit of $28,344,329 at 30 June 2019 (2018: $4,656,797 deficit).

During the year ended 30 June 2019, the Consolidated Entity successful completed a capital raising of $8,400,000 before costs and the completion of the 100% acquisition of Top Level Real Estate Pty Ltd.

Subsequent to year end the Consolidated Entity:

- completed a private placement on 1 August 2019 of $1.1 million to Magnolia Capital and Honan Insurance Group with 16,923,077 ordinary Shares issued, as announced to ASX on 24 July and 1 August 2019.
- Announced a non-renounceable four-for-seven Entitlement Offer at an issue price of $0.065 per share (together with one free attaching option for every two shares subscribed for and issued) was closed on 20th September 2019, and on 30 September 2019, the company was in the process of completing the full allotment of 68,990,739 ordinary shares and 34,495,370 options, under the offer, gross proceeds expected to be received totalled $4,484,398, of which $2,993,080 had been received as at the date of this report.
- Obtained approved at a shareholder meeting held on 23 September 2019, the following share allotments were in process on 30 September for;
- 11,138,462 Ordinary Shares issued to consultants for nil consideration in satisfaction of $724,000 of consulting services provided by the consultants at a deemed issue price of $0.065 per share;
- 89,889,649 Ordinary Shares and 34,495,370 Options issued on $5,842,827 of debt conversion to equity, issued at a deemed issue price of $0.065 per share;

- 5,980,205 Ordinary Shares issued on $388,713 of director fees converted to equity, issued at a deemed issue price of $0.065 per share .
- Renegotiated terms with Macquarie Bank, who has agreed to extend its bank finance facility of $12.59M with the Company by six months to end of March 2020 on terms similar to the current facility. At the date of this report the Amendment Deed Loan agreement had been executed by the Consolidated Entity and is expected to be completed within the next few weeks. In addition, a condition precedent is required, to paydown a capital amount of $500,000.

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

- The successfully completion of the non-renounceable entitlement offer;
- The fully executed Amendment Deed Loan with Macqauire Bank being completed;
- 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.

c) Principles of Consolidation

<u>Subsidiaries</u>

The consolidated financial statements comprise the assets and liabilities of The Agency Group Australia Limited and its subsidiaries at 30 June 2019 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by The Agency Group Australia Limited. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of The Agency Group Australia Limited.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which The Agency Group Australia Limited has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

• deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and AASB 119 Employee Benefits respectively;

• liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share-Based Payments at the acquisition date (see below); and

• assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Contingent liabilities acquired in a business combination
Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of AASB 15.

d) 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

The Agency Group Australia 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.

e) 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

f) 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.

g) Revenue recognition

Revenue from contracts with customers
Revenue is measured based on the consideration specified in a contract with a customer The Group recognises revenue when performance obligations have been met.

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 based on the following performance obligations:

- 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, based on maintaining clientele.
- 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).

There is no difference to the recognition of revenue under AASB 15 when compared to AASB 18.

h) 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i) 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.

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%

j) 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

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%.

k) 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.

l) Comparative Figures

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

m) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 15 'Revenue from contracts with customers', 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.

n) 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

o) 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.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the consolidated Statement of Profit or Loss and Other comprehensive Income.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are accompanied on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

p) 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.

q) 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.

r) 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

s) 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.

t) 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.

u) 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

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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.

v) Share-Based Payments

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options with non-market vesting conditions that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

w) Application of New and Revised Accounting Standards

Accounting Standards that are mandatorily effective for the current reporting year

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.
This standard provides a single standard for revenue recognition. The core principle of the standard is that an entity must 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 those goods or services.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The standard requires: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity must select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

The entity has assessed the requirements of AASB 15, and analysed the effect this has on revenue recognition however there was no material impact on adoption of the standard.

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:

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group does not have any non-cancellable operating lease commitments. Based on a preliminary analysis, the directors anticipate that the adoption of AASB 16 is unlikely to have a material impact on the consolidated entity's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: REVENUE

	Consolidated Entity	
	June 2019 $	June 2018 $
Revenue from continuing operations:		
Commissions	21,222,848	10,528,108
Fees	4,919,575	4,122,877
Management fees	4,987,965	2,117,509
Interest received	12,958	8,694
Other income	164,933	45,830
Total Revenue	31,308,279	16,823,018

NOTE 3: BUSINESS COMBINATION

(i) ACQUISITION OF TOP LEVEL AND REAL ESTATE ASSETS

On 17 January 2019, the Group announced that its 100% owned subsidiary Ausnet had completed its 100% acquisition of Top Level Real Estate Pty Ltd ("Top Level"), in accordance with the Amended and Restated Option Agreement, terms announced on the ASX on 19 September 2018. For the purposes of these financial statements, the results of Top Level have been included beginning on 11 January 2019 when control effectively passed, with the considerations shares issued in respect to 18,333,333 ordinary fully paid shares, valued at the closing price on 11 January 2019 of 14 cents, giving a market value of $2,566,667.

Top level is a private Australian company established in 2016 as a residential sales, project marketing, commercial sales and leasing and property management business.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Goodwill has been provisionally accounted for as management is still undertaking the process of finalising all valuations to identity separately the identifiable assets.

- Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of Top level. Details of the transaction are as follows:

The assets and liabilities recognised as a result of the acquisition are as follows:

	Note	Fair Value
Cash and cash equivalents		594,258
Trade and Other Receivables		2,831,759
Prepayments		170,942
Property, plant & equipment		2,155,716
Other – bank guarantees		121,637
Trade and other payables		(6,767,664)
Borrowings		(25,553,559)
Provisions		(1,234,080)
Other – lease incentive liabilities		(716,263)
Fair value of assets and liabilities acquired		(28,397,254)

NOTES TO THE FINANCIAL STATEMENTS

Add: Goodwill –accounted for		15,962,136
Add: Identifiable Intangible Assets - Rent Rolls acquired		20,692,117
Deferred Tax liability		(5,690,332)
Satisfied by:		
Ordinary shares issued	Note 1	2,566,667
		2,566,667
Net cash inflow arising on acquisition:		
Cash paid		Nil
Less: Balances acquired		
(i) Cash		594,258
		594,258
Net inflow of cash – investing activities		594,258

Revenue and profit contribution

The acquired business contributed revenues of $10,155,115 and net loss of $2,818,080 to the group for the period from 11 January to 30 June 2019.

(ii) ACQUISITION 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 $950,000.

Fair value of consideration transferred

- Under the principles of *AASB3 Business Combinations and AASB138 Intangible Assets*, the assets and liabilities of the Sell Lease property and the Real Estate assets are measured at fair value on the date of acquisition.

A fair value of the intangible assets acquired, has been completed by an independent accounting firm, whereby an allocation of purchase price has been determined.

- Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of each of the businesses acquired. Details of the transaction are as follows:

	Fair Value $
Sell Lease Property	
Total consideration	800,000
Less: identifiable Intangible Assets	-
Fair value of assets and liabilities acquired	(28,375)
Goodwill	771,625
Complete Settlements	
Total consideration	50,000
Less: identifiable Intangible Assets	-
Fair value of assets and liabilities acquired	(3,520)
Goodwill	46,480
Value Finance Pty Ltd	
Total consideration	100,000
Less: identifiable Intangible Assets	(285,587)
Deferred tax liability	78,536
Bargain purchase to be recognised in profit and loss	(107,051)
Less deferred tax on bargain price	29,439
Credit to Profit and Loss for bargain price [(1)]	(77,612)

[(1)] Profit recognised on bargain price has been reflected in the comparative 2018 financial period

NOTES TO THE FINANCIAL STATEMENTS

(iii) ACQUISITION 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.

A fair value of the intangible assets acquired, has been completed by an independent accounting firm, whereby an allocation of purchase price has been determined.

- Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of each of the businesses acquired. Details of the transaction are as follows:

	Fair Value **$**
Inglewood Real Estate	
Total consideration	436,180
Less: identifiable Intangible Assets	(386,082)
Deferred tax liability	106,173
Goodwill	156,271

(iv) ACQUISITION OF VICUS RESIDENTIAL AND REAL ESTATE ASSETS

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 $67,500 cash payment as payment for all of Vicus Residential's issued shares after receiving shareholder approval on 15 November 2018. The total acquisition cost is $535,833.

The initial accounting for the acquisition of Vicus Residential has not been determined at this date.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Goodwill has been provisionally accounted for

	Fair Value $
Consideration	
Provisional cash payment	67,500
Consideration shares	453,333
	535,833
Fair value of assets and liabilities held at acquisition date:	
Intangible assets –	535,833
Fair value of identifiable assets and liabilities assumed	535,833

NOTE 4: EARNINGS PER SHARE (EPS)

	Consolidated Entity	
	June 2019 $	June 2018 $
Loss for the year	7,830,605	3,742,251
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	61,610,752	21,285,156
Basic and diluted EPS (cents per share)	(12.71)	(17.58)

At the end of the year ended 30 June 2019, the Consolidated Entity has 5,588,912 unissued shares under options (2018: 6,224,758). The Consolidated Entity does not report diluted earnings per share on annual losses generated by the Consolidated Entity. During year ended 30 June 2019 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 2019 $	June 2018 $
(a) Income tax expense / (benefit)		
Current tax	-	-
Under/(over) provision – prior year	-	-
Deferred tax	(1,424,843)	(139,038)
	(1,424,843)	(139,038)
(b) The Prima facie tax on operating profit/ (loss) at 27.5%	(2,545,248)	(1,088,698)
Tax effect of permanent differences:		
Non Deductible Expenses	860,510	8,833
Income tax benefit in respect of current year losses	259,895	940,827
Income tax expense/(benefit)	(1,424,843)	(139,038)
Under/(over) provision for income tax in prior year	-	-
Income tax expense/(benefit)	(1,424,843)	(139,038)

(c) Tax losses

	Consolidated Entity	
	June 2019 $	June 2018 $
Unused tax losses for which no deferred tax asset has been recognised	12,037,368	8,783,909
Potential tax benefit @ 27.5%	3,310,276	2,415,575

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	June 2019 $	June 2018 $
Cash at bank and on hand	2,597,299	1,021,887

NOTE 7: TRADE AND OTHER RECEIVABLES

Trade debtors	3,189,133	1,307,028
Prepaid expenses	397,285	165,116
Commissions receivable	-	960,683
Recoverable commissions/wages	871,650	740,522
Deposits paid	16,207	89,169
Other receivables	277,818	79,092
Provision for non-recovery of commissions/wages	(258,728)	(344,468)
	4,493,365	2,997,142

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 25(ii).

Ageing of impaired trade receivables
As at 30 June 2019, the age of impaired trade receivables of $460,851 that are past due +90 days (2018: $128,570) the full amount represent commissions due and payable on settlements yet to occur.

NOTE 8: CURRENT TAX ASSETS

	Consolidated Entity	
	June 2019 $	June 2018 $
Income tax refundable	-	191,102
	-	191,102

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment – at cost	520,607	664,572
Assets acquired on acquisition	3,521,056	-
Additions	297,189	-
Accumulated depreciation	(1,761,302)	(143,965)
Net Book Value	2,577,550	520,607
Total Property Plant & Equipment	2,577,550	520,607
Reconciliation:		
Plant and equipment – at cost		
Opening balance	178,312	78,595
Assets acquired on acquisition	832,767	-
Additions	48,434	205,707
Accumulated depreciation	(376,536)	(105,990)
Net Book Value	682,977	178,312
Leasehold improvements – at cost		
Opening balance	342,295	-
Assets acquired on acquisition	2,688,289	
Additions	248,755	380,270
Accumulated depreciation	(1,384,766)	(37,975)
Net Book Value	1,894,573	342,295
Total Property Plant & Equipment	**2,577,550**	**520,607**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: INTANGIBLES

	Consolidated Entity	
	June 2019 $	June 2018 $
Rent Roll	21,958,595	2,146,691
Goodwill	17,077,617	1,852,730
Trademarks	-	268,420
Other	-	194,664
	39,036,212	4,462,505
Movement reconciliation – Rent Roll		
Balance at the beginning of the year	2,332,278	2,030,013
Acquisition of subsidiary (Note 3(ii))	21,614,032	185,576
Acquisition of rent roll	80,000	421,180
Amortisation charge	(2,067,715)	(304,502)
Net Book Value at end of year	21,958,595	2,332,278
Movement reconciliation - Goodwill		
Balance at the beginning of the year	1,852,730	781,905
Acquisition of Business assets		1,070,825
Acquisition of subsidiary (Note 3(ii)	15,996,512	-
Impairment	(771,625)	
Net Book Value at end of year	17,077,617	1,852,730
Movement reconciliation - Trademarks		
Balance at the beginning of the year	268,420	152,000
Additions	-	139,980
Amortisation charge	(26,842)	(23,560)
Impairment	(241,578)	
Net Book Value at end of year	-	268,420
Movement reconciliation – Other intangible assets		
Balance at the beginning of the year	194,664	237,523
Additions	-	9,608
Amortisation Charge	(90,682)	(52,467)
Impairment	(103,982)	-
Net Book Value at end of year		194,664
Movement reconciliation – Total		
Balance at the beginning of the year	4,648,092	3,201,441
Additions	80,000	1,641,593
Acquisition of subsidiary	37,610,544	-
Amortisation Charge	(2,185,239)	(380,529)
Impairment	(1,117,185)	-
Net Book Value at end of year	39,036,212	4,648,092

NOTES TO THE FINANCIAL STATEMENTS

Included within the Property Management Cash-Generating Unit ("CGU") are rent roll assets of $2,335,284 and goodwill of $1,069,001. 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. Real Estate Services WA CGU, during the year an impairment assessment was conducted on the WA Real Estate sector, the directors have determined based on the value in use approach, that goodwill and other intangible assets related to this CGU were determined to be impaired, an amount of $1,169,651 was written off.

NOTE 11: FINANCIAL ASSETS

	Consolidated Entity	
	June 2019 $	**June 2018 $**
Bank Guarantees	1,085,476	408,182
Financial assets carried at FVOCI[1]		
- Listed shares	56,911	-
	1,142,387	408,182

Financial assets carried at EVOCI		
Opening balance	-	-
Acquisition	50,000	
Revaluation of Shares	6,911	
Change in fair value through Other Comprehensive Income		-
Closing balance of Other Financial Assets	56,911	-

[1] Other financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate and are measured by reference to values quoted on the Australian Securities Exchange.

NOTE 12: INVESTMENT IN CONTROLLED ENTITIES

Name	Ownership Interest June 2019 %	Ownership Interest June 2018 %
Ausnet Real Estate Services Pty Ltd	100	100
Top Level Real Estate Pty Ltd	100	-
Vicus Residential Pty Ltd	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	100	100
Empur Pty Ltd (i)	50	50
Namibian Resources Pty Ltd	100	100
Gazania Investments Thirty Two Pty Ltd(ii)	80	80
The Agency Sales QLD Pty Ltd	100	-
The Agency Marketing Pty Ltd	100	-
S.J. Laing & Son Pty Ltd	100	-
Courtesy Real Estate (NSW) Pty Ltd	100	-
The Agency Sales VIC Pty Ltd	100	-
The Agency Sales NSW Pty Ltd	100	-
The Agency Project Sales QLD Pty Ltd	100	-
The Agency Project Sales NSW Pty Ltd	100	-
The Agency Property Management NSW Pty Ltd	100	-
The Agency Auctions NSW Pty Ltd	100	-
The Agency Property Management VIC Pty Ltd	100	-
Top Level Real Estate Sales Pty. Ltd.	100	-
The Agency Property Management QLD Pty Ltd	100	-
The Agency Auctions QLD Pty Ltd	100	-
The Agency Auctions VIC Pty Ltd	100	-
The Agency Project Sales VIC Pty Ltd	100	-
Top Level Real Estate Sales Pty Ltd	100	-
Top Level Real Estate Holdings Pty Ltd	100	-
The Agency Marketing QLD Pty Ltd	100	-
The Agency Marketing VIC Pty Ltd	100	-

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 2019 $	Consolidated Entity June 2018 $
Deferred Tax on Temporary Differences	(4,557,858)	(296,195)

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

Deferred Tax Assets		
Employee benefits	365,842	227,629
Accrued expenses	795,960	397,430
Provisions	41,250	41,250
Total deferred tax assets	1,203,052	666,309
Deferred Tax Liabilities		
Accrued income		(264,188)
Rent Roll	(5,870,910)	(590,341)
Total deferred tax liabilities	(5,870,910)	(854,529)
Net deferred tax liabilities	(4,667,858)	(188,220)
Movement Reconciliation		
Opening balance at 1 July	(296,195)	(211,433)
(Charged)/credited to income tax expense	1,424,843	139,038
Deferred tax liability recognised in business combination	(5,796,505)	(223,800)
	(4,667,858	(296,195)

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated Entity June 2019 $	Consolidated Entity June 2018 $
Trade creditors	4,179,473	1,271,764
Employees' remuneration – commissions payable	1,177,955	1,035,821
Superannuation – employees	577,520	486,107
Payroll tax	1,121,583	388,971
Sundry creditors and accrued expenses	2,017,403	113,548
Lease incentive liability	719,158	109,855
Deferred consideration on acquisition of SLP (Note 3)	-	440,000
GST and PAYG payables	3,255,827	3,182,394
Retention payable (Note 3)	506,656	350,247
	13,555,575	7,378,707

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: BORROWINGS

	Consolidated Entity June 2019 $	June 2018 $
Secured		
Loans	1,350,000[(i)]	1,100,000
Bank loans	12,593,235[(ii)]	-
Shareholder loans	7,157,366[(iii)]	-
Lease liability on fit-out	26,002[(iv)]	
	21,126,603	1,100,000

(i) Loan of $1,350,000 repayable by 23 October 2018 at a rate of 18%, secured by a security interest over all assets pursuant to a general security deed. $500,000 has subsequently been settled with a debt to equity conversion on 30 September 2019.

(ii) Macquarie Bank financing, an extension of debt facility has been executed by the Company, expected to be finalised within the week, for a term extending from 30 September 2019 to 30 May 2020. The facility has a first ranking charge over all the consolidated group companies. The Interest rate is 7%.

(iii) Shareholder loans nominal interest rates vary between 6% to 18%. Loans of the value $5,342,827 have subsequently been settled with a debt to equity conversion on 30 September 2019.

(iv) Lease liability is secured as the rights to leased assets and revert to the lessor in the event of default

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans

	2018	Cash Inflows	Cash outflows	Non-cash	Borrowings from acquisition	2019
Opening Balance Add: Borrowing from acquisition Short-term borrowings	1,100,000	250,000	(44,350)	179,293	19,641,660,	21,126,603
Total liabilities from financing activities	1,100,000	250,000	(44,350)	179,293	19,641,660,	**21,126,603**

NOTE 16: CURRENT PROVISIONS

Employee entitlements	752,815	388,221

NOTE 17: NON CURRENT PROVISIONS

Employee entitlements	329,638	63,940
Make good on office leases	150,000	-
Future fund referrals	480,782	-

960,420	63,940

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: CONTRIBUTED EQUITY

	Consolidated Entity June 2019 $	June 2018 $
103,810,047 (2018: 683,793,034) fully paid ordinary shares	27,765,049	11,480,382
Ordinary Shares		
At the beginning of the reporting period	11,480,382	9,706,731
Shares issued on acquisition of Top Level Pty Ltd	7,566,667	-
Share based payments	116,667	
Issue of shares to lead manager	252,000	-
Shares issued during the year for cash	8,400,000	1,920,000
Shares issued for acquisitions	453,333	-
Transaction costs relating to share issues	(504,000)	(146,349)
At reporting date	27,765,049	11,480,382
Number of Ordinary Shares		
At the beginning of the reporting period	683,793,034	587,793,034
Bonus issue of shares	410,275,820	-
Shares before share consolidation	1,094,068,854	-
Share consolidation 1 for 30 basis – adjustment off	(1,057,598,807)	-
Shares after share consolidation	36,470,047	-
Shares issued on acquisition of Top Level Pty Ltd	35,000,000	-
Shares issued on acquisition of Vicus Residential Pty Ltd	2,666,667	
Issue of shares to lead manager	840,000	-
Shares issued during the year for cash	28,000,000	96,000,000
Share based payments	833,333	-
At reporting date	103,810,047	683,793,034

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.

NOTE 19: RESERVES

	Consolidated Entity	
	June 2019 $	**June 2018 $**
Options Reserve	583,426	566,430

	June 2018 Number	**June 2017 Number**
Movement		
At the beginning of the reporting period	186,742,739	80,742,739
Share consolidation 1 for 30 basis – adjustment off	(180,517,981)	
	6,224,781	
Expiry of options	(969,202)	-
Issue of options to director	333,333	-
Issue of share placement options	-	96,000,000
Issue of options to corporate advisor	-	10,000,000[3]
At reporting date	5,588,912	186,742,739

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: CASHFLOW INFORMATION

	Consolidated Entity	
	June 2019 $	**June 2018 $**
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(7,830,605)	(3,742,251)
Income tax expense/(benefit)	(1,438,349)	139,038
Share based payment	133,663	-
Gain on bargain purchase	-	(77,612)
Impairment of goodwill	1,169,651	-
Amortisation & depreciation expense	2,266,548	571,060
Doubtful debts expense	208,728	200,000
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	1,014,017	(1,545,954)
(Increase)/Decrease in Financial assets	-	(408,182)
(Increase)/Decrease in current tax asset	(612,568)	(6,987)
Increase/(Decrease) in trade and other payables	(544,274)	2,486,288
Increase/(Decrease) in provisions	(689,270)	48,395
Cash Flow from Operations	(6,431,187)	(2,336,205)

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 (Resigned 18 Feb 2019)	Chairman
Paul Niardone	Managing Director
John Kolenda	Non-Executive Director
Adam Davey	Non-Executive Director
Matthew Lahood (Appointed 17 Jan 2019)	Executive Director
Andrew Jensen (Appointed 18 Feb 2019)	Chairman

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

2. Key management personnel compensation

	June 2019 $	June 2018 $
Short-term employee benefits	769,779	482,000
Post-employment benefits	38,411	28,500
Share-based payments	266,996	-
Other	29,006	19,076
	1,104,192	529,576

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 21.

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 2019 $	Total Transactions 2018 $	Payable Balance 2019 $	Payable Balance 2018 $
Regency Partners	Professional services	Philip Re	30,000	49,900	-	-
Daring Investments Pty Ltd	Licence fees	John Kolenda	17,886	21,852	17,886	-
Chapter One Advisers	Public Relations	Paul Niardone	120,000	56,500	42,000	-
Aura Capital Pty Ltd	Placement fees/transaction fees	John Kolenda	791,968	-	416,558	-
Matt Lahood	Advance commissions	Matt Lahood	-	-	(147,750)	

NOTE 23: AUDITORS REMUNERATION

	June 2019 $	June 2018 $
Remuneration of the auditor of the entity:		
Audit or review of the financial report		
– Bentleys Audit & Corporate (WA) Pty Ltd	120,000	58,000
Other - Bentleys Audit & Corporate (WA) Pty Ltd	6,000	3,650
	126,000	61,650

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24: SEGMENT REPORTING (Continued)

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 24: SEGMENT REPORTING (Continued)

2019	Real Estate Property Services	Mortgage Origination Services	Total Reportable Segments	Other Segments	Consolidated Total
	$	$	$	$	$
External revenues	27,972,048	2,879,042	30,851,090	457,189	31,308,279
Inter-segment revenues	-	-	-	876,000	876,000
Segment revenue	27,972,048	2,879,042	30,851,090	1,333,189	32,184,279
Unallocated revenue					-
Eliminations					(876,000)
Consolidated revenue					31,308,279
Segment loss before interest, tax, depreciation and amortisation	(2,113,166)	796,562	(1,316,604)	(769,280)	(2,085,884)
Unallocated corporate costs					(2,490,790)
EBITDA					(4,590,062)
Unallocated Depreciation					
Impairment	(1,169,651)	-	(1,169,651)	-	(1,169,651)
Depreciation/amortisation	(1,685,721)	(2,838)	(1,688,559)	(577,989)	(2,266,548)
Net finance costs	(791,794)	-	(791,794)	(450,881)	(1,242,675)
Loss before income tax					(9,255,448)

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	(1,382,909)	651,911	(730,998)	(543,614)	(1,274,612)
Unallocated corporate costs					(1,748,335)
EBITDA					(3,022,947)
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					(3,742,251)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 25: FINANCIAL RISK MANAGEMENT

The Consolidated Entity's has financial instruments comprising of cash and cash equivalents, trade and other receivables, trade and other payables.

The Consolidated Entity's activities expose it to a variety of financial risks, including, credit risk, liquidity risk and cash flow interest rate risk. The Consolidated Entity's is not exposed to foreign exchange or price risk.

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Consolidated Entity through regular reviews of the risks.

(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			
	2019 $	2019 $	2019 $	2019 $	2019 $	2019 %
Financial Assets						
Cash	2,597,299	-	-	-	2,597,299	0.1
Trade and other receivables	-	-	-	4,493,365	4,493,365	-
Bank Guarantees	-	367,466	76,005	-	443,471	0.5
Restricted cash	600,000	42,005	-	-	642,005	
Financial Assets	3,197,299	409,471	76,005	4,493,365	8,176,140	
Financial Liabilities						
Trade and other payables	-	-	-	13,555,575	13,555,575	-
Borrowings	12,593,235	8,533,368	-	-	21,126,603	7.87
Total Financial Liabilities	12,593,235	8,533,368	-	13,555,575	34,682,178	

	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	

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 2019, 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 $265,060 (2018: $11,003) 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 2019 $	June 2018 $
Not past due	2,760,746	830,623
Past due 0-30 days	329,274	252,468
Past due 31-90 days	63,649	95,367
Past due 90+ days	309,285	128,570
Total	3,462,954	1,307,028
Average age (days)	42	49

(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.

NOTES TO THE FINANCIAL STATEMENTS

2019	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	(13,555,575)	-	-	-	-	(13,555,575)	(13,555,575)
Borrowings	(21,126,603)	-	-	-	-	(21,126,603)	(21,126,603)
Financial assets							
Trade and other receivables	4,493,365	-	-	-	-	4,493,365	4,493,365
Cash and cash equivalents	2,597,299	-	-	-	-	2,597,299	2,597,299
Bank Guarantees	-	367,466	-	76,005	-	443,471	443,471
Restricted cash	600,000	42,005				642,005	642,005
Net financial assets	(26,991,531)	409,471	-	76,005	-	(26,506,055)	(26,506,055)

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)

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 26: PARENT ENTITY DISCLOSURES

(i) Financial Position

	June 2019 $	June 2018 $
Assets		
Current Assets	318,923	168,549
Non-Current Assets	961,574	2,619,321
	1,280,497	2,787,870
Liabilities		
Current Liabilities	2,244,319	1,648,654
Non-Current Liabilities	-	656,879
	2,244,319	2,305,533
Equity		
Contributed Equity	24,770,150	23,051,517
Reserves	583,426	743,859
Accumulated Losses	(26,317,398)	(23,313,039)
	(963,822)	482,337

(ii) Financial Performance

Profit/(loss) for the year	(3,004,359)	(11,910,977)
Other Comprehensive income	-	-
	(3,004,359)	(11,910,977)

(iii) Contingent Liabilities of the Parent Entity

There are no such contingencies

NOTES TO THE FINANCIAL STATEMENTS

(iv) Commitments of the Parent Entity

	June 2019 $	June 2018 $
Not longer than 1 year	336,596	245,690
Longer than 1 year and not longer than 5 years	1,130,132	1,815,525
Longer than 5 years	-	-
	1,466,728	2,061,215

NOTE 27 COMMITMENTS AND CONTINGENCIES

Rent for leased premises

	June 2019 $	June 2018 $
Not longer than 1 year	1,821,980	416,006
Longer than 1 year and not longer than 5 years	5,041,181	1,432,628
Longer than 5 years	-	-
	6,863,161	1,848,634

NOTE 28: SUBSEQUENT EVENTS

The company completed a private placement on 1 August 2019 of $1.1 million to Magnolia Capital and Honan Insurance Group with 16,923,077 ordinary Shares issued, as announced to ASX on 24 July and 1 August 2019.

An Entitlement Issue prospectus was lodged with ASIC and ASX on 2 September 2019 for;

- A non-renounceable four-for-seven Entitlement Offer at an issue price of $0.065 per share (together with one free attaching option for every two shares subscribed for and issued) was closed on 20th September 2019.
- On 30 September 2019, the company completed the full allotment of 68,990,739 ordinary shares and 34,495,370 options, under the offer, gross proceeds raised totalled $4,484,398, of which $2,993,080 had been received as at the date of this report.

As approved at a shareholder meeting held on 23 September 2019, the following share allotments are in the process of being completed;

4. 11,138,462 Ordinary Shares issued to consultants for nil consideration in satisfaction of $724,000 of consulting services provided by the consultants at a deemed issue price of $0.065 per share;
5. 89,889,649 Ordinary Shares and 34,495,370 Options issued on $5,842,827 of debt conversion to equity, issued at a deemed issue price of $0.065 per share;
6. 5,980,205 Ordinary Shares issued on $388,713 of director fees converted to equity, issued at a deemed issue price of $0.065 per share .

Funds from the transaction (including debt-to-equity conversions) will primarily be used to strengthen the Company balance sheet with ~$5.8m in existing debt converted to equity as well as a further ~$1.7 million applied to repayment of existing loans, with $1.1 million allocated for working capital and $2.2 million allocated to fund further growth and acquisition initiatives.

Macquarie Bank has agreed to extend its bank finance facility with the Company by six months to end of March 2020 on terms similar to the current facility. At the date of this report the Amendment Deed Loan Agreement had been executed by the Consolidated Entity and is expected to be completed this week.

No other matter or circumstances has arisen since 30 June 2019 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The consolidated financial statements and notes set out on pages xx to xx 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 2019 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 2019

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 2019, 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 2019 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.

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(b) in the financial report, which indicates that the Group incurred a net loss after tax of $7,830,605 during the year ended 30 June 2019. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the 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 of Top Level Pty Ltd As disclosed in note 3(i) of the financial report, on 11 January 2019, the Group acquired Top Level Pty Ltd for consideration of $2,566,667 via the issue of shares. As disclosed in note 3(i) the acquisition constituted a business combinations in accordance with *AASB 3 Business Combinations*. 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: – Reviewed the acquisition agreements to understand the key terms and conditions of the transactions; – Assessed the fair value of consideration transferred with reference to the terms of the acquisition agreement; – Verified the acquisition date balance sheets of the acquiree to underlying supporting documentation; – Assessed management's determination of the fair value of the provisionally accounted for assets and liabilities at the date of acquisition; and – We assessed the appropriateness of the disclosures included in Notes 3 to the financial report.
Revenue Recognition The Group adopted *AASB 15 Revenue from Contracts with Customers* ("AASB 15") with effect from 1 July 2018. The Group's revenue amounted to $31,308,279 during the year. Refer Note 2 of the consolidated financial statements for the breakdown of revenue.	Our procedures amongst others included: – We Assessed the Group's accounting policy for revenue as set out in Note 1(g), for compliance with the revenue recognition requirements of Australian Accounting Standards (AASBs) ; – Reviewed the revenue recognition policy for each revenue stream for compliance with AASB 15;

Key Audit Matter	How our audit addressed the key audit matter
The recognition of revenue is considered a key audit matter given the size of the revenue to the overall financial statements and the judgement required in terms of timing of the revenue recognition.	– Performed audit procedures over the recognition and accuracy of the revenue transactions on a sample basis; – Evaluated the design and operating effectiveness of controls over the capture and measurement of revenue transactions; – Performed analytical procedures on the revenue to ensure reasonableness. – We assessed the appropriateness of the disclosures included in 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 2019, 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, 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 2019. The directors of the Group 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 2019, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2019

SHAREHOLDER INFORMATION

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

Shareholdings as at 29 September 2019 Distribution of Shareholders

Spread of Holdings	Number of Holders	Number of Units	% Issued Capital
1 – 1,000	223	35,699	0.02%
1,001 – 5,000	127	348,331	0.016%
5,001 – 10,000	96	673,640	0.31%
10,001 – 100,000	316	11,625,462	5.42%
100,001 – 999,999,999	104	201,992,669	94.09%
TOTAL	**866**	**214,675,801**	**100%**

LOCATION	Number of Holders	Number of Units
AUSTRALIA	847	214,291,438
OVERSEAS	19	384,363
TOTAL	**866**	**214,675,801**

(a) The number of shareholders held in less than marketable parcels is 406.

(b) 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 29 September 2019

Rank	Shareholder	Total Units	% Issued Capital
1	BEN COLLIER INVESTMENTS PTY LTD <BEN COLLIER INVESTMENTS P/L>	27,060,515	12.61
2.	MAK PROPERTY GROUP PTY LTD <MAK A/C>	25,690,547	11.97
3.	SEMC 2 PTY LIMITED <THE CHEN ASSET A/C>	24,475,530	11.4
4.	TELDAR REAL ESTATE PTY LTD <MJ LAHOOD FAMILY A/C>	24,349,790	11.34
5.	HANZHENG KSW PTY LTD <HANZHENG KSW UNIT A/C>	16,666,667	7.76
6.	DARING INVESTMENTS PTY LTD	13,770,150	6.41
7.	DARING INVESTMENTS PTY LTD <KOLENDA FAMILY A/C>	9,633,333	4.49
8.	HONAN INSURANCE GROUP PTY LTD	7,692,308	3.58
9.	KALONDA PTY LTD <LEIBOWITZ SUPER FUND A/C>	7,692,308	3.58
10.	MAGNOLIA EQUITIES V PTY LTD	3,461,538	1.61
11.	MAGNOLIA EQUITIES IV PTY LTD	2,692,308	1.25
12.	FINSURE HOLDINGS PTY LTD	2,278,315	1.06
13.	MAGNOLIA EQUITIES III PTY LTD	1,923,077	0.9
14.	AURA PRINCIPAL INVESTMENTS PTY LTD	1,571,040	0.73
15.	MR RAYMOND GROGAN + MRS LOLITA GROGAN <GROGAN FAMILY S/F A/C>	1,414,261	0.66
16.	TRINDIS PTY LTD	1,391,269	0.65
17.	COAST EQUITY PTY LTD <THE COAST INVESTMENT A/C>	1,266,677	0.59
18.	FEDE CORPORATION PTY LTD <THE RED FAMILY A/C>	1,226,667	0.57
19.	WISE PROPERTY PTY LTD <WISE INVESTMENT A/C>	1,226,667	0.57
20.	MAGNOLIA EQUITIES VI PTY LTD	1,153,846	0.54
	TOTAL	**176,636,813**	**82.28**

Option holdings as at 29 September 2019 (AU1OA)

(e) 20 Largest Option holders –as at 29 September 2019

Rank	Shareholder	Total Units	% Issued Capital
1	SEMC 2 PTY LIMITED <THE CHEN ASSET A/C>	9,622,044	20.18
2.	TELDAR REAL ESTATE PTY LTD <MJ LAHOOD FAMILY A/C>	9,622,044	20.18
3.	BEN COLLIER INVESTMENTS PTY LTD <BEN COLLIER INVESTMENTS P/L>	9,481,654	19.88
4.	MAK PROPERTY GROUP PTY LTD <MAK A/C>	9,481,653	19.88
5.	KALONDA PTY LTD <LEIBOWITZ SUPER FUND A/C>	4,560,440	9.56
6.	DARING INVESTMENTS PTY LTD	2,891,275	6.06
7.	MR RAYMOND GROGAN + MRS LOLITA GROGAN <GROGAN FAMILY S/F A/C>	567,129	1.19
8.	BOND STREET CUSTODIANS LIMITED <AGSK - V16434 A/C>	413,096	0.87
9.	APPWAM PTY LTD	250,000	0.52
10.	RAYMOND GROGAN + LOLITA GROGRAN <GROGAN FAMILY SUPER A/C>	102,054	0.21
11.	MR NEIL PENDREIGH	76,923	0.16
12.	KAITLYN HOLDINGS PTY LTD <BERRYMAN SUPER FUND A/C>	71,500	0.15
13.	RAYMOND GROGAN	66,172	0.14
14.	STATEWISE INVESTMENTS PTY LTD	33,874	0.07
15.	BISKIT PTY LTD <JOSEPH ALLOC PENSION FD A/C>	30,476	0.06
16.	PAUL SKY PTY LTD <THE SKY SUPER FUND NO 3 A/C>	30,476	0.06
17.	ASSERT CORPORATE & INVESTOR RELATIONS PTY LTD	24,142	0.05
18.	MIFFY PTY LTD <SCOTT REYNOLDS FAMILY A/C>	20,424	0.04
19.	M & K SUPER INVESTMENTS PTY LTD <MARKAT S/F A/C>	20,000	0.04
20.	PAUL SKY PTY LTD <THE SKY SUPER FUND NO 2 A/C>	19,810	0.04
	TOTAL	**47,385,186**	**99.37%**

Substantial Shareholders

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

NAME	# SHARES
John Kolenda	17,620,932
Hanzheng KSW Pty Ltd <Hanzheng KSW Unit A/C>	16,666,667
Magnolia Equities III Pty Ltd	9,230,770
Ben Collier Investmnets Pty Ltd <Ben Collier Investments Pty Ltd>	8,097,208
Honan Insurance	7,692,308
MAK Property Group Pty Ltd <MAK A/C>	6,727,240
SEMC 2 PTY LIMITED <The Chen Asset A/C>	6,359,444

Unlisted Options

Number of Options	Exercise Price $	Exercise date
2,026,506	$0.065	31-Dec2020
3,200,023	$0.60	19-Dec-2020
66,667	$1.20	20-Dec-2020
266,667	$0.75	20-Dec-2020
1,722,222	$1.20	20-Dec-2020
333,333	$0.30	11-Jan-2022

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	411,111
Philip Re	344,444

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 no 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.