N1 HOLDINGS LIMITED

ACN 609 268 279

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

N1 Holdings

Corporate Directory

Directors

Ren Hor Wong Executive Chairman, CEO
Jia Penny He Executive Director, CFO
Tarun Kanji Non-Executive Director

Corporate Office

Suite 502, 77 King Street
Sydney NSW 2000

Company Secretary

Anand Sundaraj

Solicitors

Whittens McKeough & Sundaraj Pty Ltd
Level 29, 201 Elizabeth Street
Sydney NSW 2000

Auditors

Crowe Horwath Sydney
Level 15, 1 O'Connell Street
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Notice of Annual General Meeting

Annual General Meeting of N1 Holdings Limited will be held at:

Whittens McKeough & Sundaraj Pty Ltd
Level 29, 201 Elizabeth Street
Sydney NSW 2000

Time: 10:00 am
Date: 17 November 2017

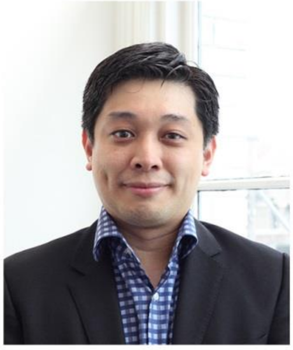
Stock Listing

N1 Holdings Limited is listed on Australian Securities Exchange (ASX) under the code N1H.

Corporate Governance Statement

N1 Holdings Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. N1 Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2017 corporate governance statement reflects the corporate governance practices during the financial year ended 30 June 2017. The 2017 corporate governance statement was approved by the board on 20 September 2017. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at: **http://www.n1holdings.com.au/**.

Chairman's Letter



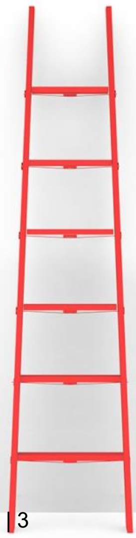
Dear fellow shareholder,

I am pleased to welcome you to the N1 Holdings Limited **(Company)** Annual Report for the financial year ended 30 June 2017 **(FY17)**. The Company has completed its first full financial year since listing on ASX in March 2016.

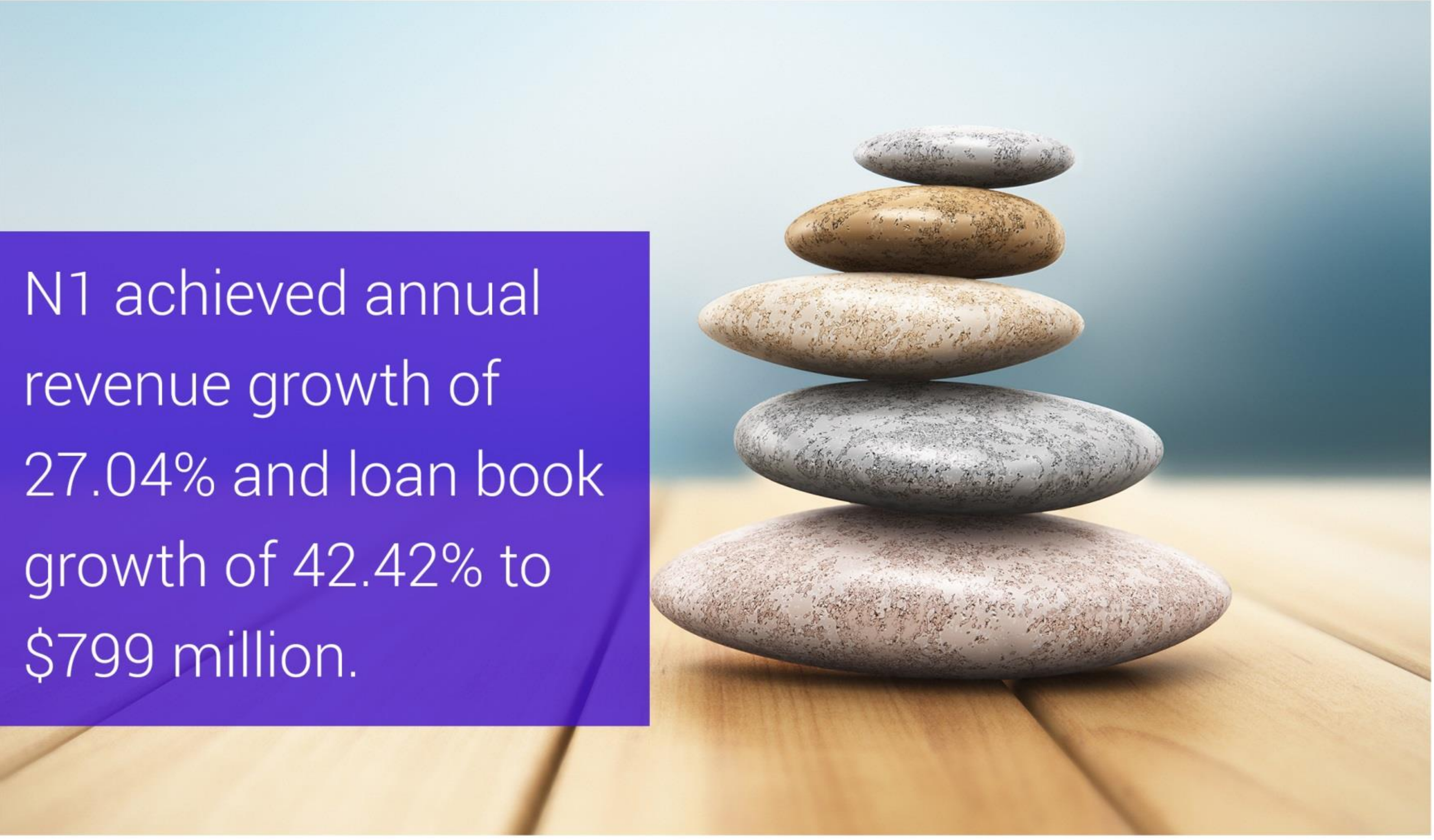
During FY17, the Company continued the momentum from the previous financial year in executing its diversification strategy of operating complementary businesses, both via organic growth and acquisition. We are encouraged by achieving an annual revenue growth of 27.04% amid a challenging lending environment and tightening of investment property activities.

For N1 Loans, our loan book value has increased from $561 million to $799 million as at 30 June 2017, which represents an increase of 42.42%. The successful transition to the PAYG model has directly led to the improvement of gross margin. While other brokers use a commissions-based model to remunerate staff and consultants, N1 Loans is uniquely positioned in the market in talent acquisition and retention via its PAYG model. Unlike many of our commissions-based competitors who a forced to take a minor clip of brokerage commissions (some as low as 5%), N1 Loans retains more than 87% of recurring trail income (based on June 2017 monthly figures). During FY17, N1 Loans was recognised by two separate media outlets as a "Top 10 independent brokerage" and "Top 25 brokerage".

"Diversification" was our key word in FY17. Our diversification strategy aims to increase the Company's various income streams, to broaden its lead generation channels and increase customer acquisitions. The successful application of our diversification strategy during FY17 has created cross-business unit synergies and has had the effect of reducing our average client acquisition cost and increased our revenue per client. The funds raised via our 2016 IPO and through the issue of convertible notes during FY17 has enabled the Company to accelerate our diversification strategy through acquisitions. During FY17, the Company has evolved to become an integrated financial and property services firm, with a quarter of our revenue now being deriving from businesses other than traditional residential mortgage broking.



The launch of N1 Realty in July 2016 and the subsequent acquisition of Sydney Boutique Property **(SBP)** in October 2016 have enabled the Company to enter into the real estate sales and property management business. It is worth noting that we did not receive any income from real estate sales or property management during FY16, whereas during FY17 this business unit generated over $740,799 revenue for the Company. It is noted that having acquired SBP part way through FY17, this revenue only includes 8 months of the Company's ownership of this entity. We expect the tightening of lending and property investment activities will lead to continuing growth of N1 Realty's property sale and management business due to increased activity in selling homes and seeking rental vacancies.



N1 Loans is seeing increasing opportunities to broker commercial loans. Although N1 Loans has traditionally been involved in Business to Consumer **(B2C)** finance via residential mortgage broking and during FY17, N1 Loans has made significant inroads into Business to Business **(B2B)** finance via commercial loan broking. N1 Loans currently has an extensive B2B pipeline for commercial lending. N1 Loans will continue to leverage its vast network of business connections to further expand its B2B finance business.

Finally, during FY17, the Company continued to expand its Digital+Retail **(D+R)** strategy. Our D+R strategy is a core element in shaping the Company's one-stop-shop branding. In October 2016, we opened N1 Centre in Chatswood, a physical retail presence which positions the "N1" brand to our B2C customers. During FY17 we also enhanced the following digital initiatives to adapt to the growing trend of internet and mobile customers:

1. Chengdai.com.au – A Chinese language mortgage and car loans comparison website

2. LoanRobot.com.au – A smart online mortgage calculator that gives potential borrowers accurate borrowing power calculation

3. Snailapp – A mobile app that allows users to search and browse properties for sale and for rent by N1 Realty and SBP

4. N1 Chat – A real time mobile customer service chat app, which allows users to instantaneously communicate with N1 team of experts via smart phones. It is an excellent tool for giving quality customer service, client retention and leads generation.

Looking ahead to the future, shareholders will see our continued organic and acquisition growth, improved margins via our PAYG model, improved cash flow via recurring loan book trail income and rent roll management revenue and the strengthening of diversification, increased synergies between our complementary business units and increased cross-selling activities. The Company aims to be a leading market innovator through its one-stop-shop model that provides quality holistic approach servicing our retail clients.

Yours sincerely,

Ren Hor Wong
Executive Chairman and Chief Executive Officer
27 September 2017

Awards Achieved in FY2017

MPA
Top 10 Independent Brokerages

The Adviser
Top 25 Brokerage 2017

Finsure & LoanKit Awards
Top Broker Business > 5 Brokers
Winner

Finsure & LoanKit Awards
NSW/ACT Broker of the Year
Finalist

MFAA 2017
Excellence Awards
State Finalist

Women in Finance Awards 2017
Employer of the Year
Finalist

Australian Mortgage Awards
Brokerage of the Year >20 Staff
Finalist

Australian Mortgage Awards
Brokerage of the Year Diversification
Finalist

Australian Mortgage Awards
Most Effective Online Presence - Broker
Finalist

Annual Report for the year ended 30 June 2017

Report from Directors and Management

Consolidated Financial Statements for The Year Ended 30 June 2017

Notes to the Financial Statements

Directors' Report

The directors of the Company (**Directors**) present their report on the consolidated entity consisting of the Company and its controlled entities (**the Group**) for the financial year ended 30 June 2017. The information in the Chairman's Letter forms part of this Directors' Report and is to be read in conjunction with the following information:

Directors

The following persons were directors of N1 Holdings Limited during or since the end of the financial year up to the date of this report:

- Mr Ren Hor Wong (Executive Chairman, CEO, appointed 24 November 2015);
- Ms Jia Penny He (Executive Director, CFO, appointed 24 November 2015); and
- Mr Tarun Kanji (Non-executive Director, appointed 18 March 2016).

Company Secretary

Mr Anand Sundaraj (Company Secretary, appointed 24 November 2015)

Information relating to Directors and Company Secretary

Mr Ren Hor Wong (Executive Chairman, CEO)	
Qualifications, experience and special responsibilities	Mr Wong is the founder, Executive Chairman and Chief Executive Officer of the Company. Mr Wong has been responsible for developing the Company's business strategy and expanding its business into Asia Pacific. Prior to establishing the Company, Mr Wong had, over a span of 6 years, applied his entrepreneurial and management skills in industries ranging from courier services, printing services and real estate. He has previously founded and successfully exited various businesses including Copiko Printing, Sydneymove.com.au and Packers Unpackers. Mr Wong is a licensed mortgage broker and fluent in both spoken and written Mandarin and Cantonese. Mr Wong conducts regular seminars and provides topical discussions across Asia in relation to Australian property investments and financing. Mr Wong has also published multiple guides and learner books for release in China. Mr Wong holds a Bachelor of Engineering with Honours from University of New South Wales.
Interest in shares and options in the Company (**Shares** and **Options**, respectively)	50,024,000 Shares
Directorships held in other listed entities during the three years prior to the current year	None

Ms Jia Penny He (Executive Director, CFO)	
Qualifications, experience and special responsibilities	Ms He is a Certified Practising Accountant and a licenced financial adviser. She has over 10 years combined industry experience in accounting, financial planning and mortgage broking. Ms He joined the Group in May 2014 as the Accounting and Tax Adviser and Principal Financial Planner. Ms He was subsequently appointed as the Company's Chief Financial Officer. Her current role within the Company includes all financial management, tax and reporting functions of the business. Prior to joining the Company, Ms He served as an executive for Cabot Square Chartered Accountants from July 2006 to May 2014. Ms He holds a Master of Accounting degree from Macquarie University and is also an ATO registered tax agent holding a Public Practice Certificate.
Interest in Shares and Options	250,000 Shares and 750,000 Options
Directorships held in other listed entities during the three years prior to the current year	None

Mr Tarun Kanji (Non-Executive Director)	
Qualifications, experience and special responsibilities	Mr Kanji has nearly 25 years corporate and consulting experience spanning the US, Europe, Asia, Australia and New Zealand. After completing a Commerce Degree at Auckland University he spent over 10 years with international accounting firms spanning corporate advisory, valuation, finance, litigation support, recovery and audit disciplines in New Zealand and Europe. Thereafter Mr Kanji held a number of senior executive roles over 10 years with Fosters Group. The roles covered a range of disciplines including finance (as a CFO), commercial management, business development, mergers & acquisitions, governance, and strategic development roles. Mr Kanji currently is involved in a number of internationally focused ventures which includes the commercial globalisation of an evolutionary search technology software company, focused on the US and Asian markets. He has held and holds a range of governance roles including: • Former Independent Chairman of Tomizone Limited (ASX: TOM) • Former Chairman - Bank of India, (New Zealand) Limited (a subsidiary of the Bank of India) • Member - Portfolio Governance Authority (a committee of New Zealand's department of Inland Revenue) • Former Chairman - Noske-Kaeser Rail & Vehicles New Zealand Limited • Independent Director - Biolytix Limited & PowerShield Limited Mr Kanji is a Fellow of The NZ Institute of Chartered Accountants Australia and New Zealand as well as a member of the New Zealand Institute of Directors, Certified Practicing Accountant of Australia, New Zealand Institute of Directors, Australian Institute.
Interest in Shares and Options	1,000,000 Options

Mr Anand Sundaraj (Company Secretary)	
Qualifications, experience and special responsibilities	Mr Sundaraj is a principal of Whittens McKeough & Sundaraj, a commercial law firm based in Sydney. Prior to joining Whittens, Mr Sundaraj worked at international law firms Allen & Overy, King & Wood Mallesons and Herbert Smith Freehills, as well as for global investment bank Credit Suisse. Mr Sundaraj specialises in providing legal advice on mergers & acquisitions and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including ASX Listing Rules compliance. In addition to acting as company secretary to N1 Holdings, Mr Sundaraj is currently the company secretary of Catapult Group International (ASX: CAT), Freedom Insurance (ASX: FIG), DroneShield (ASX: DRO), UUV Aquabotix (ASX: UUV), Tinybeans Group (ASX: TNY), Reddam House (operator of independent, co-educational, non-denominational schools) and Lille Fro Foundation (an Australian-based charity which operates in India). Mr Sundaraj holds a Bachelor of Laws (with Honours) and a Bachelor of Science from Monash University and is admitted as a solicitor of the Supreme Courts of New South Wales and Victoria.
Interest in Shares and Options	10,000 Shares
Directorships held in other listed entities during the three years prior to the current year	None

Dividends paid or recommended

Dividends paid or declared for payment during the financial year are $nil (2016: $nil).

Changes in state of affairs

New business and acquisitions

The company launched N1 Realty business in July 2016 and acquired Sydney Boutique Property Pty Ltd ACN 105 656 442, a Sydney based real estate agency business, on 21 October 2016 for consideration of $1,940,000. The Company borrowed $1,000,000 to fund this acquisition. The Company subsequently acquired 3 additional property management rent rolls for a total consideration of $191,645 excluding GST.

On 17 August 2016, N1 Loans Pty Ltd acquired loan trail book from Aura Private Wealth Pty Ltd ACN 158 184 000 for a total consideration of $336,661.50 excluding GST.

New capital raise and borrowings

On 12 May 2017, the Company issued 1.85 million unlisted unsecured convertible notes with total value of $370,000. Each convertible note had a face value of $0.20 with 7% pa interest and 2-year term. The convertible notes can be converted at any time prior to the date of maturity at the request of the noteholder, or they will automatically be redeemed on the maturity. If the noteholders convert the maximum number of convertible notes, then 1,850,000 new shares would be issued. This is based on a conversion price of $0.20 and does not account for any accrued interest.

In May 2017, the Company borrowed $180,000 at 10% pa interest for a 2-year term. In June 2017, the Company borrowed $200,000 at 7% pa interest for a 2-year term. Both amounts are borrowed from non-related parties.

The purpose of issuing convertible notes and loans was to fund acquisitions and to provide general working capital.

Employee share incentive plan

On 1 March 2017, the Company issued total 4,791,000 options at an exercise price of $0.20 to employees with total value of $958,200 in accordance to its Employee share incentive plan. The options are issued on the same terms, with the same vesting dates, at the "Consideration Options" described in the Company's IPO prospectus.

Principal activities

During the FY2017, the continuing principal activities of the consolidated group consisted of:

- mortgage broking services;
- financial planning services;
- migration services; and
- real estate property sale and management services.

Review of operations

Review of operating results

During FY17, the Group generated revenue of $4.30m (FY16: $3.39m) delivering a net loss of $1.20m (FY16: loss $1.30m).

Increased group revenue is mainly from the newly established N1 Realty business as well as increased loan trail commission.

During FY17, N1 Loans (the Group's mortgage broking business) continued to be the major revenue generator, accounting for 78.22% of the total revenue of the group. N1 Realty started its first-year operation in FY17 and Sydney Boutique Property was acquired during the year. N1 Realty generated $740,799 in revenue during FY17 representing 17.21% of the Group's total revenue. N1 Migration generated $174,407 in revenue representing 4.05% of the group's total revenue. Diversification Revenue ("**DR**"), being revenue that is not related to residential mortgage broking, is growing in line with the Company's strategic plan. Total DR during FY17 was $1,107,155 (FY16: $121,056) representing an increase of 815%.

FY17 has seen the positive results of the N1 Loans PAYG consultant model initiated during FY16 with improved client retention rates and profitability for the business. As at 30 June 2017, 87% of trail commissions were retained by N1 Loans compared to 84% for the same period last year.

Company's loan trail book valuation as at 30 June 2017 was $2.20m (FY2016: $1.53m). The Company anticipates increased estimated future trail commissions as a result of the growth of its loan book of $238m from $561m to $799m, which represents an increase of 42.42% during FY17. Among the $238m increase, $62.6 million was from loan book acquisition from Aura Private Wealth Pty Ltd ACN 158 184 000 and the balance of 175.4 million is from the Company's organic growth.

Key features of underlying operating result are summarised below:

- Increase in revenue by 27.04% to $4,303,727 (FY16: $3,387,683)
- Reduction in direct cost to commission-based brokers and referrers, FY17 $1,090,146 (FY16: $1,463,949)
- Increase in operational expenses which are predominantly expansion expenditures
    - Employee cost in FY17 is $3,031,056 (FY16: $1,834,280)
    - Professional fee in FY17 is $388,319 (FY16: $184,782)
    - Rent and Office expenses in FY17 is $672,812 (FY16: $394,871)
    - Depreciation and amortisation expenses has increased to $371,106 (FY16: $80,887)
- Reduction in finance cost to $68,343 (FY16: $282,873)

During the financial year ended 30 June 2017, the Company used cash and its assets in a form readily convertible to cash that it received under its initial public offering in a way consistent with its business objectives.

Review of financial position

The net assets of the Group have decreased from $5,216,244 as at 30 June 2016 to $4,097,423 as at 30 June 2017. Current financial liabilities increased slightly by $4,858 from $993,352 to $998,210 during FY17. The Group's working capital, being current assets less current liabilities, has reduced from $4,018,691 in 2016 to $1,242,468 in 2017, which is mainly due to the various acquisitions undertaken during FY17 and growth of the Company's infrastructure base in anticipation of business expansion. The Directors believe the Group is in a stable financial position to expand and grow its operations.

Prospects for future financial years

The Group will continue its successful diversification strategy initiated during FY17. Being an integrated financial and property services firm, N1 will ensure its consistent approach of growth via acquisitions and to continue acquiring positive cash flow asset such as rent roll and loan trail book to achieve significant economies of scale.

The Company has gained sufficient capacity both in terms of team capacity and infrastructure capacity to continue growing rent roll cash flow with minimal cost increment to strong marginal product.

In addition, the Company will keep diversifying into commercial lending, car and equipment finance and financial planning via N1 Loans in the coming financial year, and currently have extensive pipeline in commercial lending revenue. The Company intends to leverage its vast network of business connections and deepen its engagement with the B2B market via various business services.

with a quarter of revenue being deriving from businesses other than traditional residential mortgage broking, the Company expects to continue this momentum via commercial lending, property sales and management as well as expansion of its migration business. The Company possesses the unique strength of creating synergies between its complimentary business units - N1 Loans, N1 Realty, N1 Migration and N1 Venture.

Events after the reporting period

On 21 July 2017, TACQ International Pty Ltd, a fully owned subsidiary of N1 Holdings Limited was established focusing on recruitment business.

On 15 August 2017, Company entered into an unsecured loan agreement with an individual lender for $200,000 at 10% interest only repayment for 2 years. Loan was settled on 1 September 2017. Purpose of the loan is to fund potential acquisitions.

On 7 September 2017, Company received application from an individual investor to acquire $1,000,000 worth of Convertible Notes with face value of $0.20 each and 7% pa interest and 2 years term. The Company expects to issue the Convertible Notes after releasing its Annual Report. The resultant Convertible Notes will be convertible at any time prior to the date of maturity at the request of the Noteholder, or they will automatically be redeemed on the Maturity. If the Noteholders convert the maximum number of Convertible Notes, then 5,000,000 new Shares would be issued. This is based on a price of $0.20 and does not account for any accrued interest. Expected issue date of the Convertible Notes is 27 September 2017.

Other than events mentioned above, there has been no matters or events since the end of the financial year which may significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group in the future financial years.

Environmental issues

The Group's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

Indemnifying officers or auditor

During or since the end of the financial year, the group has paid premiums to insure each of the directors (as named above) against liabilities for costs and expenses incurred by the defending legal proceedings arising from their conduct while acting in the capacity of directors of the group, other than conduct involving a wilful breach of duty in relation to the group. The premiums for the directors amounted to $17,651.90. The group has not indemnified the auditors.

Proceedings on behalf of company

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

The company 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 auditors' independence for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Crowe Horwath for non-audit services provided during the Year ended 30 June 2017:

	$
Taxation services	8,000
	8,000

Auditor's independence declaration

The lead auditors' independence declaration for the year ended 30 June 2017 has been received and can be found following the Directors' Report.

Options

As at 30 June 2017, the number of unissued ordinary shares in the Company under option are 10,738,750. For details of Options issued to Directors and executives as remuneration, please refer to the Remuneration Report.

Meetings of directors

During the financial year, thirteen meetings of Directors were held. Attendance by each director during the year was as follows:

	Directors' meetings	
Directors	**Number eligible to attend**	**Number attended**
Ren Hor Wong	13	13
Jia Penny He	13	13
Tarun Kanji	13	13

Remuneration report

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel (**KMP**) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance in areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the Group, as well as create goal congruence between Directors, executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy is to be developed by the Board and the Board may seek advice on the policy from independent external consultants at its discretion.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits options and performance incentives.
- Performance incentives are generally only paid once and conditional on key performance indicators (**KPIs**) having been met.
- Incentives paid in the form of Options or rights are intended to align the interests of the Directors and the Company with those of the Shareholders. In this regard, KMP are prohibited from limiting the risk attached to those instruments by use of derivatives or other means.
- The Board reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and Shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in Shareholder wealth.

KMP receives, at a minimum, the superannuation guarantee contribution required by law, which is currently 9.5% of the individual's ordinary earnings. Superannuation guarantee contribution is capped at maximum concessional contribution limit of each financial year. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees that can be paid to a non-executive Director is contained in that Directors' consultancy service agreement.

Remuneration structure

There have been no significant changes after the Company's listing on ASX. The table below summarises the remuneration components of KPM of the Group.

Remuneration component	Reward Type	Purpose	Link to performance
Fixed remuneration	Salaries, superannuation and other fixed benefits	To provide competitive fixed remuneration set with reference to role, market and experience	Company and individual performance are considered during the annual review
Short-term incentive	Bonus paid in cash	Rewards executives for their contribution to achievement of Group outcome	Revenue of the Group
Long-term incentive	Share options	Rewards executives for their contribution to the creation of shareholder value over the longer term	Vesting of the awards is dependent on absolute total Shareholder return in addition to continuous service vesting conditions.

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual involved is in and has a level of control over. The KPIs target areas that the Board believes hold greater potential for Group expansion and profit covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to achieving the Group's goals and shareholder value, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures, however, where the KPI involves comparison of the Group or a division within the Group to the market, independent reports are obtained from other research organisations.

Relationship between remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus (i.e. based on KPI), and the second being the issue of options to the majority of Directors and executives to encourage the alignment of personal and Shareholder interests. The Company believes this policy has been effective in increasing shareholder value over the past years.

Performance conditions linked to remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios, and continued employment with the Group.

The performance-related proportions of remuneration (based on KPI targets) are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between Management and Shareholders. There has been no alteration to the terms of the bonuses paid since the grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices and as such these figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

The performance-based bonus schedule is detailed below, which has only available to executive Directors since 1 July 2016. No bonuses were paid to executive Directors during FY2017.

Minimum revenue achieved by the Company for a financial year	Bonus Ren Hor Wong	Bonus Jia Penny He
$5 million	$10,000	$5,000
$5.5 million	$16,000	$8,000
$6 million +	$20,000	$10,000

The below table illustrates the proportion of remuneration that was performance and non-performance based. Maximum achievable bonus is used in the calculation.

	Fixed Remuneration		Remuneration linked to Performance	
	2017	**2016**	**2017**	**2016**
Directors				
Ren Hor Wong	94.74%	93.75%	5.26%	6.25%
Jia Penny He	94.74%	92.3%	5.26%	7.7%
Tarun Kanji	100%	100%	0%	0%

Employment Details of members of KMP

The following tables provide employment details of persons who were, during FY2017, members of KMP of the Group.

Positions of KMPs and their employment details

	Position Held	Contract Duration	Employment Type	Termination Notice Period
Ren Hor Wong	Chairman, CEO	18/03/2016 - Ongoing	Permanent	3 months
Jia Penny He	Executive Director, CFO	18/03/2016 - Ongoing	Permanent	3 months
Tarun Kanji	Independent Director	18/03/2016 - Ongoing	Consultancy agreement	3 months
Jacqueline Wang	COO	08/08/2016 - Ongoing	Permanent	3 weeks

Key terms of KMP contract

Chief Executive Officer

- The CEO receives fixed remuneration of $360,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.
- In addition to the fixed remuneration, the CEO will be entitled to a bonus on the following terms:

Minimum revenue achieved by the Company for a financial year	Bonus Ren Hor Wong
$5 million	$10,000
$5.5 million	$16,000
$6 million +	$20,000

- The Company provide a car benefit to the CEO till 30 April 2017. Company paid total car allowance of $1,904 to the CEO from 1 May 2017 to 30 June 2017. The car allowance is changed to $1,000 pm from 1 July 2017.
- Fixed and incentive remuneration is reviewed and determined annually.
- Termination notice period is 3 months or without notice in the event of breach of services agreement between Mr Wong and the Company or serious misconduct.
- Restraint period being up to 24 months.

Chief Financial Officer

- The CFO receives fixed remuneration of $180,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.
- In addition to the fixed remuneration, the CFO will be entitled to a bonus on the following terms:

Minimum revenue achieved by the Company for a financial year	Bonus Jia Penny He
$5 million	$5,000
$5.5 million	$8,000
$6 million +	$10,000

- Fixed and incentive remuneration will be reviewed and determined annually.
- Termination notice period is 3 months or without notice in the event of breach of services agreement between Ms He and the Company or serious misconduct.
- Restraint period being up to 24 months.

Non-Executive Director

- The remuneration (Service Fee) of the Non-Executive Director is $59,000 per annum.
- 1,000,000 options exercisable at $0.20 issued on 18 March 2016 expiring 2 years after the date of issue.
- The Service Fee will be reviewed and determined annually.
- Termination notice period is 3 months or 1 month in the event of breach of services agreement between the relevant Non-Executive Director and the Company or serious misconduct.
- Restraint period being up to 24 months.

Chief Operation Officer

- The COO receives fixed remuneration of $180,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.
- COO is entitled to car allowance. Total car allowance paid to the COO in FY2017 is $3,729.
- Fixed and incentive remuneration will be reviewed and determined annually.
- Termination notice period is 3 weeks or without notice in the event of breach of services agreement between Ms Wang and the Company or serious misconduct.

Remuneration of KMP

2017	Short term employee benefits			Post-employment benefits	Long term employee benefits	Share based payments	Total
	Salaries	Bonus	Other (note 1)	Superannuation	Long service leave	Options	
Directors							
Ren Hor Wong	$338,604	-	$13,877	$30,000	$3,914	$0	$386,395
Jia Penny He	$155,904	-	-	$14,251	$1,929	$13,588	$185,672
Tarun Kanji	$44,795	-	-	-	-	$0	$44,795
Other KMP							
Jacqueline Wang	$152,763	-	-	$14,250	$2,232	$17,581	$186,826

2016	Short term employee benefits			Post-employment benefits	Long term employee benefits	Share based payments	Total
	Salaries	Bonus	Other	Superannuation	Long service leave	Options	
Directors							
Ren Hor Wong	$145,451	-	$3,783	$13,713	$889	-	$163,836
Jia Penny He	$105,453	-	-	$10,044	$491	$7,445	$123,433
Tarun Kanji	$27,526	-	-	-	-	$38,500	$66,026

Note 1: The Company provides car benefits to the CEO.

Options and rights granted as remuneration

The terms and conditions relating to Options granted as remuneration during the year to KMP are as follows:

2017	Number of Options beginning of the year	Granted No.	Exercised during the year	Lapsed during the year	Number of options at the end of the year	Vested	Unvested
Ren Hor Wong	-	-	-	-	-	-	-
Jia Penny He	750,000	-	-	-	750,000	-	750,000
Tarun Kanji	1,000,000	-	-	-	1,000,000	1,000,000	-
Jacqueline Wang	750,000	450,000	-	-	1,200,000	-	1,200,000

2016	Number of Options beginning of the year	Granted No.	Exercised during the year	Lapsed during the year	Number of options at the end of the year	Vested	Unvested
Ren Hor Wong	-	-	-	-	-	-	-
Jia Penny He	-	750,000	-	-	750,000	-	750,000
Tarun Kanji	-	1,000,000	-	-	1,000,000	1,000,000	-

The fair value of Options granted as remuneration and as shown in the above table has been determined in accordance with Australian accounting standards and will be recognised as an expense over the relevant vesting period to the extent that conditions for vesting are satisfied.

Description of Options/rights issued as remuneration

Details of the Options granted as remuneration to those KMP and executives listed in the previous table are as follows:

	Tranche	Grant date	Number of options granted	Grant Value	Exercising Price	Vesting date	Reason for grant
Jia Penny He	1	14/12/2015	750,000	$150,000	$0.2	14/12/2018	Employee share option
Jacqueline Wang	1	14/12/2015	750,000	$150,000	$0.2	14/12/2018	Employee share option
Tarun Kanji	2	18/03/2016	1,000,000	$200,000	$0.2	18/03/2016	Director option
Jacqueline Wang	3	01/03/2017	450,000	$90,000	$0.2	14/12/2018	Employee share option

	Tranche	Fair value per option at Granting date	Vesting conditions
Jia Penny He	1	$0.0544	Continuous employment with the Group from 14/12/2015 to 14/12/2018
Jacqueline Wang	1	$0.0544	Continuous employment with the Group from 14/12/2015 to 14/12/2018
Tarun Kanji	2	$0.0385	Vested
Jacqueline Wang	3	$0.0475	Continuous employment with the Group from 01/03/2017 to 14/12/2018

Option values at grant date were determined by applying the Binomial Approximation valuation methodology.

KMP shareholdings

The number of ordinary shares in the Company held by each KMP of the Group during the financial year is as follows:

2017	Number of Shares beginning of the year	Received as remuneration during year	Received on exercising Options	Disposed	Number of Shares at the end of the year
Ren Hor Wong (Note 1)	50,000,000	-	-	-	50,024,000
Jia Penny He (Note 2)	250,000	-	-	-	250,000
Tarun Kanji	-	-	-	-	-
Jacqueline Wang	125,000	-	-	-	125,000

2016	Number of Shares beginning of the year	Received as remuneration during year	Received on exercising Options	Disposed	Number of Shares at the end of the year
Ren Hor Wong (Note 1)	100	-	-	-	50,000,000
Jia Penny He (Note 2)	-	-	-	-	250,000
Tarun Kanji	-	-	-	-	-

Note 1: Mr Ren Hor Wong received 50,000,000 Shares in the Company in exchange of his shares in N1 Loans during the IPO. Mr Ren Hor Wong acquired 24,000 Shares in the Company from the market during FY2017

Note 2: Ms Jia Penny He was issued 187,500 Shares from settlement of convertible notes and acquired 62,500 Shares during the IPO.

Other equity-related KMP transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to Options, rights and Shares.

Loans to KMP

There are no loans from the Company to KMP as at 30 June 2017.

On behalf of the Board

Ren Hor Wong
Executive Chairman and CEO

27 September 2017
Sydney

Crowe Horwath Sydney
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The Board of Directors
N1 Holdings Limited
77 King Street
Sydney NSW 2000

Dear Board Members

N1 Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of N1 Holdings Limited.

As lead audit partner for the audit of the financial report of N1 Holdings Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

Date this 27th day of September 2017

For the year ended 30 June 2017

	Note	2017 $	2016 $
Continuing operations			
Revenue	1.3	4,303,727	3,387,683
Consulting and referral fees		(1,090,146)	(1,463,949)
Gross profit		**3,213,581**	**1,923,734**
Other income	1.3	110,795	70,829
Employee cost		(3,031,056)	(1,834,280)
IT and technology		(97,392)	(59,034)
Sales and marketing		(242,609)	(301,658)
Rent and utilities		(429,982)	(254,099)
Professional fee		(388,319)	(184,782)
Office and administrative expense		(242,830)	(140,772)
Finance cost		(68,343)	(282,873)
Travel cost		(75,368)	(124,754)
Other operation cost		(20,377)	(26,700)
Depreciation and amortisation		(371,106)	(80,887)
Profit/(Loss) before income tax		**(1,643,006)**	**(1,295,276)**
Income tax benefit/(expense)	5.5	445,453	(10,124)
Net profit/(loss) from continuing operations	1.1	**(1,197,553)**	**(1,305,400)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(1,197,553)**	**(1,305,400)**
Earnings per share		**cents**	**cents**
Basic earnings per share		(1.5)	(5)
Diluted earnings per share		(1.5)	(5)

The accompanying notes form part of these financial statements.

N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2017

As at 30 June 2017

ASSETS		**2017**	**2016**
		$	**$**
CURRENT ASSETS	**Note**		
Cash and cash equivalents	2.1	912,432	3,856,946
Trade and other receivables	2.2	1,317,026	1,060,440
Other current assets	3.3 (b)	11,220	94,657
TOTAL CURRENT ASSETS		**2,240,678**	**5,012,043**
NON-CURRENT ASSETS			
Trade and other receivables	2.2	1,302,252	949,010
Other financial assets	3.3 (b)	230,946	195,097
Property, plant and equipment	2.3	495,178	182,508
Deferred tax assets	5.5 (d)	772,511	349,246
Intangible assets	2.4	2,653,803	155,750
TOTAL NON-CURRENT ASSETS		**5,454,690**	**1,831,611**
TOTAL ASSETS		**7,695,368**	**6,843,654**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.5	445,153	462,769
Other financial liabilities	3.3 (c)	224,531	33,698
Provisions	2.6	328,526	496,885
TOTAL CURRENT LIABILITIES		**998,210**	**993,352**
NON-CURRENT LIABILITIES			
Other financial liabilities	3.3 (c)	1,541,581	149,448
Deferred tax liabilities	5.5 (c)	1,037,877	477,443
Provisions	2.6	20,277	7,167
TOTAL NON-CURRENT LIABILITIES		**2,599,735**	**634,058**
TOTAL LIABILITIES		**3,597,945**	**1,627,410**
NET ASSETS		**4,097,423**	**5,216,244**
EQUITY			
Issued capital	3.1	5,756,156	5,738,586
Reserves	3.1	155,610	94,448
Retained earnings		(1,814,343)	(616,790)
TOTAL EQUITY		**4,097,423**	**5,216,244**

The accompanying notes form part of these financial statements.

For the year ended 30 June 2017

	Note	Share Capital $	Option Reserve $	Retained Earning $	Total $
Balance at 30 June 2015 / 1 July 2015		**100**	**-**	**688,610**	**688,710**
Comprehensive income					
Profit/(loss) for the year		-	-	(1,305,400)	(1,305,400)
Total comprehensive income for the year		-	-	(1,305,400)	(1,305,400)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	3.1	5,738,486	-	-	5,738,486
Total transactions with owners and other transfers		5,738,486	-	-	5,738,486
Share based payment	3.1	-	94,448	-	94,448
Balance at 30 June 2016 / 1 July 2016		**5,738,586**	**94,448**	**(616,790)**	**5,216,244**
Comprehensive income					
Profit/(loss) for the year		-	-	(1,197,553)	(1,197,553)
Total comprehensive income for the year		-	-	(1,197,553)	(1,197,553)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	3.1	63,977	-	-	63,977
Total transactions with owners and other transfers		**63,977**	**-**	**-**	**63,977**
Share based payment	3.1	-	61,162	-	61,162
Recovery of deferred tax on IPO cost		(46,407)	-	-	(46,407)
Balance at 30 June 2017		**5,756,156**	**155,610**	**(1,814,343)**	**4,097,423**

The accompanying notes form part of these financial statements.

For the year ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,557,212	3,113,072
Interest received		28,863	26,359
Payments to suppliers and employees		(5,469,227)	(4,378,927)
Income tax refund/(paid)		19,667	(74,160)
Net cash provided by (used in) operating activities	2.1	**(1,863,485)**	**(1,313,656)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(436,556)	(47,241)
Purchase of Intangible assets		(269,096)	(131,578)
Acquisition of subsidiary		(1,940,000)	-
Loans to related party		-	(41,000)
Loans recovered from related parties		50,000	162,996
Cash received on disposal of plants and equipment		-	105,419
Net cash provided by /(used in) investing activities		**(2,595,652)**	**48,596**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	5,000,000
Cash paid for capital raising in IPO		-	(618,768)
Proceeds from borrowings		1,246,300	200,000
Convertible notes issued		370,000	-
Finance Cost		(68,343)	-
Other Finance liability repaid		(33,334)	(107,083)
Net cash provided by (used in) financing activities		**1,514,623**	**4,474,149**
Net increase/(decrease) in cash held		**(2,944,514)**	**3,209,089**
Cash and cash equivalents at beginning of financial year		3,856,946	647,857
Cash and cash equivalents at end of financial year	2.1	**912,432**	**3,856,946**

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of N1 Holdings Limited and its controlled entities (the "Consolidated Group" or "Group").

Section 1: Key performance metrics

1.1 Earnings per share

	Consolidated Group	
	2017	**2016**
Reconciliation of earnings to profit or loss		
Profit/(loss) – from continuing activities	(1,197,553)	(1,305,400)
Earnings/(loss) used to calculate basic EPS & dilutive	(1,197,553)	(1,305,400)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	81,045,248	24,253,895
Weighted average number of dilutive options outstanding	8,276,373	2,988,818
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	89,321,621	27,242,713
Earnings/(loss) per share – basic (cents)	(1.5)	(5)
Earnings/(loss) per share – diluted (cents)	(1.5)	(5)

1.2 Segment information

The Group has identified three reportable segments based on the nature of the products and services, the type of customers for those service products and the similarity of their economic characteristics in accordance with the requirement of AASB 8 Operating Segments.

(a) Description of segments and principal activities

Mortgage broking and other financial services

The mortgage broking segment refer to the operating activities in which the Group acts as a mortgage broker that provides its customer with advice and support. The Group receives commission payments on loans originated through its network of customers. Some other minor financial services in relation to mortgage products and finance leases are also included in this segment.

Real estate service

The Group established a real estate service through N1 Realty Pty Ltd which acquired Sydney Boutique Properties Pty Ltd and other rent roll assets. The services currently are focused on rental property management and property sales agent service.

Migration service

The Group provides migration services to its customers through N1 Migration Pty Ltd which holds a migration agent licence. The services have been promoted successfully and the related revenue and profit from the service have increased significantly.

(b) Segment performance and financial position

Year ended 30 June 2017	Loan brokerage and other financial service	Real estate service	Migration service	Other	Total
Revenue	3,366,449	740,799	174,407	22,072	4,303,727
Interest income	4,673	48	227	23,915	28,863
Other income	42,330	22,454	10	17,138	81,932
Total segment revenue and other income	**3,413,452**	**763,301**	**174,644**	**63,125**	**4,414,522**
Results					
Segment profit/(loss) before income tax	(811,137)	(401,970)	37,302	(467,201)	(1,643,006)
income tax expense	-	-	-	445,453	445,453
Net profit after tax	(811,137)	(401,970)	37,302	(21,748)	(1,197,553)
Assets and liabilities					
Total segment assets	3,023,288	2,760,570	91,300	1,820,210	7,695,368
Total segment liabilities	(1,071,421)	(982,356)	(18,544)	(1,525,624)	(3,597,945)
Other segment information					
Depreciation and amortisation	92,609	205,338	-	73,159	371,106
Interest expense	513	25,796	3	6,310	32,623

1.3 Revenue and other income

	Consolidated Group	
	2017	**2016**
(a) Revenue		
Origination commission	3,029,983	2,945,367
Fair value of trail commission	336,466	427,000
Real estate service	740,799	-
Migration service	174,407	7,095
Other service	22,072	8,221
	4,303,727	**3,387,683**
(b) Other income		
Bank interest	28,863	26,359
Other	81,932	44,470
	110,795	**70,829**

Revenue recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue。

(i) Origination commission

The Group provides loan origination services and receives origination commission on the settlement of loans. Origination commission is recognised upon the loan being settled and measured at fair value of the commission to be received.

(ii) Trailing commissions

The Group receives trailing commissions from lenders on loans they have settled that were originated by the Group. The trailing commissions are received over the life of the loans based on the individual loan balance outstanding. On initial recognition, trailing commission revenue and receivables are recognised at fair value, being the expected future trailing commission receivables discounted to their net present value.

Subsequent to initial recognition, the trailing commission assets are measured at amortised cost. The carrying amount of the trailing commission asset is adjusted to reflect net present value of revised estimated future cash flows at the original effective interest rate. The resulting adjustment is recognised as income or expense in the consolidated statement of profit or loss and other comprehensive income.

(iii) Real estate service

The Group receives commissions and fees derived from real estate sales. They are recognised at the time of unconditional exchange of contracts between vendors and purchasers. The Group also receive property management fees which are based on a percentage of rental collected on behalf the landlords. Income is recognised in the period the service has been rendered.

(iv) Render of other service (including migration service)

Revenue from the rendering of services is recognised in the accounting period in which the services are rendered. For fixed-price services, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Critical accounting estimates and judgements – NPV of trailing commission receivable

The Group receives trailing commissions from lenders on settled loans over the life of the loan based on the loan book balance outstanding. The Group is entitled to the trailing commissions without having to perform further services. The Group also makes trailing commission payments to commission based consultants when trailing commission is received from lenders. The fair value of trailing commission receivable from lenders and the corresponding payable to commission based consultants is determined by using a discounted cash flow valuation. These calculations require the use of assumptions which are determined by management with the assistance of external valuation specialist. The overall loan balance run off rate of the Group is assessed at 18.7% in FY17 (FY16: 27%).

New accounting standards for application in future periods

AASB 15: revenue from Contracts with customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian accounting standards – effective Date of AASB 15).

When effective, this standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provided the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. there are also enhanced disclosure requirements regarding revenue. The Group is still in the process of assessing the impact of the changes.

Section 2: Operating assets and liabilities

2.1 Cash and cash equivalents

	Consolidated Group	
	2017	**2016**
Cash at bank and on hand	912,432	2,856,946
Short-term bank deposits	-	1,000,000
	912,432	**3,856,946**

Cash flow information

	Consolidated Group	
	2017	**2016**
Reconciliation of Cash Flows from Operating Activities with Profit/(Loss) after Income Tax		
Profit/(loss) after income tax	(1,197,553)	(1,305,400)
Depreciation & amortisation	371,106	80,887
Gain on disposal of plants and equipment	-	(3,703)
Finance cost	68,343	241,750
Share based payments	125,139	94,448
(Increase)/decrease in trade and other receivables	(609,828)	(439,283)
Increase in other current assets	13,770	26,255
Increase in other financial assets	(35,809)	(191,587)
Increase/(decrease) in trade and other payables	(17,616)	119,554
Increase/(decrease) in provisions	(155,249)	127,459
Net movement in deferred tax assets or liabilities	(399,047)	10,124
(Decrease)/increase in tax payable	(26,741)	(74,160)
Cash flows from operating activities	**(1,863,485)**	**(1,313,656)**

2.2 Trade and other receivables

	Consolidated Group	
	2017	**2016**
Current		
Commission receivables	338,580	285,359
Agent commission clawback receivable	76,566	193,091
Net present value of future trailing commission receivable	901,880	581,990
	1,317,026	**1,060,440**
Non-Current		
Net present value of future trailing commission receivable	1,302,252	949,010
	1,302,252	**949,010**

Management's estimation of agent commission clawback and NPV of future trailing commission are detailed in Note 2.6 and 3.5 in this financial report respectively.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. On a geographic basis, the Group has significant credit risk exposures in Australia only.

The Group has assessed that there are no trade and other receivables that are impaired at year end (30 June 2016: nil). As at 30 June 2017, all trade and other receivables but $12,704 are not past due (2016: $19,578).

2.3 Plant and Equipment

	Consolidated Group	
	2017	**2016**
Office equipment		
At cost	55,028	31,834
Accumulated Depreciation on office equipment	(30,995)	(17,543)
	24,033	14,291
Motor vehicles		
At cost	142,123	142,123
Accumulated Depreciation on motor vehicles	(42,811)	(9,707)
	99,312	132,416
Furniture & Fittings		
At cost	515,225	45,753
Accumulated Depreciation on Furniture & Fittings	(143,392)	(9,952)
	371,833	35,801
Total plant and equipment	**495,178**	**182,508**

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. Impairment losses are recognised in profit or loss.

Depreciation

The depreciable amount of all plant and equipment and is depreciated on a diminishing basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Currently the depreciation rate is in the range of 10% to 20%.

Movements in Carrying amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Office Equipment	Motor Vehicles	Furniture & Fittings	Total
Balance at 30 June 2015	8,930	115,517	6,873	131,320
Additions	12,977	142,123	34,265	189,365
Disposals	-	(101,717)	-	(101,717)
Depreciation expense	(7,616)	(23,507)	(5,337)	(36,460)
Balance at 30 June 2016	**14,291**	**132,416**	**35,801**	**182,508**
Additions	23,193	-	469,473	492,666
Depreciation expense	(13,451)	(33,104)	(77,332)	(123,887)
Accumulated depreciation transferred from acquired entity			(56,109)	(56,109)
Balance at 30 June 2017	**24,033**	**99,312**	**371,833**	**495,178**

The motor vehicles were acquired via finance lease.

2.4 Intangibles Assets

a) Movement schedule of intangible assets

	Goodwill (b)	Rent Roll (c)	Website and IT system (d)	Total
Balance at 1 July 2015	-	-	68,599	68,599
Additions	-	-	131,578	131,578
Amortisation	-	-	(44,427)	(44,427)
Balance at 30 June 2016	**-**	**-**	**155,750**	**155,750**
Additions	536,216	2,138,258	70,798	2,745,272
Amortisation/written-down	-	(163,065)	(84,154)	(247,219)
Balance at 30 June 2017	**536,216**	**1,975,193**	**142,394**	**2,653,803**

b) Goodwill

	Consolidated Group	
	2017	**2016**
Goodwill	536,216	-

The goodwill resulted from the Group's acquisition of Sydney Boutique Property Pty Ltd. The details of the transaction and related calculation is disclosed in note 4.1. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value 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, the difference is recognised directly in profit or loss as a bargain purchase.

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.

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. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 1.2).

Critical accounting estimates and Judgements – Key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period and extrapolated to five years. The following table sets out the key assumptions for the impairment test of the goodwill. The goodwill balance at reporting date only relates real estate service segment.

Growth rate: 3%	Growth rate is based on management estimated inflation rate.
Pre-tax discount rate: 10%	Pre-tax discount rate reflects the specific risks relating to the real estate agency industry in Australia.
Terminal value:	Terminal value is based on third year budgeted net cash flow, pre-tax discount rate of 10% and growth rate at 3%.

c) Rent Roll Assets

	Consolidated Group	
	2017	**2016**
Rent Roll – Assets	2,138,258	-
Rent Roll – Written-down	(163,065)	-
Rent Roll – Net	**1,975,193**	-

Rent rolls are accounted for as an intangible asset with a finite life in accordance with AASB 138 Intangible Assets. They are initially recognised at cost and subsequently written down to their recoverable value at each reporting period, with reference to the reduction in rent under management times industry resale multiple being 2-5 times.

The addition in rent roll assets during the year were directly purchased or acquired through the business combination.

d) Website and IT System

	Consolidated Group	
	2017	**2016**
Website and IT system – Cost	283,904	213,106
Website and IT system – Accumulated amortisation	(141,510)	(57,356)
Website and IT system – Net	**142,394**	**155,750**

Acquired website and computer software licences are capitalised on the basis of costs incurred to acquire them. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Amortisation is recognised in the profit and loss on a diminishing basis over the estimated useful life of the intangible assets from the date that they are suitable for use. The estimated useful life of website and IT system is 5 years. The current amortisation charges for Website and IT system are included under depreciation and amortisation expense.

2.5 Trade and other payables

	Consolidated Group	
	2017	**2016**
Trade payables	101,705	160,286
Employee payables	161,644	167,405
Other creditors and accruals	181,804	135,078
	445,153	**462,769**

Trade and other payables are recognised at fair value initially and subsequently measured at amortised cost.

2.6 Provisions

	Consolidated Group	
	2017	**2016**
Current		
Employee provision	93,124	42,863
Provisions for Clawback	235,402	454,022
	328,526	**496,885**
Non-Current		
Provision for long service leave	20,277	7,167
	20,277	**7,167**

	2017	2016
Beginning of the year	454,022	330,117
Additions (Reductions) during the year	(61,973)	375,516
Payment of clawbacks during the year	(156,647)	(251,611)
Ending of the year	**235,402**	**454,022**

Clawback

Provision for clawback represents the estimate of commission to be clawed back by the lenders after loans are terminated before 24 months.

Critical accounting estimates and Judgements - Clawback Receivable and Provision

There is potential for origination commissions to be clawed back by lenders after loans have settled. In the event a lender claws back the commission, a corresponding clawback will be deducted from the authorised brokers contracted by the Group where the clawback relates to a broker derived borrower. As a result, the Group assess the probability of the clawbacks and determines both provision for clawbacks and clawback receivable from agents at each reporting date. The provision is based on the historical record of actual clawback and recovery. The probability used in estimate of the clawbacks is 11.35% (2016: 16.70%).

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. The probability of long service leave being taken is based on historical data.

Section 3: Group's capital and risks

3.1 Contributed equity

	Consolidated Group	
	2017	**2016**
Fully paid ordinary shares	5,756,156	5,738,586
Option reserve	155,610	94,448

Ordinary Shares

	Consolidated Group			
	2017 $	**2017 Number of Shares**	**2016 $**	**2016 Number of Shares**
As at beginning of the year	5,738,586	81,043,750	100	100
Issuance of new shares	63,977	511,823	6,208,750	81,043,650
Capital raising costs	-	-	(618,768)	-
Deferred tax benefit for capital raising cost	(46,407)	-	148,504	-
	5,756,156	**81,555,573**	**5,738,586**	**81,043,750**

On 30 June 2017, the Company issued 511,823 ordinary shares at $0.20 per share (face value) to two senior managers at N1 Realty Pty Ltd in lieu of their service remuneration. The market value of the shares issued is $63,977 in accordance with the share price on the grant date 30 June 2017.

Ordinary Shareholders participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meeting, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible notes and other financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. No debt has been retired during the current year.

Option Reserve

	Consolidated Group	
	2017	**2016**
As at beginning of the year	94,448	-
Share based payment	61,162	94,448
	155,610	**94,448**

Details in relation to the options issued during the year are disclosed in note 3.2 in this financial report.

3.2 Share-based payments

The group operates an employee share and option plan.

Share-based payments to employees are remeasured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are remeasured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date that the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the binomial approximation and Black Scholes valuation methodology. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(a) Employee Option Plan

The establishment of the Employee Option Plan was approved by the board of directors in February 2017. The Employee Option Plan is designed to provide long-term incentives for employees (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted Options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Once Options are vested, the Options remain exercisable for a period of two years.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary Share.

Options granted under the employee option plan:

	2017		2016	
	Average exercise price per Option	**Number of Options**	**Average exercise price per Option**	**Number of Options**
As at 30 June 2016	**0.20**	**5,962,500**	**-**	**-**
Granted during the year	0.20	4,791,250	0.20	5,977,500
Exercised during the year	-	-	-	-
Forfeited during the year	0.20	(2,015,000)	0.20	(15,000)
As at 30 June 2017		**8,738,750**		**5,962,500**

Options outstanding under the employee option plan at the end of the year have the following expiry date and exercise prices:

Grant Date	**Expiry Date**	**Exercise price**	**Fair value at grant date**	**Options 30 June 17**	**Options 30 June 16**
14 December 2015	14 December 2018	0.20	0.054	4,535,000	4,962,500
18 March 2016	18 March 2018	0.20	0.0385	1,000,000	1,000,000
1 March 2017	14 December 2018	0.20	0.0475	3,203,750	-
				8,738,750	5,962,500
Average remaining contractual life of options outstanding at end of period				1.33 years	2.33 years

(b) Other share options

On 18 March 2016, the Company granted 1,000,000 options to Bellaire Capital Pty Ltd, an entity controlled by parties associated with the lead manager of the IPO. Below are its Options outstanding at the end of the year and their expiry date and exercise prices:

Grant Date	**Expiry Date**	**Exercise price**	**Fair value at grant date**	**Share options 30 June 17**	**Share options 30 June 16**
18 March 2016	18 March 2018	0.30	0.006685	1,000,000	1,000,000
Weighted average remaining contractual life of options outstanding at end of period				0.36 years	1.75

No other share opinions were granted during the reporting period.

(c) Fair value of the options granted

The fair value of the options granted is considered to represent the value of the services received over the vesting period. The weighted average fair value of options granted during the year was $227,584 (2016: 236,819). The value was calculated using the Black Scholes valuation methodology applying the following inputs:

Weighted average exercise price: $0.20
Weighted average life of the Option: 2.79 years
Expected share price volatility: 43.19%
Risk-free interest rate: 1.99%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility. The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Options included under employee benefits expense in the statement of profit or loss amount to $61,162 and relate to equity settled share based payment transactions (2016: $66,022).

3.3 Net debt

(a) Financial instruments – accounting principles

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if Management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party where by the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(b) Other financial assets

	Consolidated Group	
	2017	**2016**
Current		
Rental Deposit	11,220	24,990
Loan receivable – related party	-	50,000
Other	-	19,667
	11,220	**94,657**
Non-Current		
Rental deposit	230,906	195,097
Available-for-sale investment	40	-
	230,946	**195,097**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is de recognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(c) Other financial liabilities

	Consolidated Group	
	2017	**2016**
Current		
Bank Loan	200,004	-
Finance lease payable - current	24,527	33,698
	224,531	**33,698**
Non-Current		
Bank Loan	666,660	-
Loan from other lenders	380,000	-
Convertible Debt	370,000	-
Finance lease payable - non-current	124,921	149,448
	1,541,581	**149,448**

i) Loan from other lenders consists of two loans from non-related parties. The first loan has a principle amount of $ 180,000. The repayment term is 2 years and the interest is 10% per annum in accordance with the loan agreement. The second loan has a principle amount of $200,000. The repayment term is 2 years and the interest is 7% per annum in accordance with the loan agreement.

ii) Convertible debt movement schedule	**2017**	**2016**
As at the beginning of the year	-	**767,000**
Borrowed	370,000	200,000
Derivative expense	3,477	241,750
Settled	(3,477)	(1,208,750)
As at the end of the year	**370,000**	-

During the year, N1 Holding Limited issued 1.85 million unlisted convertible notes in exchange of a cost fund of $370,000. The holders of the convertible notes may choose to convert the notes to shares in the Company at $0.20 per share at any time before the maturity date (12 May 2019).

The convertible debt in the prior year was originally due to be repaid in April 2016. As a result of successful IPO of the Group, the convertible notes were converted through issuance of 6,043,750 shares of N1 Holdings Limited according to the Secured Convertible Note Deed Poll dated 14 April 2015.

iii) The bank loan was drawn down from National Australia Bank in Oct 2016. The repayment term of the loan is 5 years and the interest is 5.415% per annum with principal and interest repayment in accordance with the loan agreement. The loan is secured by the Sydney Boutique Property rent roll. Outstanding loan balance as at 30 June 2017 is $866,664.

3.4 Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, other payables and other financial liabilities.

The totals for each category of financial instruments, measured in accordance with *AASB139 Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2017	**2016**
Financial Assets - Current			
Cash and cash equivalents	2.1	912,432	3,856,946
Trade and other receivables	2.2	1,317,026	1,060,440
Other financial assets	3.3 (b)	11,220	94,657
Financial Liabilities - Current			
Financial liabilities at amortised cost			
Trade and other payables	2.5	445,153	462,769
Finance lease payables	3.3 (c)	24,527	33,698
Bank loans and other loans	3.3 (c)	200,004	-

		Consolidated Group	
		2017	**2016**
Financial Assets - Non-current			
Trade and other receivables	2.2	1,302,252	949,010
Rental deposit	3.3 (b)	230,906	195,097
Other	3.3 (b)	40	-
Financial Liabilities - Non-current			
Bank loans	3.3 (c)	666,660	-
Finance lease payables	3.3 (c)	124,921	149,448
Convertible debt	3.3 (c)	370,000	-
Other Loan	3.3 (c)	380,000	-

Specific financial risk exposures and management

The main risks the Group are exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign exchange risk. Financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Company has a risk governance framework which is reviewed and updated by the Board constantly. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the maximum extent possible that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally not more than 60 days from the invoice date.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, is the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counterparty or Group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia given the substantial operations in those regions. Details with respect to credit risk of trade and other receivables is provided in Note 2.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 2.2.

Credit risk related to balances with banks and other financial institutions is managed by the Board. All the Group's cash assets are deposited with Australian major banks and their credit ratings are between BBB+ to AA- based on Standard & Poor.

The majority of outstanding receivables are commissions (including fair value of future trailing commissions) owed from Finsure Finance and Insurance Pty Ltd ABN 72 068 153 926 (**Finsure**), Accountable Financial Solutions Pty Ltd ABN 36 146 520 390 (**Accountable Financial Solutions**) and lenders who make commission payments directly to the Group. Finsure is an aggregator of retailing loan brokers and acts as an intermedia between the Group and the lenders (financial institutions) to pass through the commission paid by those lenders to the Group. Accountable Financial Solutions is a dealer group who pays financial planning commissions to the Group on behalf of financial institutions. The financial institutions which are owing commissions to the Group through Finsure and Accountable Financial Solutions are rated between B and AA+.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group managed this risk through maintaining sufficient liquid assets (mainly cash and cash equivalents and borrowing facilities).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect Management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability maturity analysis

2017	Note	Total contractual cash flows	No more than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables	2.5	445,153	445,153	-	-	-
Convertible debts	3.3(c)	370,000	-	370,000	-	-
Finance lease liabilities	3.3(c)	149,448	24,527	29,795	95,126	-
Bank loan and other borrowings		1,246,664	200,004	580,004	466,656	-
		2,211,265	**669,684**	**979,799**	**561,782**	-

2016	Note	Total contractual cash flows	No more than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables	2.5	462,769	462,769	-	-	-
Finance lease liabilities		193,808	29,794	29,795	134,219	-
		656,577	**492,563**	**29,795**	**134,219**	-

c. Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period where by a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the Group to interest rate risk to cash and cash equivalents.

	Consolidated Group	
	2017	**2016**
Term deposit	-	1,000,000

Sensitivity Analysis: On the reporting date, the change in interest rate has no impact due to the deposit is nil.

Foreign currency risk

The Group held cash assets dominated in foreign currency from time to time. At the reporting date, the company held RMB 18,111 (2016: US$738,000). The movement in the exchange rate is not expected to have significant impact on the value of foreign currency cash assets.

3.5 Fair value measurement

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input which is significant to the measurement can be categorised into as follows:

Level 1	**Level 2**	**Level 3**
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. Unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market- based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) maybe valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis.

The Group does not have any assets or liabilities recognised and subsequently measured at fair value on a recurring basis.

Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

Future trailing commission receivables are initially recognised at fair value and subsequently carried at amortised cost. The carrying amount of the trailing commission asset is adjusted to reflect net present value of revised estimated future cash flows at the original effective interest rate. The resulting adjustment is recognised as income or expense in the consolidated statement of profit or loss and other comprehensive income. The overall loan balance run off rate of the Group is assessed at 18.7% in FY17 (FY16: 27%).

Section 4: Business portfolio

4.1 Business combination

On 21 October 2016, the Group acquired 100% of the issued shares in Sydney Boutique Property Pty Ltd, a real estate agency business, with a cash consideration of $1,940,000. The acquisition is expected to extend the Group's business to real estate agency and management industry.

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

Purchase consideration	Sydney Boutique Property
Cash paid	1,940,000
Total	**1,940,000**

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

	Sydney Boutique Property
Prepayment	2,820
Other receivable - loan, no provision	26,150
Property, plant and equipment	11,948
Rent roll	1,949,878
Payables	(29,451)
Employee benefit obligations	(21,345)
Deferred Tax Liabilities	(536,216)
Goodwill	536,216
	1,940,000

(i) Acquisition-related costs

The acquisition cost in relation to the transaction is $20,461 which is legal cost.

(ii) Revenue and profit contribution

From acquisition date	Sydney Boutique Property
Revenue contributed by the business acquired	387,386
Net profit contributed by the business acquired	358,093

From 1 July 2016 (as if)	Sydney Boutique Property
Revenue contributed by the business acquired	678,766
Net profit contributed by the business acquired	371,845

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, at which point the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration is classified as an asset or liability and is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at the acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

4.2 Related party transactions

Related Parties

(a) Parent entities

The Company is the parent entity of the Group. The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2017	2016
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	708,574	3,732,432
Non-current Assets	15,599,888	12,493,650
TOTAL ASSETS	**16,308,462**	**16,226,082**
LIABILITIES		
Current Liabilities	68,036	15,042
Non-current Liabilities	750,000	865,676
TOTAL LIABILITIES	**818,036**	**880,718**
EQUITY		
Issued Capital	15,756,055	15,725,272
Accumulated loss	(421,239)	(474,356)
Option reserve	155,610	94,448
TOTAL EQUITY	**15,490,426**	**15,345,364**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Net profit/(loss)	**53,118**	**(112,689)**

During the reporting period, N1 Holdings Limited has not entered into any financial guarantee arrangement.

At 30 June 2016 and 30 June 2017, N1 Holdings Limited has no contingent liabilities.

At 30 June 2016, N1 Holdings Limited has no contractual commitments.

(b) Subsidiaries

Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

		Ownership interest held by the Group	
Name of subsidiary	**Principal place of business**	**2017 (%)**	**2016 (%)**
N1 Loans Pty Ltd (i)	Australia	100%	100%
N1 Migration Pty Ltd (ii)	Australia	100%	100%
N1 Reality Pty Ltd (iii)	Australia	100%	100%
N1 Project Pty Ltd (iv)	Australia	100%	-
N1 Venture Pty Ltd (v)	Australia	100%	-
Sydney Boutique Property Pty Ltd (vi)	Australia	100%	-

The financial statements of subsidiaries used in the preparation of these consolidated financial statements were also prepared as at the same reporting date as the Group's financial statements.

(i) N1 Loans was incorporated on 25 February 2010 and was initially owned by Mr Ren Hor Wong. Upon the completion of the IPO on 18 March 2016, the company became fully owned by the Company.

(ii) N1 Migration Pty Ltd was incorporated on 14 September 2015 and has been fully owned by the Group since 11 April 2016.

(iii) N1 Realty was incorporated on 3 May 2016 and, since then, it has been fully owned by the Group.

(iv) N1 Project was incorporated on 9 December 2016, since then, it has been fully owned by the Group.

(v) N1 Venture was incorporated on 19 November 2014 and was acquired on 1 September 2016, since then it has been fully owned by the Group.

(vi) Sydney Boutique Property Pty Ltd was acquired on 21 October 2016. Since then, it has been fully owned by the Group.

(c) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered KMP.

KMP Compensation

Please refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2017. The total of remuneration paid to or payable to KMP of the Group during the year was:

	2017	**2016**
Short-term employee benefits	705,943	282,213
Post-employment benefits	58,501	23,757
Other long-term benefit	8,075	1,380
Share-based options	31,169	45,945
Total KMP compensation	**803,688**	**353,295**

Short-term employee benefits

These amounts include fees and benefits paid to non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated costs of provided for the Group's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options granted.

(d) Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

Transactions with other related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with other related parties:

Purchases of services/goods from other related parties	**2017**	**2016**
N1 Consultants Group Sdn Bhd - Malaysia	108,960	55,542
N1 Forex Pty Ltd	27,600	111,569
V1 Finance Pty Ltd	-	64,118
Seekahome Pty Ltd	-	72,000

Loan to related parties - balance	**2017**	**2016**
N1 Venture Pty Ltd – receivable	-	50,000
Ren Hor Wong – (payable)/receivable	(1,198)	(964)

	Loan to Ren Hor Wong
As at 1 July 2016	**(964)**
Drawdown	-
Repayment	(234)
As at 30 June 2017	**(1,198)**

Section 5: Other disclosures

5.1 Basis of preparation and compliance

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act, the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The functional presentation currency is Australian dollars rounded to the nearest dollar.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company and all of the subsidiaries. Subsidiaries are entities that the Company controls. The Company 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. A list of the subsidiaries is provided in Note 4.2.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset' s fair value less costs of disposal and value in use, to the asset' s carrying amount. Any excess of the asset' s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment)*. Any impairment loss of revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

(c) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the maximum extent that the underlying gain or loss can be recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. 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 ATO 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(e) Retirement benefit obligations

All employees of the Group other than those that receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group' s obligation with respect to employees' defined contribution entitlements is limited to its obligations for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are remeasured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group' s statement of financial position.

(f) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(g) New and amended accounting policies adopted by the Group

The Group has adopted all of the new and revised standards and interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operation and effective for the current reporting period. The adoption of these amendments and new standards has not resulted in any significant changes to the Group's accounting policies or any significant effect on the measurement or disclosure of the amounts reported for the current or prior reporting period.

The impact of other new accounting standards for application in future periods has been disclosed in the relevant section.

Financial instruments – New accounting standards for application in future periods

AASB 9: Financial instruments and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and their revocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will have no significant impact on the Group's financial instruments.

5.2 Auditor's Remuneration

	Consolidated Group 2017	2016
Remuneration of the auditor Crowe Horwath Sydney for:		
auditing or reviewing the financial report	89,000	55,000
taxation services	-	7,700
due diligence services	1,000	12,000
	90,000	**74,700**

5.3 Lease commitments

(a) Operating Lease Commitments

	Consolidated Group 2017	2016
Payable — minimum lease payments		
Not later than 12 months	330,891	154,909
Between 12 months and 5 years	809,940	472,457
Later than 5 years	130,118	-
	1,270,949	**627,366**

The major property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.

(b) Finance Lease

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

	Consolidated Group 2017	2016
Within 12 months	24,527	29,795
Between 12 months and 5 years	139,486	164,013
Total	**164,013**	**193,808**
Less: future finance lease charge	(14,565)	(20,749)
Net commitment recognised as a liability	**149,448**	**173,059**

New accounting standards for application in future periods

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

When effective, this standard will replace the current accounting requirements applicable to leases in *AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.*

The main changes introduced by the new standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non- lease components and instead account for all components as a lease; and
- Additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an

adjustment to opening equity on the date of initial application.
Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(c) Capital Expenditure Commitments

There were no capital expenditure commitments as at 30 June 2017 (2016: nil)

5.4 Contingent liabilities and Contingent assets

There are no contingent liabilities or contingent assets as at 30 June 2017 (2016: nil).

5.5 Taxation

(a) Income Tax

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

Current income tax expense (income) charged to profit or loss is the tax payable (recoverable) on taxable income (loss). Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled and their measurement also reflects the manner in which Management expects to recover or settle the carrying amount of the related asset or liability.

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.

Where temporary differences exist in relation to investments in subsidiaries, 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.

Tax expense

		Consolidated Group	
		2017	**2016**
(i)	The components of tax expense (income) comprise:		
	Current tax	(448,788)	(221,779)
	Deferred tax	12,282	231,903
	Deferred tax for tax losses under-recognised in prior year	(8,947)	-
		(445,453)	**10,124**
(ii)	The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
	Profit/(loss) before income tax	(1,643,007)	(1,295,276)
	At 27.5% (2016:30%)	(451,827)	(388,583)
	Tax effect of:		
	Permanent differences	37,634	278,891
	Net deferred tax as a result of IPO impact	-	156,943
	Tax to equity	-	(37,127)
	Effect of change in income tax rate	(22,313)	-
	Deferred tax for tax losses under-recognised in prior year	(8,947)	-
	Income tax (benefit)/expense	**(445,453)**	**10,124**

As at 30 June 2017, the tax loss carried forward for the company is $1,921,172 (2016: $289,217).

(b) Tax position

The group's current tax payable is $nil (2016: $nil)

(c) Deferred tax liabilities

	Opening balance	Charged to income statement	Charge to equity	Charge to other	Closing balance
2017					
Trailing income	459,300	62,088	-	-	521,388
Website	18,143	(8,164)	-	-	9,979
Assets valued up in business combination	-	(29,706)	-	536,216	506,510
Balance at 30 June 2017	**477,443**	**24,218**	**-**	**536,216**	**1,037,877**

	Opening balance (restated)	Charged to income statement	Charge to equity	Charge to other	Closing balance
2016					
Trailing income	331,200	128,100	-	-	459,300
Website	-	18,143	-	-	18,143
Assets valued up in business combination	-	-	-	-	-
Balance at 30 June 2016	**331,200**	**146,243**	-	-	**477,443**

(d) Deferred tax assets

	Opening balance	Charged to income statement	Charged to equity	Closing balance
2017				
Clawback and accrued	78,280	(34,599)	-	43,681
Tax Losses	77,816	450,506	-	528,322
IPO costs	148,504	-	(46,407)	102,097
Other temporary differences	44,646	53,765	-	98,411
Balance at 30 June 2017	**349,246**	**469,672**	**(46,407)**	**772,511**

	Opening balance	Charged to income statement	Charged to equity	Closing balance
2016				
Clawback and accrued	50,681	27,598	-	78,279
Tax Losses	-	77,816	-	77,816
IPO costs	-	-	148,504	148,504
Other temporary differences	13,943	30,704	-	44,647
Balance at 30 June 2017	**64,624**	**136,118**	**148,504**	**349,246**

Critical accounting estimates and Judgements - Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

5.6 Events after the reporting period

On 21 July 2017, TACQ International Pty Ltd, a fully owned subsidiary of N1 Holdings Limited was established focusing on recruitment business.

On 15 August 2017, Company entered into an unsecured loan agreement with an individual lender for $200,000 at 10% interest only repayment for 2 years. Loan was settled on 1 September 2017. Purpose of the loan is to fund potential acquisitions.

On 7 September 2017, Company received application from an individual investor to acquire $1,000,000 worth of Convertible Notes with face value of $0.20 each and 7% pa interest and 2 years term. The Company expects to issue the Convertible Notes after releasing its Annual Report. The resultant Convertible Notes will be convertible at any time prior to the date of maturity at the request of the Noteholder, or they will automatically be redeemed on the Maturity. If the Noteholders convert the maximum number of Convertible Notes, then 5,000,000 new Shares would be issued. This is based on a price of $0.20 and does not account for any accrued interest. Expected issue date of the Convertible Notes is 27 September 2017.

Other than above mentioned events, there has been no matters or events since the end of the financial year which may significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group in the future financial years.

Directors' Declaration

In accordance with a resolution of the Directors of the Company, the Directors of the Company declare that:

1. The financial statements and notes of the Company, as set out on pages 20 to 48, are in accordance with the Corporations Act and:

   (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001 (Cth); and*

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of the performance for the year ended on that date.

2. The financial statements and notes also comply with International Financial Reporting Standards as described in Note 5.1 to the financial statements.

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.

The Directors have been given the declarations required by section 295A of the Corporations Act from the Chief Executive Officer and Chief Financial Officer.

On behalf of the board

Ren Hor Wong
Executive Chairman and CEO

27 September 2017
Sydney

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INDEPENDENT AUDITOR'S REPORT N1 HOLDINGS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of N1 Holdings Limited. (the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of 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, 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 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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
Valuation of Trail Commission – Refer to Note 2.2	
The Group has significant trail commission assets that are calculated using modelling techniques that involve the use of forward-looking assumptions and risk adjustments. Management have used judgement to establish the methodology, assumptions and adjustments used in the model, as described in Notes 2.6 and 3.5. This matter is a key audit matter because of the complexity and subjectivity involved in performing the valuation.	We involved our technical specialists to assess the appropriateness of the model used for the valuation. We performed a retrospective analysis of the Group's past estimates against actual performance and challenged the current period forecasts in areas where previous forecasts were not achieved and/or where future uncertainty is greater or volatility is expected. We challenged the key assumptions that support the valuation of the trail commission assets, using professional scepticism, as follows: ▪ The discount rate was assessed for consistency within the context of the valuation and based on our knowledge of the Group and the industry. The lapse rate was compared to industry data and historical data for the Group;
Valuation of Clawback Provision – Refer to Note 2.6	
Clawbacks arise when loans are cancelled in the first two years, the value being dependent on the timing of cancellation. Management have raised a provision for these clawbacks, using judgement to estimate the timing and number of cancellations expected, as described in Note 2.6. This matter is a key audit matter because of the risk that the provision could be misstated due to a change in volume and timing of clawbacks.	We evaluated the assumptions used by management when calculating the provision by: ▪ Comparing to historical data for the Group; ▪ Understanding trends in the industry and challenging management where the assumptions appeared to be inconsistent; and ▪ Performing sensitivity analysis We performed a retrospective analysis of the Group's past estimates against actual performance and challenged the current period forecasts in areas where previous forecasts were not achieved and/or where future uncertainty is greater or volatility is expected. We involved our technical specialists for assessing the appropriateness of the model used in the calculation.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Business Acquisitions – Refer to Note 4.1	
Management were required to assess the fair value of the assets and liabilities acquired for the new business acquired. The intangible assets then need to be assessed for useful life. This matter is a key audit matter because of the complexity and subjectivity involved in performing the fair value, and assessing useful lives of the assets.	We assessed the key assumptions used by management for determining fair value against industry known data. In addition we have ensured that the useful life is consistent with current activity.

Information Other than the Financial Report and Auditor's Report Thereon

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 2017, 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 preparing the financial report, the directors are responsible for assessing the ability of the Group 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 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of N1 Holdings Ltd., for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

L Russell

Leah Russell

Senior Partner

Crowe Horwath Sydney

Crowe Horwath Sydney

Date 27 September 2017

Level 15, 1 O'Connell Street

Sydney NSW 2000

N1 HOLDINGS LIMITED
SHAREHOLDER INFORMATION
30 JUNE 2017

Additional information required by the Australian Securities Exchange Ltd (ASX) and not disclosed elsewhere in this report is set out below. The information is current as at **12 September 2017.**

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number of shares	%	Number of holders	%
1 – 1,000	1,000	0.00%	1	0.29%
1,001 – 5,000	45,026	0.06%	12	3.53%
5,001 – 10,000	965,608	1.18%	97	28.53%
10,001 – 100,000	5,793,378	7.10%	178	52.35%
100,001 – and over	74,750,561	91.66%	52	15.30%
Total	**81,555,573**		**340**	

b. The number of shareholdings held in less than marketable parcels is 4.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
REN H WONG PTY LTD	50,000,000	61.31%
THE THREE HORSESHOES PTY LTD	4,200,000	5.15%
MR YOKE MENG CHAN	2,775,266	3.40%
TIN FAMILY SMSF PTY LTD	2,450,000	3.00%
MR TONG CHAI TAN	1,498,249	1.84%
Total	**60,923,515**	**74.70%**

d. 20 Largest Shareholders — Ordinary Shares

	Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	REN H WONG PTY LTD	50,000,000	61.31%
2.	THE THREE HORSESHOES PTY LTD	4,200,000	5.15%
3.	MR YOKE MENG CHAN	2,775,266	3.40%
4	TIN FAMILY SMSF PTY LTD	2,450,000	3.00%
5	MR TONG CHAI TAN	1,498,249	1.84%
6	BNP PARIBAS NOMS PTY LTD	1,467,000	1.80%
7	JIANRONG SUN	1,250,000	1.53%
8	MS MUN CHING WANG	760,470	0.93%
9	MXJ PTY LTD	625,000	0.77%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	556,000	0.68%
11	AUSTRALIA WIDE DEVELOPMENT GROUP PTY LTD	500,000	0.61%
12	LC FAMILY SUPER PTY LTD	500,000	0.61%
13	VEN TAN PTY LTD	500,000	0.61%
14	MS YUEXIAN ZHAO	496,253	0.61%
15	IPOH YAP SMSF CO PTY LTD	487,500	0.60%
16	MISS ZHAOJIA HE	425,000	0.52%
17	MRS SILIAN ZHAO	418,750	0.51%
18	MS HUEY CHARNG WONG	350,000	0.43%
19.	MISS MANNI FU	341,115	0.42%
20.	MR JILIANG ZHANG	300,000	0.37%
	Total	**69,900,603**	**85.70%**

e. Escrowed Shares

	Name	Number of Escrowed Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	REN H WONG PTY LTD	50,000,000	61.31%
2.	JIANRONG SUN	1,250,000	1.53%
3.	STAR PLUS SUPER PTY LTD	187,500	0.23%
	Total	**51,437,500**	**63.07%**

f. Vested Options

1,000,000 options exercisable at $0.20 and expiring on 18 March 2018 are held by Value Creation Holdings Limited, an entity controlled by Non-Executive Director Tarun Kanji.

1,000,000 options exercisable at $0.30 and expiring on 18 March 2018 are held by Bellaire Capital Pty Ltd, an entity controlled by parties associated with the lead manager of the IPO.

g. 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 show of hands.

There are no other classes of equity securities.

N1 Holdings Limited

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