



**AUSNET FINANCIAL SERVICES LIMITED  
(formerly Namibian Copper Limited)**

ABN 52 118 913 232

And its Controlled Entities

**Interim Financial Report  
December 2016**



**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**Contents**

Corporate Directory	2
Directors Report	3
Auditor's Independence Declaration	10
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Condensed Financial Statements	15
Directors' Declaration	37
Independent Review Report	38

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

<b>Directors</b>	<b>Philip Re</b> Chairman (Appointed 19 December 2016) <b>Paul Niardone</b> Executive Director (Appointed 19 December 2016) <b>John Kolenda</b> Non Executive Director (Appointed 19 December 2016) <b>Adam Davey</b> Non Executive Director (Appointed 19 December 2016) <b>Ross Cotton</b> Non Executive Director
<b>Company Secretary</b>	<b>Stuart Usher</b>
<b>Managing Director</b>	<b>Paul Niardone</b>
<b>Registered Office</b>	Suite 1, 437 Roberts Road Subiaco WA 6008
<b>Principal Place of Business</b>	254 Scarborough Beach Road Doubleview WA 6018
<b>Solicitors</b>	Steinepreis Paganin Level 4, Next Building 16 Milligan St Perth WA 6000  Mills Oakley Level 2, 225 St. Georges Terrace Perth WA 6000
<b>Share Registry</b>	Advanced Share Registry Services 110 Stirling Hwy Nedlands WA 6009
<b>Auditors</b>	Bentleys Audit & Corporate (WA) Pty Ltd PO Box 7775 Cloisters Square Perth WA 6850

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS REPORT**

Your Directors present their report on Ausnet Financial Services Pty Ltd (“the Company”) formerly Namibian Copper Limited, and its controlled entities (“the Consolidated Entity”) for the half- year ended 31 December 2016.

**Directors**

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

- Philip Re (Appointed 19 December 2016)
- Paul Niardone (Appointed 19 December 2016)
- John Kolenda (Appointed 19 December 2016)
- Adam Davey (Appointed 19 December 2016)
- Ross Cotton
- Neil Warburton (Resigned 19 December 2016)
- Gregory Hall (Resigned 19 December 2016)
- Michael Curnow (Resigned 19 December 2016)

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

**Operating and financial review**

*Operations Review*

On December 14, 2015 Namibian Copper NL announced that it had signed a non-binding heads of agreement to acquire 100% of Ausnet Real Estate Services Pty Ltd. The Company then proceeded to a signed binding heads of agreement on April 19, 2016. Completion of the transaction followed certain terms being met:

- In exchange for 100% of the issued capital in Ausnet, Namibian Copper NL (“NCO”) agreed to issue AUD\$4M worth of fully paid ordinary shares in NCO at the re-quotation price of \$0.03 being 133,333,333 NCO Shares. NCO shares to the shareholders of Ausnet, subject to ASX escrow provisions (Consideration Shares). As per the Prospectus lodged September 30, 2016 the Consideration Shares had changed to AUS\$4M worth of fully paid ordinary shares in NCO at the re-quotation price of \$0.02 being 200,000,000 NCO Shares.
- Issue to Ausnet shareholders AUD\$4M worth of NCO Consideration Performance Shares at the re-quotation price of \$0.03 being 133,333,333 NCO Performance Shares (Performance Shares), in the following tranches:
  1. Tranche 1; AUD\$2M worth of Performance Shares (66,666,667 Consideration Performance Shares); and
  2. Tranche 2; AUD\$2M worth of Performance Shares (66,666,667 Consideration Performance Shares).

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS REPORT (Continued)**

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

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

- (i) The Consideration Performance Shares vest upon achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement (first milestone); and
- (ii) The Incentive Performance Shares vest upon:
  - a. achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement; and
  - b. achieving a 20 day volume VWAP on the ASX which equals or exceeds 3 times the re-quotations price of \$0.02, at any time within 24 months of settlement (second milestone).

Conditions precedent for the completion of the acquisition that were met included NCO obtaining all regulatory and shareholder approvals as required:

- To issue the consideration shares and performance shares;
- To approve a change to its' business from a mineral exploration company to a real estate and financial services company;
- To change the name of Namibian Copper NL to Ausnet Financial Services Limited;
- NCO undertaking a 3:2 rights issue at an issue price of \$0.001 per NCO share to raise \$0.5M;
- Each party (NCO and Ausnet) completing financial and legal due diligence on the other, and the results of the due diligence being to the satisfaction of both parties;
- NCO preparing a prospectus for a capital raising sufficient to enable NCO to be reinstated to quotation on the ASX, lodging the prospectus with the Australian Securities and Investments Commission (ASIC) and receiving sufficient applications to meet the minimum subscription under the prospectus; and
- NCO receiving a letter from the ASX confirming that it will re-instate NCO to trading on the ASX following compliance with Chapters 1 and 2 of the ASX Listing Rules, with the terms of the letter acceptable to NCO and Ausnet.

NCO also agreed to issue the following options in connection with the acquisition:

- 50M NCO Shares and 50M listed NCO Options exercisable at \$0.015 (pre-consolidation price) and expiring 30 April 2019 in consideration for introduction and consulting services.

A capital raising of \$5.8M was conducted, with the result being the maximum amount raised following a highly oversubscribed public offering.

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
ABN 52 118 913 232  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS REPORT (Continued)**

Subsequent to all conditions precedent being met and the capital raising concluded, the reverse acquisition transaction (as described in note 1(b)) was concluded on December 16, 2016 and the Company – now renamed to Ausnet Financial Services Limited – was reinstated to official ASX quotation on December 28, 2016.

As a result of the transaction the Company changed its nature and scale, becoming a provider of real estate and financial services including:

- Real Estate Services
- Mortgage Origination Services
- Settlement Agent Services
- Financial Planning Services

*Financial Review*

The Consolidated Entity delivered a 31 December 2016 loss before tax of \$1,966,290 (Dec 2015: \$1,085,701 loss), representing a decline in profitability. However, included in the half-year results was an acquisition cost of acquiring Ausnet Financial Services Limited formerly Namibian Copper Limited (Corporate Transaction Accounting Expense) of \$1,439,297 which is a result of the reverse acquisition transaction as detailed in Note 3. If you exclude this cost, the results of the Consolidated Entity was a loss before tax of \$526,993, representing a 51% improvement in the results from the corresponding 6 months.

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

The net assets of the Consolidated Entity have increased from 30 June 2016 by \$5,606,747 to \$4,176,267 at 31 December 2016 (June 2016: \$(1,430,480)).

As at 31 December 2016, the Consolidated Entity's cash and cash equivalents increased from 30 June 2016 by \$5,625,106 to \$5,779,084 at 31 December 2016 (June 2016: \$153,978) and had a working capital surplus of \$3,745,941 (June 2016: \$(1,705,543) working capital deficit).

**After Balance Date Events**

On January 30, 2017 the Company announced that it had entered into a Licence Agreement and an Option to acquire Top Level Real Estate Pty Ltd ("Top Level") (via its wholly owned subsidiary Ausnet Real Estate Services Pty Ltd) as part of its planned national roll-out of its The Agency platform, a disruptive and fast growing real estate sales and property management business.

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
 ABN 52 118 913 232  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS REPORT (Continued)**

The License Agreement allows the Company to launch The Agency on the east coast of Australia, with Top Level licenced to operate under “The Agency” brand within NSW, QLD and VIC. Top Level has signed agreements with an exciting team of senior real estate executives and currently has an initial 17 highly experienced sales agents.

Pursuant to a binding option agreement (“Option Agreement”), the shareholders and convertible noteholders of Top Level (“Vendors”) have granted Ausnet Real Estate Services Pty Ltd (“Ausnet Pty Ltd”) an option to acquire 100% of the issued capital of Top Level on issue at settlement of the acquisition (“Acquisition”), subject to the satisfaction or waiver of conditions precedent. John Kolenda, one of the Company’s current directors, has an interest in one of the Vendors.

A summary of the key terms of the Acquisition is set out below. The Option Agreement also contains warranties and indemnities granted by and to Ausnet Pty Ltd, among other terms.

**1. Consideration Shares and Performance Shares**

Subject to satisfaction or waiver of conditions precedent to the Acquisition (summarised in item 3 below), in consideration for acquiring 100% of issued capital of Top Level on issue at settlement of the Acquisition, Ausnet Pty Ltd has agreed to procure the issue by Ausnet, upon settlement, the following securities to the Vendors:

- 365,999,600 Shares; and
- 599,996,160 Performance Shares in equal amounts of 299,998,080. Each of the Performance Shares will convert into one Share upon satisfaction of the relevant milestone in the following table. The Performance Share terms are subject to ASX’s approval, which approval is a condition precedent to completion of the Acquisition.
- **Milestone 1** – For the 12 months to and effective at 30 June 2018:

Weighting	Milestone
50%	Top Level generating earnings before interest and taxes ( <b>EBIT</b> ) of at least \$7,000,000 in a financial year (excluding earnings generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition but for the avoidance of doubt including The Acquisitions (as defined below) based on Top Level’s audited accounts for the relevant financial year, such EBIT being calculated in accordance with Australian accounting standards.

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
 ABN 52 118 913 232  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS REPORT (Continued)**

Weighting	Milestone
30%	Top Level generating Gross Commission Income ( <b>GCI</b> ) of at least \$70,000,000 in a financial year (excluding GCI generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition) based on Top Level's audited accounts for the relevant financial year.
20%	Top Level employing or contracting at least 85 sales agents on terms consistent with Ausnet's standard employment agreement at the execution date of the Option Agreement.

- **Milestone 2** - for the 12 months to and effective at 30 June 2019:

Weighting	Milestone
50%	Top Level generating EBIT of at least \$10,000,000 in a financial year (excluding earnings generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition but for the avoidance of doubt including The Acquisitions (as defined below) based on Top Level's audited accounts for the relevant financial year, such EBIT being calculated in accordance with Australian accounting standards.
30%	Top Level generating GCI of at least \$80,000,000 in a financial year (excluding GCI generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition) based on Top Level's audited accounts for the relevant financial year.
20%	Top Level employing or contracting at least 100 sales agents on terms consistent with Ausnet's standard employment agreement as at the execution date of the agreement.

**2. Option Term and Fee**

Ausnet Pty Ltd's option to acquire Top Level pursuant to the Acquisition is currently exercisable and may be exercised at Ausnet Pty Ltd's election at any time up until the 12 month anniversary of the execution date of the Option Agreement (or such other date as is agreed in writing between the parties) (**Option Period**).



**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
ABN 52 118 913 232  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS REPORT (Continued)**

Ausnet Pty Ltd may exercise the option at any time during the Option Period by delivering to Top Level a fee of \$10 and a written notice stating that Ausnet wishes to exercise the option (**Option Exercise Notice**).

**3. Conditions Precedent**

Following the exercise of the option, settlement of the Acquisition is conditional upon the satisfaction (or waiver by Ausnet) of the following conditions precedent:

- **Ausnet Due Diligence:** completion of due diligence by Ausnet Pty Ltd on Top Level to the absolute satisfaction of Ausnet Pty Ltd;
- **Shareholder Approvals:** the shareholders of Ausnet approving the transactions contemplated by the Option Agreement;
- **Independent Expert's Report:** any independent expert's concluding that the transaction is either fair and reasonable or not fair but reasonable;
- **Completion of acquisitions by Top Level:** Top Level completing the acquisition of two real estate businesses (**The Acquisitions**);
- **Top Level Capital Raising:** Top Level completing a capital raising of \$1.98 million and converting all convertible securities on issue into fully paid ordinary shares in Top Level; and
- **Re-compliance conditions:** If ASX determines that the Acquisition requires Ausnet to re-comply with Chapters 1 and 2 of the ASX Listing Rules, satisfaction of all of those items which must be satisfied in order to comply with this requirement.

If the conditions precedent to completion of the Acquisition are not all fulfilled or waived by that date which is 120 days from the date of the Option Exercise Notice (or such later date as Ausnet and the Shareholders may agree) then the Option Agreement will be at an end and the parties will be released from their obligations under the Option Agreement (other than in respect of any breaches that occurred prior to termination).

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

**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.

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS REPORT (Continued)**

**Auditor's Independence Declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2016 has been received and can be found on page 10 of the Interim Financial Report.

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

A handwritten signature in black ink, appearing to read 'P. Niardone', written in a cursive style.

**Paul Niardone**  
**Managing Director**

Dated this 28<sup>th</sup> day of February 2017

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

[bentleys.com.au](http://bentleys.com.au)

To the Board of Directors

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

As lead audit director for the review of the financial statements of Ausnet Financial Services Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**MARK DELAURENTIS CA**  
**Director**

Dated at Perth this 28<sup>th</sup> day of February 2017

# AUSNET FINANCIAL SERVICES LIMITED

(FORMERLY NAMIBIAN COPPER LIMITED)

ABN 52 118 913 232

And its Controlled Entities

Interim Financial Report

December 2016

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Dec 2016 \$	Dec 2015 \$
Revenue from continuing operations	2	4,261,573	2,718,329
Less Expenses			
Salaries & employee benefits expenses		(3,386,038)	(2,617,385)
Depreciation and Amortisation		(5,583)	(22,524)
Consultancy Fees		(133,998)	(95,117)
Advertising & Promotion expenses		(52,381)	(163,491)
Legal, Professional & Valuation fees		(402,692)	(337,022)
Rent & Outgoings		(91,057)	(114,987)
Other expenses		(594,987)	(403,684)
Share based payment		(118,830)	-
Impairment Costs		(3,000)	(2,225)
Corporate transaction accounting expense	3	(1,439,297)	-
<b>Net Profit / (loss) before income tax</b>		<b>(1,966,290)</b>	<b>(1,038,106)</b>
Income tax (expense) / benefit		-	(47,595)
<b>Profit / (loss) from continuing operations</b>		<b>(1,966,290)</b>	<b>(1,085,701)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income / (loss) for the period attributable to the members of Ausnet Financial Services Limited</b>		<b>(1,966,290)</b>	<b>(1,085,701)</b>
Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of Ausnet Financial Services Limited	4	(0.89)	(0.80)

*The accompanying notes form part of these financial statements*

**AUSNET FINANCIAL SERVICES LIMITED****(FORMERLY NAMIBIAN COPPER LIMITED)**

ABN 52 118 913 232

**And its Controlled Entities****Interim Financial Report****December 2016****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Dec 2016 \$	June 2016 \$
<b>Current Assets</b>			
Cash and cash equivalents		5,779,084	153,978
Trade and other receivables		1,356,043	1,092,550
Other current assets		7,660	-
<b>Total Current Assets</b>		<b>7,142,787</b>	<b>1,246,528</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment		18,800	22,613
Intangible Assets		172,500	-
Deferred Tax Asset		346,821	346,821
<b>Total Non Current Assets</b>		<b>538,121</b>	<b>369,434</b>
<b>Total Assets</b>		<b>7,680,908</b>	<b>1,615,962</b>
<b>Current Liabilities</b>			
Trade and Other Payables		2,987,647	2,060,905
Borrowings	6	9,423	449,473
Provisions		399,776	441,693
<b>Total Current Liabilities</b>		<b>3,396,846</b>	<b>2,952,071</b>
<b>Non Current Liabilities</b>			
Provisions		107,795	94,371
<b>Total Non Current Liabilities</b>		<b>107,795</b>	<b>94,371</b>
<b>Total Liabilities</b>		<b>3,504,641</b>	<b>3,046,442</b>
<b>Net Assets/(Liabilities)</b>		<b>4,176,267</b>	<b>(1,430,480)</b>
<b>Equity</b>			
Contributed Equity	7	9,606,732	2,509,890
Reserves	8	476,195	-
Accumulated Losses		(5,906,660)	(3,940,370)
<b>Total Equity/(Net Deficiency)</b>		<b>4,176,267</b>	<b>(1,430,480)</b>

*The accompanying notes form part of these financial statements*

**AUSNET FINANCIAL SERVICES LIMITED****(FORMERLY NAMIBIAN COPPER LIMITED)****ABN 52 118 913 232****And its Controlled Entities****Interim Financial Report****December 2016****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>CONSOLIDATED</b>	<b>Contributed Equity</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Total</b>
Balance 1 July 2016	2,509,890	(3,940,370)	-	(1,430,480)
Profit / (Loss) for the year	-	(1,966,290)	-	(1,966,290)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,966,290)	-	(1,966,290)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	7,096,842	-	-	7,096,842
Options issued	-	-	476,195	476,195
Dividends paid to equity holders	-	-	-	-
Balance 31 December 2016	9,606,732	(5,906,660)	476,195	4,176,267
Balance 1 July 2015	1,599,086	(2,101,197)	-	(502,111)
Profit / (Loss) for the year	-	(1,085,701)	-	(1,085,701)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,085,701)	-	(1,085,701)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	640,802	-	-	640,802
Dividends paid to equity holders	-	-	-	-
Balance 31 December 2015	2,239,888	(3,186,898)	-	(947,010)

*The accompanying notes form part of these financial statements*

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
 ABN 52 118 913 232  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Dec 2016 \$	Dec 2015 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,900,522	2,463,541
Payments to suppliers and employees		(3,636,411)	(3,350,903)
Interest received		227	132
Interest paid		(57,767)	(1,110)
Income tax paid		-	-
<b>Net cash inflows/(outflows) from operating activities</b>		206,571	(888,340)
<b>Cash flows from investing activities</b>			
Payments for Property Plant and Equipment		-	(10,903)
Proceeds from sale of Property Plant and Equipment		10,000	-
Payments for intangibles		(172,500)	-
Net cash inflow on acquisition of subsidiary (cash held at acquisition)	3	165,082	-
<b>Net cash inflows/(outflows) from investing activities</b>		2,582	(10,903)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		5,817,048	599,802
Share issue costs		(384,700)	-
Repayments of borrowings		(16,395)	(5,537)
Net Proceeds from borrowings		-	150,000
<b>Net cash inflows/(outflows) from financing activities</b>		5,415,953	744,265
<b>Net increase in cash held</b>		5,625,106	(154,978)
<b>Cash at the beginning of financial year</b>		153,978	293,008
<b>Cash at the end of financial year</b>		5,779,084	138,030

*The accompanying notes form part of these financial statements*

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial statements. Accordingly, this interim financial report is to be read in conjunction with the annual financial statement for the year ended 30 June 2016 and any public announcements made by Ausnet Financial Services Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2016.

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

**b) Reverse Acquisition**

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

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

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

- The condensed consolidated statement of profit and loss and other comprehensive income:
  - for the half-year to 31 December 2016 comprises six months of Ausnet Real Estate Services Pty Ltd and 15 days of Ausnet Financial Services Limited; and
  - for the comparative period comprises 1 July 2015 to 31 December 2015 of Ausnet Real Estate Services Pty Ltd.



**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

- The condensed consolidated statement of financial position:
  - as at 31 December 2016 represents both Ausnet Real Estate Services Pty Ltd and Ausnet Financial Services Limited as at that date; and
  - as at 30 June 2016 represents Ausnet Real Estate Services Pty Ltd as at that date.
- The condensed consolidated statement of changes in equity:
  - for the half-year ended 31 December 2016 comprises Ausnet Real Estate Services Pty Ltd's balance at 1 July 2016, its loss for the half-year and transactions with equity holders for six months. It also comprises Ausnet Financial Services Limited transactions within equity for the 15 days ended 31 December 2016 and the equity value of Ausnet Real Estate Services Pty Ltd and Ausnet Financial Services Limited at 31 December 2016. The number of shares on issue at the end of the half-year represent those of Ausnet Financial Services Limited only.
  - for the comparative period comprises 1 July 2015 to 31 December 2015 of Ausnet Real Estate Services Pty Ltd 's changes in equity.
- The condensed consolidated statement of cash flows:
  - for the half-year ended 31 December 2016 comprises the cash balance of Ausnet Real Estate Services Pty Ltd, as at 1 July 2015, the cash transactions for the six months (twelve months of Ausnet Real Estate Services Pty Ltd and the period from 17 December 2016 to 31 December of Ausnet Financial Services Limited) and the cash balances of Ausnet Real Estate Services Pty Ltd and Ausnet Financial Services Limited as at 31 December 2016.
  - for the comparative period comprises 1 July 2015 to 31 December 2015 of Ausnet Real Estate Services Pty Ltd.

**c) Going concern**

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

The Consolidated Entity has incurred a loss for the period ended 31 December 2016 of \$1,966,290 (Dec 2015: loss of \$1,085,701). The loss for 31 December 2016 includes one off transaction costs of \$1,439,297. In addition the consolidated entity experienced net cash inflows from operating activities of \$206,571 (Dec 2015: cash outflows of \$888,340) and there was a working capital surplus of \$3,745,941 at 31 December 2016 (30 June 2016: \$1,705,543 deficit).

During the period ended 31 December 2016, the Company successful completed a re-compliance capital raising of \$5,800,000 before costs.

The directors have prepared a cash flow forecast, that includes use of the cash from the capital raising above and trading performance based on existing operations which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this interim financial report.

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**d) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausnet Financial Services Limited as at 31 December 2016 and the results of all subsidiaries for the year then ended. Ausnet Financial Services Limited and its subsidiaries together are referred to in this financial report as the Consolidated Entity.

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

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

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

**e) Income Tax**

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

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

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

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

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

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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

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

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

*Tax consolidation*

Ausnet Real Estate Services Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity 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, Ausnet Financial Services Limited has not been included in the tax consolidated group.

**f) Impairment of assets**

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

# AUSNET FINANCIAL SERVICES LIMITED

(FORMERLY NAMIBIAN COPPER LIMITED)

ABN 52 118 913 232

And its Controlled Entities

Interim Financial Report

December 2016

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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.

#### g) Cash and cash equivalents

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

#### h) Revenue recognition

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

Settlement Fee Income – on settlement of real estate transaction.

Upfront commissions for Mortgage Origination – on approval of finance to clients and settlement of real estate transaction.

Trail commissions – on receipt.

Real Estate Commissions – upon settlement and/or sale of property is unconditional

Training Seminars and Functions – on date function is held.

Interest Revenue – on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend Revenue – when it is received.

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

#### i) Goods and services tax

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

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

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
ABN 52 118 913 232  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**j) Property, Plant and Equipment**

Plant and equipment are measured on the cost basis.

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

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:

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

**k) Intangible assets**

*(i) Goodwill*

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

from the business combination in which the goodwill arose, identified according to operating segments.

*(ii) Trail Book intangible assets*

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

The property management rights are expected to have a finite life and are therefore amortised over their useful lives which has been estimated at 7 years. The investment is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the rent roll over its estimated useful lives, which has been estimated at 7 years based on comparable market evidence.

*(iii) 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.

**l) Employee Benefits**

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

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

**m) Comparative Figures**

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
ABN 52 118 913 232  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**n) Non Current Investments**

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

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

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

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

**Key Estimate – Impairment**

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

**Key Estimate – Taxation**

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

**Critical judgement – Recognition of trailing commission revenue & trailing commission expense**

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**p) Leases**

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

**q) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement within no more than 30 days. Marketing allowances and upfront commissions paid to employees and agents are recovered against future sales commissions received by the employee or agent.

Collectability of trade and other receivables are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

**r) Trade payables**

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

**s) Provisions**

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised



# AUSNET FINANCIAL SERVICES LIMITED

(FORMERLY NAMIBIAN COPPER LIMITED)

ABN 52 118 913 232

## And its Controlled Entities

### Interim Financial Report

December 2016

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

#### t) Borrowings

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

#### u) Contributed Equity

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

#### v) Dividends

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

#### w) Business combinations

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**x) Financial Risk Management**

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

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

**(a) Market risk**

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

*Currency risk*

The Consolidated Entity does not have any foreign currency exposures.

*Interest rate risk*

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.

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

*Other market price risk*

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

**(b) Credit risk**

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

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

**(c) Liquidity risk**

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

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

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

**y) Adoption of new and revised standards**

In the period ended 31 December 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 2: REVENUE**

	<b>Consolidated Entity</b>	
	<b>Dec 2016</b>	<b>Dec 2015</b>
	<b>\$</b>	<b>\$</b>
Revenue from continuing operations:		
Commissions	2,705,376	1,322,113
Fees	1,510,698	1,375,527
Management fees	18,000	18,000
Interest received	3,227	132
Other income	24,272	2,557
<b>Total Revenue</b>	<b>4,261,573</b>	<b>2,718,329</b>

**NOTE 3: BUSINESS COMBINATION**

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

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

(i) Acquisition Consideration

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

(ii) Fair value of consideration transferred

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

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Ausnet Real Estate Services Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Ausnet Financial Services Limited). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Ausnet Real Estate Services Pty Ltd) would have issued to the legal parent entity Ausnet

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

Financial Services Limited to obtain the same ownership interest in the combined entity. Therefore the deemed fair value of the acquisition of Ausnet Financial Services Limited (Accounting Subsidiary) was determined to be 87,793,034 shares on issue in Ausnet Financial Services Limited at \$0.02 for a total value of \$1,755,861.

(iii) Goodwill

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the legal parent, being Ausnet Financial Services Limited. Details of the transaction are as follows:

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

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**NOTE 4: EARNINGS PER SHARE (EPS)**

	<b>Consolidated Entity</b>	
	<b>Dec</b>	<b>Dec</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss for the half-year	1,966,290	1,085,701
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic EPS	220,429,594	135,862,345
Basic and diluted EPS (cents per share)	(0.89)	(0.80)

At the end of the half-year ended 31 December 2016, the Consolidated Entity has 80,742,739 unissued shares under options (Dec 2015: Nil). The Consolidated Entity does not report diluted earnings per share on annual losses generated by the Consolidated Entity. During half-year ended 31 December 2016 the Group's unissued shares under option were anti-dilutive.

As noted in Note 1(b), the equity structure in these consolidated financial statements following the reverse acquisition reflects the equity structure of Ausnet Financial Services Limited, being the legal acquirer (the accounting acquiree), including the equity interests issued by Ausnet Financial Services Limited to effect the business combination.

- (i) In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS calculation) for the half-year ended 31 December 2016 the number of ordinary shares outstanding for the half-year ended 31 December 2016 shall be the actual number of ordinary shares of Ausnet Financial Services Limited outstanding during that period.
- (ii) The basic EPS for the half-year ended 31 December 2015 shall be calculated by dividing:
  - a. the profit or loss of Ausnet Real Estate Services Pty Ltd attributable to ordinary shareholders in each of those periods by
  - b. Ausnet Real Estate Services Pty Ltd 's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

# AUSNET FINANCIAL SERVICES LIMITED

(FORMERLY NAMIBIAN COPPER LIMITED)

ABN 52 118 913 232

## And its Controlled Entities

### Interim Financial Report

December 2016

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### NOTE 5: INVESTMENT IN CONTROLLED ENTITIES

Name	Ownership Interest	
	Dec 2016	June 2016
	%	%
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
Empur Pty Ltd (i)	50	50
Namibian Resources Pty Ltd	100	100
Gazania Investments Thirty Two Pty Ltd(ii)	80	80

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

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

### NOTE 6: BORROWINGS

	Consolidated Entity	
	Dec 2016	June 2016
	\$	\$
<b>Current</b>		
Loans	10,043	15,666
Less: Unexpired interest	(620)	(1,193)
	<u>9,423</u>	<u>14,473</u>
Convertible Notes (i)	-	435,000
Total	<u>9,423</u>	<u>449,473</u>

- (i) Convertible notes amounting to \$285,000 were converted prior to share consolidation. Refer to Note 7. The remaining \$150,000 related to Notes received by Namibian Copper Limited that has now formed part of the Consolidated Entity and is eliminated on consolidation.

# AUSNET FINANCIAL SERVICES LIMITED

(FORMERLY NAMIBIAN COPPER LIMITED)

ABN 52 118 913 232

## And its Controlled Entities

## Interim Financial Report

December 2016

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

#### NOTE 7: CONTRIBUTED EQUITY

	Consolidated Entity	
	Dec	June
	2016	2016
	\$	\$
582,793,034 (June 2016: 109,838,870) fully paid ordinary shares	9,606,732	2,509,890
<b>Ordinary Shares</b>		
At the beginning of the reporting period	2,509,890	1,599,086
Convertible notes converted into shares	285,000	-
Issue of prospectus shares	5,800,000	-
Issue of shares to Ausnet Real Estate Services Pty Ltd shareholders	1,755,861	-
Issue of shares to corporate advisor	100,000	-
Shares issued during the year for cash		869,804
Shares issued during the year in lieu of service		41,000
Transaction costs relating to share issues	(844,019)	-
At reporting date	<u>9,606,732</u>	<u>2,509,890</u>
<b>Number of Ordinary Shares</b>		
At the beginning of the reporting period	109,838,870	64,298,753
Convertible notes converted into shares	14,250,000	-
Balance before reverse acquisition	<u>124,088,870</u>	
Elimination of existing legal acquire shares	(124,088,870)	-
Shares of legal acquirer at acquisition date	87,793,034	-
Issue of prospectus shares	290,000,000	-
Issue of shares to Ausnet Real Estate Services Pty Ltd shareholders	200,000,000	-
Issue of shares to corporate advisor	5,000,000	-
Shares issued during the year for cash	-	43,490,117
Shares issued during the year in lieu of service	-	2,050,000
Transaction costs relating to share issues		-
At reporting date	<u>582,793,034</u>	<u>109,838,870</u>

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



**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

- (i) The Consideration Performance Shares vest upon achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement (first milestone); and
- (ii) The Incentive Performance Shares vest upon:
  - a. achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement; and
  - b. achieving a 20 day volume VWAP on the ASX which equals or exceeds 3 times the re-quotations price of \$0.02, at any time within 24 months of settlement (second milestone).

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

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

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

**NOTE 8: RESERVES**

	<b>Consolidated Entity</b>	
	<b>Dec</b>	<b>June</b>
	<b>2016</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Options Reserve	476,195	-
	<b>Dec</b>	<b>Dec</b>
	<b>2016</b>	<b>2016</b>
	<b>Number</b>	<b>\$</b>
<b>Movement</b>		
At the beginning of the reporting period	24,076,072	-
Issue of options to joint lead managers	51,666,667	457,365
Issue of options to corporate advisor	5,000,000	18,830
At reporting date	80,742,739	476,195

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

*Valuation of Options*

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

	<b>Options to corporate advisor</b>	<b>Options to Joint lead managers</b>
Underlying share price	\$0.02	\$0.02
Option exercise price (post-consolidation)	\$0.15	\$0.04
Effective date	17/12/16	17/12/16
Option expiry date	30/04/2019	16/12/2019
Share price volatility	93%	93%
Risk free rate	1.83%	1.83%
Fair value per option	\$0.0038	\$0.0089

**NOTE 9: SEGMENT REPORTING**

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

**NOTE 10: AFTER BALANCE DATE EVENTS**

On January 30, 2017 the Company announced that it had entered into a Licence Agreement and an Option to acquire Top Level Real Estate Pty Ltd ("Top Level") (via its wholly owned subsidiary Ausnet Real Estate Services Pty Ltd) as part of its planned national roll-out of its The Agency platform, a disruptive and fast growing real estate sales and property management business.

The License Agreement allows the Company to launch The Agency on the east coast of Australia, with Top Level licenced to operate under "The Agency" brand within NSW, QLD and VIC. Top Level has signed agreements with an exciting team of senior real estate executives and currently has an initial 17 highly experienced sales agents.

Pursuant to a binding option agreement ("Option Agreement"), the shareholders and convertible noteholders of Top Level ("Vendors") have granted Ausnet Real Estate Services Pty Ltd ("Ausnet Pty Ltd") an option to acquire 100% of the issued capital of Top Level on issue at settlement of the acquisition ("Acquisition"), subject to the satisfaction or waiver of conditions precedent. John Kolenda, one of the Company's current directors, has an interest in one of the Vendors.

# AUSNET FINANCIAL SERVICES LIMITED

(FORMERLY NAMIBIAN COPPER LIMITED)

ABN 52 118 913 232

## And its Controlled Entities

## Interim Financial Report

December 2016

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

A summary of the key terms of the Acquisition is set out below. The Option Agreement also contains warranties and indemnities granted by and to Ausnet Pty Ltd, among other terms.

#### 1. *Consideration Shares and Performance Shares*

Subject to satisfaction or waiver of conditions precedent to the Acquisition (summarised in item 3 below), in consideration for acquiring 100% of issued capital of Top Level on issue at settlement of the Acquisition, Ausnet Pty Ltd has agreed to procure the issue by Ausnet, upon settlement, the following securities to the Vendors:

- 365,999,600 Shares; and
- 599,996,160 Performance Shares in equal amounts of 299,998,080. Each of the Performance Shares will convert into one Share upon satisfaction of the relevant milestone in the following table. The Performance Share terms are subject to ASX's approval, which approval is a condition precedent to completion of the Acquisition.
- **Milestone 1** – For the 12 months to and effective at 30 June 2018:

Weighting	Milestone
50%	Top Level generating earnings before interest and taxes ( <b>EBIT</b> ) of at least \$7,000,000 in a financial year (excluding earnings generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition but for the avoidance of doubt including The Acquisitions (as defined below) based on Top Level's audited accounts for the relevant financial year, such EBIT being calculated in accordance with Australian accounting standards.
30%	Top Level generating Gross Commission Income ( <b>GCI</b> ) of at least \$70,000,000 in a financial year (excluding GCI generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition) based on Top Level's audited accounts for the relevant financial year.
20%	Top Level employing or contracting at least 85 sales agents on terms consistent with Ausnet's standard employment agreement at the execution date of the Option Agreement.

- **Milestone 2** - for the 12 months to and effective at 30 June 2019:

Weighting	Milestone
50%	Top Level generating EBIT of at least \$10,000,000 in a financial year (excluding earnings generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition but for the avoidance of doubt including The Acquisitions (as defined below) based on Top Level's audited accounts for the relevant financial year, such EBIT being calculated in accordance with Australian accounting standards.

# AUSNET FINANCIAL SERVICES LIMITED

(FORMERLY NAMIBIAN COPPER LIMITED)

ABN 52 118 913 232

## And its Controlled Entities

## Interim Financial Report

December 2016

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Weighting	Milestone
50%	Top Level generating EBIT of at least \$10,000,000 in a financial year (excluding earnings generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition but for the avoidance of doubt including The Acquisitions (as defined below) based on Top Level's audited accounts for the relevant financial year, such EBIT being calculated in accordance with Australian accounting standards.
30%	Top Level generating GCI of at least \$80,000,000 in a financial year (excluding GCI generated by any business or entity acquired by Top Level subsequent to settlement of the Acquisition) based on Top Level's audited accounts for the relevant financial year.
20%	Top Level employing or contracting at least 100 sales agents on terms consistent with Ausnet's standard employment agreement as at the execution date of the agreement.

#### 2. *Option Term and Fee*

Ausnet Pty Ltd's option to acquire Top Level pursuant to the Acquisition is currently exercisable and may be exercised at Ausnet Pty Ltd's election at any time up until the 12 month anniversary of the execution date of the Option Agreement (or such other date as is agreed in writing between the parties) (**Option Period**).

Ausnet Pty Ltd may exercise the option at any time during the Option Period by delivering to Top Level a fee of \$10 and a written notice stating that Ausnet wishes to exercise the option (**Option Exercise Notice**).

#### 3. *Conditions Precedent*

Following the exercise of the option, settlement of the Acquisition is conditional upon the satisfaction (or waiver by Ausnet) of the following conditions precedent:

- **Ausnet Due Diligence:** completion of due diligence by Ausnet Pty Ltd on Top Level to the absolute satisfaction of Ausnet Pty Ltd;
- **Shareholder Approvals:** the shareholders of Ausnet approving the transactions contemplated by the Option Agreement;
- **Independent Expert's Report:** any independent expert's concluding that the transaction is either fair and reasonable or not fair but reasonable;
- **Completion of acquisitions by Top Level:** Top Level completing the acquisition of two real estate businesses (**The Acquisitions**);
- **Top Level Capital Raising:** Top Level completing a capital raising of \$1.98 million and converting all convertible securities on issue into fully paid ordinary shares in Top Level; and
- **Re-compliance conditions:** If ASX determines that the Acquisition requires Ausnet to re-comply with Chapters 1 and 2 of the ASX Listing Rules, satisfaction of all of those items which must be satisfied in order to comply with this requirement.

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

If the conditions precedent to completion of the Acquisition are not all fulfilled or waived by that date which is 120 days from the date of the Option Exercise Notice (or such later date as Ausnet and the Shareholders may agree) then the Option Agreement will be at an end and the parties will be released from their obligations under the Option Agreement (other than in respect of any breaches that occurred prior to termination).

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

**NOTE 11: COMMITMENTS**

There is no change in the Company's commitments or contingencies since the year ended 30 June 2016 to date of this report.

**NOTE 12: CONTINGENT LIABILITIES**

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

**AUSNET FINANCIAL SERVICES LIMITED**  
**(FORMERLY NAMIBIAN COPPER LIMITED)**  
**ABN 52 118 913 232**  
**And its Controlled Entities**  
**Interim Financial Report**  
**December 2016**

**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 to 36, are in accordance with the *Corporations Act 2001*, and:
  - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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



**Paul Niardone**  
**Managing Director**

**Dated this 28<sup>th</sup> day of February 2017**

## Independent Auditor's Review Report

### To the Members of Ausnet Financial Services Limited

We have reviewed the accompanying half-year financial report of Ausnet Financial Services Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

### Directors Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

# Independent Auditor's Review Report

To the Members of Ausnet Financial Services Limited (Continued)

---



## Independence

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

## Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

**BENTLEYS**  
Chartered Accountants

**MARK DELAURENTIS CA**  
Director

Dated at Perth this 28<sup>th</sup> day of February 2017