N1 HOLDINGS LIMITED

ACN 609 268 279

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2018

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

Sundaraj & Ker
Level 13, St James Centre
111 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

Stock Listing

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

Corporate Governance Statement

N1 Holdings Limited and its subsidiaries (Group) 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 2018 corporate governance statement reflects the corporate governance practices in place during the financial year ended 30 June 2018. The 2018 corporate governance statement was approved by the board on 27 August 2018. 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 or N1**) Annual Report for the financial year ended 30 June 2018 (**FY18**). The Company has completed its second full financial year since listing on ASX in March 2016. I always believe the first three years after listing are critical for the company to build a strong foundation and steer into the planned strategic direction. At the time of our IPO, we emphasised one keyword: Diversification; that drives our business to continuing growth and, more importantly, sustainable growth. As many of us appreciate, the business world is ever-changing, and the agile organisation thrives.

During the financial year, N1 successfully weathered the challenges from regulatory pressure on the housing market, credit tightening policy by banks and non-bank lenders on home financing and waning residential property investors' appetites. The Company recorded a revenue decline of 16.43% to $3.60m (FY17: $4.30m) amid these challenges however N1 achieved increased cash receipts from customers by 15.61% to $4.11m (FY17: $3.56m). Q4 FY18 saw N1 achieve record cash receipts coupled with a decrease in operating expenses from previous FY18 quarters.

Our loan book value was at $783m as at 30 June 2018 and generated $1.24m in billed trail income during FY18. N1 is uniquely positioned in the market in talent acquisition and retention via its PAYG consultant model, which provides a significant benefit to N1 from both an operating costs and revenue perspective. Unlike many competitors operating franchises or a licensing model who take a minor clip of as low as 5% of their brokers' commissions, N1 retains more than 86% of recurring trail income (as at 30 June 2018). The success of N1's business model was recognised in FY18 with the Australian Financial Review ranking N1 Loans at #46 on the Fast 100, a list of Australia's fastest growing companies. In addition, N1 Loans was recognised by the Australian Mortgage Awards as a finalist for the Brokerage of the Year Award, the Australian Broking Awards as a finalist for the Diversification Business of the Year Award and by aggregator business Finsure as a finalist for the Commercial Business of the Year Award, evidencing the growing success of N1's commercial loans business. On the subject of awards, I hope you will join with me in congratulating our CFO, Penny He, for her nomination as Chief Financial Officer of the year at the 2018 Women in Finance Awards. We are tremendously proud of Penny's achievement and grateful for her continued hard work and dedication in service to N1.

Our diversification strategy aims to increase our streams of income, broaden channels of lead generation and drive customer acquisitions. Diversification increases cross-selling opportunities across N1's business units and, as such, directly creates the synergy of reduced average client acquisition cost and increases revenue per client. During FY17, N1's revenues were dominated by residential mortgage broking revenue. However during FY18 other non-mortgage originated revenue (including commercial loan broking, commercial lending, property sales and property management) grew materially to 35.91% of total revenue. We continue to evolve towards our goal of becoming an integrated financial and property services firm. Among the new stream of revenue, commercial broking and lending revenue increased to $368,283 in FY18 (FY17: $99,755) and accounted for 10.24% of overall revenue, representing the most significant growth among N1's group of complementing businesses.

N1 Realty's rent roll size was at 247 properties-under-management (**PUM**) as at June 2018. N1 Realty has grown its revenue by 8.78% to $805,845 in FY18. N1 Realty managed modest growth while auction clearance rates declined across the market significantly over the year. We remain optimistic for growth over coming years based on our current pipeline and value of property listings. Downward pressure on property prices has in fact forced investors to liquidate investment positions, resulting in an increasing level of activity after an initial dip in FY17. Property management is another viable business for N1, which I see as a hedge against slowing property buy/sell activity. And it adds to our recurring revenue, further diversifying the recurring revenue from our loan trail income.

In FY17, we saw great opportunities in commercial lending. As announced in 2017, N1 will leverage its network of business connections to venture into the provision of Business to Business (**B2B**) services, with the expectation to further enhance N1's revenue generation capacity. Initial execution of this strategy has produced amazing growth in commercial broking and lending revenue. It also led us to launch our own short-term commercial lending fund – One Lending Fund managed by N1 Venture. One Lending Fund is a wholesale fund which has been established to raise capital from wholesale investors for the purpose of on-lending that capital to commercial borrowers on a short-term basis.

N1 Venture, as the manager of One Lending Fund, is transforming itself into an entrant in the funds management industry. I foresee N1 Venture and funds management as a new growth opportunity for N1 Holdings. Other new complementary B2B services and strategies are being considered and pursued. In particular we are looking to capitalise on our international network of offices and alliances from Sydney, Shanghai, Kuala Lumpur and Singapore.

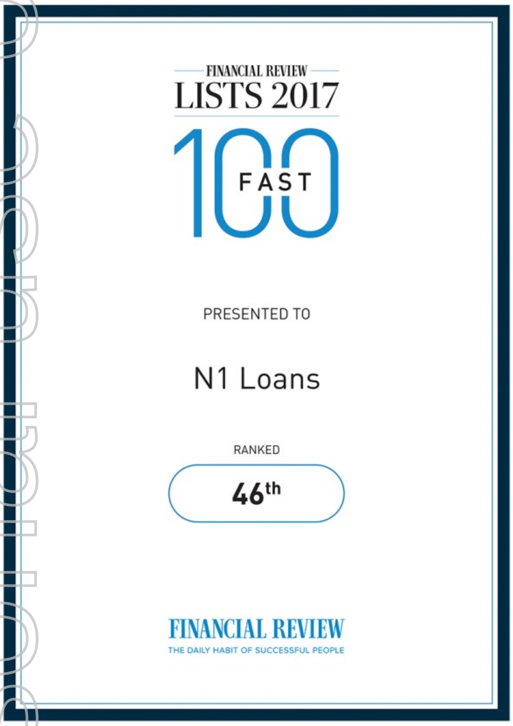
Looking ahead to the future, we will aim to build shareholder value through continued growth in diversified revenue from complementary business, improved margins via focusing resources on B2B services, improved cash flow via recurring loan book trail income and rent roll management revenue and increased cross-sell activities. N1 also aims to be a leading market innovator through its one-stop-shop model that provides a quality holistic approach to the provision of financial and property services to retail clients.

I would like to thank our shareholders for their continued trust in the management of N1 as we steer the business through the current challenging market conditions for the financial and property services industry.

Yours sincerely,

Ren Hor Wong
Executive Chairman and Chief Executive Officer
27 September 2018
Sydney

Awards Achieved in FY2018



Australian Financial Review
#46 on the Fast 100
Australia's fastest growing companies

Finsure & LoanKit Awards
Commercial Business of the Year 2018
Finalist

Australian Mortgage Awards 2018
Brokerage of the Year (> 20 Staff)
Finalist

The Adviser
Australian Broking Awards
Diversification Program of the Year 2018
Finalist

Women in Finance Awards 2018
CFO of the Year Finalist

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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 2018. 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 12 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 technology company, focused on the US market. He has held and holds a range of governance roles including: • Independent Director - Tikitere Holdings Limited & PowerShield Limited • Trustee / Deputy Chairman - Auckland War memorial Museum • Former Independent Chairman of Tomizone Limited (ASX: TOM) • Former Chairman - Bank of India, (New Zealand) Limited (a subsidiary of the Bank of India) • Former Member - Portfolio Governance Authority (a committee of New Zealand's department of Inland Revenue) • Former Chairman - Noske-Kaeser Rail & Vehicles New Zealand 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	Nil
Directorships held in other listed entities during the three years prior to the current year	Former Independent Chairman – Tomizone Limited (ASX: TOM)

Mr Anand Sundaraj (Company Secretary)	
Qualifications, experience and special responsibilities	Anand Sundaraj is a corporate lawyer with over 18 years' experience. He is a principal of Sydney-based law firm, Sundaraj & Ker. Mr Sundaraj specialises in advising on mergers and acquisitions and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including listing rule compliance and corporate governance. Mr Sundaraj has worked for a number of pre-eminent law firms including Herbert Smith Freehills, King & Wood Mallesons, and Allen & Overy, as well as global investment bank, Credit Suisse AG. 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 (2017: $nil).

Changes in state of affairs

New business

In December 2017, the Company commenced commercial lending to small and medium enterprises. The commercial loans are secured against Australian property and further backed by personal guarantees.

New capital raise and borrowings

On 28 September 2017, the Company issued 5 million unlisted unsecured convertible notes with a total value of $1 million. Each convertible note had a face value of $0.20 with 7% pa interest and 2 years 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 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. The purpose of issuing convertible notes was to fund acquisitions and to provide general working capital.

During FY18, the Company borrowed $1,000,000 from unrelated private lenders and $150,000 from related parties each at a 10% per annum interest rate. The purpose of these loans is to fund acquisitions, provide general working capital and to provide commercial loans. Please refer to Note 3.3 for further details of the loans.

In May 2018 the Company borrowed $900,000 at a 10% per annum interest rate for 3 years from BBBSA Finance. The loan is secured by the Company's loan book. The purpose of the loan is to fund commercial lending.

Employee share incentive plan

Not applicable.

Principal activities

During the FY2018, the principal activities of the consolidated group consisted of:

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

Review of operations

Review of operating results

During FY18, the Group generated revenue of $3.60m (FY17: $4.30m) delivering a net loss of $1.85m (FY17: loss $1.20m).

During FY18, N1 Loans continued to be the group's major revenue generator, accounting for 74.33% of the total revenue of the group. The real estate business via N1 Realty and Sydney Boutique Property generated $805,845 representing 22.41% of the group's total revenue. N1 Migration generated $111,055 in revenue representing 3.09% of the group's total revenue.

Commercial loans revenue in the second half of FY18 recorded the most uplift and is expected to become a greater source of growth for the group, offsetting the decline in residential home loan broking revenue experienced in FY18. Total commercial loan origination commission and lending revenue including interest from loans in the current reporting period amounted to $368,283 (FY17: $99,755), which represents an increase of 269%. Meanwhile, recurring trail commission income continues to be an important source of revenue for N1. The group's loan book value as at 30 June 2018 was $783m (FY17: $799m). Despite a slight reduction in the loan book balance, billed trail commission has steadily increased by 14.18% to $1.24m in FY18 (FY17: $1.09m) this is due to a large number of loans entering a stage in their terms associated with higher commission brackets. 86% of trail revenue (based on June 2018 figures) is retained by the Company (rather than paid away to commission-based brokers) due to the Company's PAYG mortgage consultants model.

N1 Realty's revenue grew to $805,845 in FY18 (FY17: $740,799), representing a modest increase of 8.78%. Declining market activity and falling auction clearance rates, particularly in Sydney, have undeniably had an adverse effect on the industry in general. N1 Realty, however, experienced stable performance in property management, both in terms of properties under management and recurring revenue. N1 manages 247 properties in Sydney as at June 2018, with a high concentration of those properties in Sydney's North Shore, due to the operating activities of N1 Centres at both Chatswood and McMahons Point. Management believes the rebranding of Sydney Boutique Property at McMahons Point to "N1 Centre" Lower North Shore will bring greater awareness of N1's brand to the local community.

Key features of underlying operating result are summarised below:

- Reduction in revenue in FY18 by 16.43% to $3,596,657 (FY17: $4,303,727) was primarily the result of a reduction in residential home loan upfront brokerage fees of $830,748 and a reduction in the recognition of net present value of future trail commission income of $220,320 during FY18.
- Reduction in direct cost to commission-based brokers and referrers in FY18 to $813,792 (FY17: $1,090,146).
- Reduction in employee cost in FY18 to $2,811,083 (FY17: $3,031,056).
- Reduction in sales and marketing cost in FY18 to $121,912 (FY17: $242,609).
- Increased depreciation and amortisation expenses in FY18 to $607,821 (FY17: $371,106).
- Increased finance cost in FY18 to $242,494 (FY17: $68,343).

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 $4,097,423 as at 30 June 2017 to $2,262,638 as at 30 June 2018. Current liabilities have increased from $998,210 to $2,564,044 in FY18. The Group's working capital, being current assets less current liabilities, has increased from $1,242,468 in 2017 to $1,344,031 in 2018. The Directors believe the Group is in a stable financial position to expand and grow their current operations.

Prospects for future financial years

Over the coming financial year, N1 will continue its diversification strategy and will seek to capitalise on the B2B market by tapping into N1's extensive business network and relationships. The encouraging results from FY18, especially in the commercial broking and lending space, pave the way for N1 to improve its financial performance in the coming year. N1 has identified three critical principles to grow its business.

- Targeting increased revenue per head – N1 aims to reduce employee expenses and increase productivity while seeking growth opportunities.

- Seeking recurring revenue from diverse sources – N1 has commenced its evolution from a single source of recurring revenue (broking commissions) to multiple sources (including property management, fees and interest income from commercial lending and, potentially, funds management). It is anticipated that scaling the revenue from these sources will lead to higher margin businesses.
- Higher value transactions – targeting transactions with higher value revenue opportunities (such as residential property sales, commercial lending and commercial loan broking) and funds management (focusing on opportunities unique to the local Australian Asian community).

Based on our growth over the past six months, N1's management team sees an exciting future for the group.

Events after the reporting period

On 1 August 2018, Company entered into 2 unsecured loan agreement with non-related lenders for $500,000 at 10% interest only repayment for 2 years. Loan purpose is to provide commercial loans.

On 5 September 2018, N1 Venture Pty Ltd issued its first unregistered managed scheme - One Lending Fund through a licensed intermediary agreement with Lanterne Fund Services Pty Ltd (ABN 49 098 472 587, AFSL 238198). N1 Venture holds an AFSL 477879 and is acting as Trustee and Manager of One Lending Fund.

Other than above mentioned event, 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 $25,000. 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

There were no non-audit services provided by the Crowe Horwath during the year ended 30 June 2018.

Auditor's independence declaration

The lead auditors' independence declaration for the year ended 30 June 2018 has been received and can be found following the Directors' Report.

Options

As at 30 June 2018, the number of unissued ordinary shares in the Company under option are 5,991,250. For details of Options issued to Directors and executives as remuneration, please refer to the Remuneration Report.

Meetings of directors

During the financial year, ten 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	10	10
Jia Penny He	10	10
Tarun Kanji	10	10

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 receive, at a minimum, the superannuation guarantee contribution required by law, which is currently 9.5% of the individual's ordinary earnings. Some individuals, however, have chosen 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 KMP 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 FY2018.

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

Maximum achievable bonus is used in below calculation.

	Fixed remuneration		Remuneration linked to performance	
	2018	**2017**	**2018**	**2017**
Directors and secretaries				
Ren Hor Wong	94.74%	94.74%	5.26%	5.26%
Jia Penny He	94.74%	94.74%	5.26%	5.26%
Tarun Kanji	100%	100%	0%	0%

Employment Details of members of KMP

The following tables provide employment details of persons who were, during FY2018, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

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	01/08/2014 - 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)*. Superannuation is capped at maximum deductible contribution cap for individual which is $25,000 in FY18.

— 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 and a car allowance of $1,000 pm.

— 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 and expired on 18 March 2018.
- 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 reimbursed based on actual work-related travel expenses. Total car allowance paid to the COO in FY2018 is $3,500.
- 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

2018	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 and Secretaries							
Ren Hor Wong	$361,741	-	$14,257	$ 25,000	$4,643	-	$405,641
Jia Penny He	$178,533	-	-	$ 17,100	$2,249	$6,874	$204,756
Tarun Kanji	$59,000	-	-	-	-	-	$ 59,000
Other KMP							
Jacqueline Wang	$186,262	-	-	$17,100	$2,428	$11,416	$217,206

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 and Secretaries							
Ren Hor Wong	$338,604	-	$13,877	$30,000	$3,914	-	$386,395

Jia Penny He	$155,904	-	-	$14,251	$1,929	$13,588	$185,672
Tarun Kanji	$44,795	-	-	-	-	-	$44,795
Other KMP							
Jacqueline Wang	$152,763	-	-	$14,250	$2,232	$17,581	$186,826

Note1: 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:

2018	**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	-	-	-
Jacqueline Wang	1,200,000	-	-	-	1,200,000	-	1,200,000

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

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	Expired on 18 March 2018
Jacqueline Wang	3	$0.0475	Continuous employment with the Group from 14/12/2015 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:

2018	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)	50,024,000	-	-	-	50,024,000
Jia Penny He (Note 2)	250,000	-	-	-	250,000
Tarun Kanji	-	-	-	-	-
Jacqueline Wang	125,000	-	-	-	125,000

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

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 2018.

On behalf of the Board

Ren Hor Wong
Executive Chairman and CEO
27 September 2018
Sydney

Crowe Horwath

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27 September 2018

The Board of Directors
N1 Holdings Limited
Suite 502, 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 2018, 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

SUWARTI ASMONO
Partner

N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
30 JUNE 2018

For the year ended 30 June 2018

	Note	2018 $	2017 $
Continuing operations			
Revenue	1.3	3,596,657	4,303,727
Consulting and referral fees		(813,792)	(1,090,146)
Gross profit		**2,782,865**	**3,213,581**
Other income	1.3	62,939	110,795
Employee cost		(2,811,083)	(3,031,056)
IT and technology		(23,741)	(97,392)
Sales and marketing		(121,912)	(242,609)
Rent and utilities		(479,161)	(429,982)
Professional fee		(368,063)	(388,319)
Office and administrative expense		(240,879)	(242,830)
Finance cost		(242,494)	(68,343)
Travel cost		(90,109)	(75,368)
Other operation cost		(11,957)	(20,377)
Depreciation and amortisation		(607,821)	(371,106)
Profit/(Loss) before income tax		**(2,151,416)**	**(1,643,006)**
Income tax benefit/(expense)	5.5	299,388	445,453
Net profit/(loss) from continuing operations	1.1	**(1,852,028)**	**(1,197,553)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(1,852,028)**	**(1,197,553)**
Earnings per share		cents	cents
Basic earnings per share	1.1	(2.3)	(1.5)
Diluted earnings per share	1.1	(2.3)	(1.5)

The accompanying notes form part of these financial statements.

N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2018

As at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.1	1,008,874	912,432
Trade and other receivables	2.2	1,187,664	1,317,026
Short-term loan receivables	2.3	1,694,000	-
Other current assets	3.3 (b)	17,537	11,220
TOTAL CURRENT ASSETS		**3,908,075**	**2,240,678**
NON-CURRENT ASSETS			
Trade and other receivables	2.2	1,437,481	1,302,252
Property, plant and equipment	2.4	366,044	495,178
Deferred tax assets	5.5 (d)	943,641	772,511
Intangible assets	2.5	2,210,032	2,653,803
Other non-current assets	3.3 (b)	234,735	230,946
TOTAL NON-CURRENT ASSETS		**5,191,933**	**5,454,690**
TOTAL ASSETS		**9,100,008**	**7,695,368**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.6	727,715	445,153
Loan and borrowings	3.3 (c)	1,462,272	224,531
Deferred income		158,567	-
Provisions	2.7	215,490	328,526
TOTAL CURRENT LIABILITIES		**2,564,044**	**998,210**
NON-CURRENT LIABILITIES			
Loan and borrowings	3.3 (c)	3,295,411	1,541,581
Deferred tax liabilities	5.5 (c)	943,641	1,037,877
Provisions	2.7	34,274	20,277
TOTAL NON-CURRENT LIABILITIES		**4,273,326**	**2,599,735**
TOTAL LIABILITIES		**6,837,370**	**3,597,945**
NET ASSETS		**2,262,638**	**4,097,423**
EQUITY			
Issued capital	3.1	5,722,125	5,756,156
Reserves	3.1	206,884	155,610
Retained earnings		(3,666,371)	(1,814,343)
TOTAL EQUITY		**2,262,638**	**4,097,423**

The accompanying notes form part of these financial statements.

N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30 JUNE 2018

For the year ended 30 June 2018

	Note	Share Capital $	Option Reserve $	Retained Earning $	Total $
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 / 1 July 2017		**5,756,156**	**155,610**	**(1,814,343)**	**4,097,423**
Comprehensive income Profit/(loss) for the year		-	-	(1,852,028)	(1,852,028)
Total comprehensive income for the year		-	-	**(1,852,028)**	**(1,852,028)**
Transactions with owners, in their capacity as owners, and other transfers		-	-	-	-
Total transactions with owners and other transfers		**-**	**-**	**-**	-
Share based payment	3.1		51,274	-	51,274
Recovery of deferred tax on IPO cost		(34,031)	-	-	(34,031)
Balance at 30 June 2018		**5,722,125**	**206,884**	**(3,666,371)**	**2,262,638**

The accompanying notes form part of these financial statements.

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N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
30 JUNE 2018

For the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,111,860	3,557,212
Interest received from bank deposit		17,117	28,863
Payments to suppliers and employees		(5,112,773)	(5,469,227)
Net increase in commercial loans		(1,694,000)	-
Net Increase in fund received from investor		1,606,740	-
Income tax refund/(paid)		-	19,667
Net cash provided by (used in) operating activities	2.1	**(1,071,056)**	**(1,863,485)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23,616)	(436,556)
Purchase of Intangible assets		(34,553)	(269,096)
Acquisition of subsidiary		-	(1,940,000)
Loans recovered from related parties		-	50,000
Cash received on disposal of plants and equipment		48,000	-
Net cash provided by /(used in) investing activities		**(10,169)**	**(2,595,652)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		470,297	1,246,300
Proceeds from issuance of convertible notes		1,000,000	370,000
Payment of finance cost and interest		(207,165)	(68,343)
Repayment of other finance liability		(85,465)	(33,334)
Net cash provided by (used in) financing activities		**1,177,667**	**1,514,623**
Net increase/(decrease) in cash held		**96,442**	**(2,944,514)**
Cash and cash equivalents at beginning of financial year		912,432	3,856,946
Cash and cash equivalents at end of financial year	2.1	**1,008,874**	**912,432**

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 2018 $	2017 $
Reconciliation of earnings to profit or loss		
Profit/(loss) – from continuing activities	(1,852,028)	(1,197,553)
Earnings/(loss) used to calculate basic EPS & dilutive	(1,852,028)	(1,197,553)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	81,555,573	81,045,248
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	81,555,573	81,045,248
Earnings/(loss) per share – basic (cents)	(2.3)	(1.5)
Earnings/(loss) per share – diluted (cents)	(2.3)	(1.5)

1.2 Segment information

The group has identified three reportable segments based on the nature of the products and services offered, the type of customers for those products and services 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

This segment refers to the operating activities in the financial services business including:

- Mortgage broking: the group acts as a mortgage broker that provides its customers with advice and support. the group receives commission payments on loans originated through its network of customers.
- Commercial loan lending: The group lends privately raised funds to commercial borrowers and earns loan fees and interest from this lending.

Real estate services

The group established a real estate service which operates through N1 Realty that acquired Sydney Boutique Property and other rent roll assets. The services are currently focused on rental property management and property sales agent services.

Migration services

The group provides migration services to its customers through N1 Migration which holds a migration agent licence.

(b) Segment performance and financial position

Year ended 30 June 2018	**Loan brokerage and other financial service**	**Real estate service**	**Migration service**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	2,673,257	805,845	111,055	6,500	3,596,657
Interest income	5,631	327	214	10,945	17,117
Other income	44,343	1,479	-	-	45,822
Total segment revenue and other income	**2,723,231**	**807,651**	**111,269**	**17,445**	**3,659,596**
Results					
Segment profit/(loss) before income tax	(155,885)	(660,935)	(50,374)	(1,284,222)	(2,151,416)
Income tax benefit/(expense)	-	-	-	299,388	299,388
Net profit/(loss) after tax	**(155,885)**	**(660,935)**	**(50,374)**	**(984,834)**	**(1,852,028)**
Assets and liabilities					
Total segment assets	5,664,255	949,650	44,448	2,441,655	9,100,008
Total segment liabilities	2,874,229	246,380	18,869	3,697,892	6,837,370
Other segment information					
Depreciation and amortisation	66,456	466,607	-	74,758	607,821
Interest expense	66,213	50,277	-	100,498	216,988

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 benefit/(expense)	-	-	-	445,453	445,453
Net profit/(loss) 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 2018	Consolidated Group 2017
(a) Revenue		
Origination commission	1,168,395	1,940,101
Trail commission billed	1,244,395	1,089,882
Net increase in the NPV of trail commission	116,146	336,466
Commercial lending fee and interest	144,321	-
Real estate service	805,845	740,799
Migration service	111,055	174,407
Other service	6,500	22,072
	3,596,657	**4,303,727**
(b) Other income		
Bank interest	17,117	28,863
Other	45,822	81,932
	62,939	**110,795**

Revenue recognition and measurement

(i) Mortgage broker 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.

(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 are 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) Commercial lending fee and interest

Commercial lending fee is recognised in revenue when the obligation of establishing the loan for customer is completed.

Interest income generated from the commercial lending is recognised when it is earned from the loan lent to customers.

(iv) 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 receives 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.

(v) 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 is assessed at 17.0% in FY18 (FY17: 18.7%).

New accounting standards for application in future periods

AASB 15: Revenue from Contracts with customers will be mandatory for the financial year ended 30 June 2019.

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede the current revenue recognition guidance including AASB 118 Revenue and the related Interpretations when it becomes effective.

Under AASB 15, an entity recognises revenue when that service (performance obligation) is satisfied.

The group recognises revenue from the following major sources:

- Origination commissions arising from mortgage broking activities, and
- Trailing commissions arising from mortgage broking activities.

Management has assessed the effects of applying the new standard on the group's financial statements and has identified the following areas that will be affected:

Measurement of trailing income asset

Under AASB 15, the future trailing commissions will be recognised and measured by expected value approach in comparison with net present value of the trailing income (initially recognised at fair value) under current accounting policy. The group estimate that the trailing commission asset would have been $3,387,541 as at 30 June 2018 had AASB 15 been applied in the current financial year.

Presentation of contract assets

Based on the group's preliminary assessment, it is expected that the associated future trail commission receivable would be accounted for as a contract asset, and the provision for clawback would be accounted for as a refund liability.

The contract asset will become a financial asset, i.e. a receivable, when the right to the consideration is unconditional. Contract assets are subject to the impairment requirements of AASB 9. The origination commission receivable is a short-term receivable recognised in accordance with AASB 9.

Section 2: Operating assets and liabilities

2.1 Cash and cash equivalents

	Consolidated Group	
	2018	2017
	$	$
Cash at bank and on hand	1,008,874	912,432
	1,008,874	**912,432**

Cash flow information

	Consolidated Group	
	2018	2017
	$	$
Reconciliation of Cash Flows from Operating Activities with Profit/(Loss) after Income Tax		
Profit/(loss) after income tax	(1,852,028)	(1,197,553)
Depreciation & amortisation	590,709	371,106
Gain on disposal of plants and equipment	(7,636)	-
Finance cost	207,165	68,343
Share based payments	51,274	125,139
(Increase)/decrease in trade and other receivables	(5,867)	(609,828)
Increase in other current assets	(6,317)	13,770
Increase in other financial assets	(3,789)	(35,809)
Increase/(decrease) in trade and other payables	282,562	(17,616)
Increase/(decrease) in provisions	(99,039)	(155,249)
Net movement in deferred tax assets or liabilities	(265,366)	(399,047)
(Decrease)/increase in tax payable	(34,031)	(26,741)
Net increase in commercial loans	(1,694,000)	-
Net fund received from commercial loan investor	1,606,740	-
Net increase in deferred income	158,567	-
Cash flows from operating activities	**(1,071,056)**	**(1,863,485)**

2.2 Trade and other receivables

	Consolidated Group	
	2018	2017
	$	$
Current		
Commission receivables	258,988	338,580
Agent commission clawback receivable	45,881	76,566
NPV of future trailing income receivable	882,795	901,880
	1,187,664	**1,317,026**
Non-Current		
NPV of future trailing income receivable	1,437,481	1,302,252
	1,437,481	**1,302,252**

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 2017: nil). As at 30 June 2018, the amount of all trade and other receivables past due is $36,597 (2017: $12,704).

2.3 Short-term loan receivables

	Consolidated Group	
	2018	**2017**
	$	**$**
Current		
Short-term commercial loan receivable	1,694,000	-
	1,694,000	**-**

The group raised funds to lend money to commercial entities on a short-term basis and earns the interest as income. More detail information regarding these loans is disclosed in Note 3.3 (c).

2.4 Property, Plant and Equipment

	Consolidated Group	
	2018	**2017**
	$	**$**
Office equipment		
At cost	63,759	55,028
Accumulated Depreciation on office equipment	(44,548)	(30,995)
	19,211	24,033
Motor vehicles		
At cost	74,329	142,123
Accumulated Depreciation on motor vehicles	(35,375)	(42,811)
	38,954	99,312
Furniture & Fittings		
At cost	530,109	515,225
Accumulated Depreciation on Furniture & Fittings	(222,230)	(143,392)
	307,879	371,833
Total plant and equipment	**366,044**	**495,178**

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 2016	14,291	132,416	35,801	182,508
Additions	23,193	-	469,473	492,666
Disposals	(13,451)	(33,104)	(77,332)	(123,887)
Depreciation expense			(56,109)	(56,109)
Balance at 30 June 2017	**24,033**	**99,312**	**371,833**	**495,178**
Additions	8,732	-	14,884	23,616
Disposals	-	(67,795)	-	(67,795)
Depreciation expense	(13,554)	(19,993)	(78,838)	(112,385)
Accumulated depreciation on disposal	-	27,430	-	27,430
Balance at 30 June 2018	**19,211**	**38,954**	**307,879**	**366,044**

The motor vehicles were acquired via finance lease.

2.5 Intangibles Assets

a) Movement schedule of intangible assets

	Goodwill (b)	Rent Roll (c)	Website and IT system (d)	Total
	$	$	$	$
Balance at 1 July 2016	-	-	155,750	155,750
Additions	536,216	2,155,370	70,798	2,762,384
Amortisation	-	(180,177)	(84,154)	(264,331)
Balance at 30 June 2017	**536,216**	**1,975,193**	**142,394**	**2,653,803**
Additions		-	34,553	34,553
Amortisation/written-down	-	(417,518)	(60,806)	(478,324)
Balance at 30 June 2018	**536,216**	**1,557,675**	**116,141**	**2,210,032**

b) Goodwill

	Consolidated Group	
	2018	2017
	$	$
Goodwill	536,216	536,216

The goodwill resulted from the group's acquisition of Sydney Boutique Property in 2016. The details of the transaction and related calculation is disclosed in last year's financial annual report. 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 the formerly described 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.

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 testing of the goodwill. The goodwill balance at the reporting date only relates the real estate services segment.

Growth rate: 3%	Growth rate is based on management's estimated inflation rate.
Pre-tax discount rate: 8%	Pre-tax discount rate reflects the specific risks relating to the real estate agency industry in Australia.
Terminal value:	Terminal value is based on the third year budgeted net cash flow, the pre-tax discount rate of 8% and the growth rate of 3%.

c) Rent Roll Assets

	Consolidated Group	
	2018	**2017**
	$	**$**
Rent Roll – Cost	2,155,370	2,155,370
Rent Roll – Written-down	(597,695)	(180,177)
Rent Roll – Net	**1,557,675**	**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.

d) Website and IT System

	Consolidated Group	
	2018	**2017**
	$	**$**
Website and IT system – Cost	318,457	283,904
Website and IT system – Accumulated amortisation	(202,316)	(141,510)
Website and IT system – Net	**116,141**	**142,394**

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 statement on a diminishing basis over the estimated useful life of the intangible assets from the date that they are considered 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 expenses.

2.6 Trade and other payables

	Consolidated Group	
	2018	2017
	$	$
Trade payables	122,661	101,705
Employee payables	235,293	161,644
Other creditors and accruals	369,761	181,804
	727,715	**445,153**

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

2.7 Provisions

	Consolidated Group	
	2018	2017
	$	$
Current		
Employee provision	78,100	93,124
Provisions for Clawback	137,390	235,402
	215,490	**328,526**
Non-Current		
Employee provision	34,274	20,277
	34,274	**20,277**

Movement of provision for clawback

	2018	2017
	$	$
Beginning of the year	235,402	454,022
Additions (Reductions) during the year	27,160	(61,973)
Payment of clawbacks during the year	(125,172)	(156,647)
Ending of the year	**137,390**	**235,402**

Clawback

Provision for clawback represented 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 11.39% (FY17: 11.35%).

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 2018 $	2017 $
Fully paid ordinary shares	5,722,125	5,756,156
Option reserve	206,884	155,610

Ordinary Shares

	Consolidated Group			
	2018 $	2018 Number of Shares	2017 $	2017 Number of Shares
As at beginning of the year	5,756,156	81,555,573	5,738,586	81,043,750
Issuance of new shares	-	-	63,977	511,823
Capital raising costs	-	-	-	-
Deferred tax benefit for capital raising cost	(34,031)	-	(46,407)	-
	5,722,125	**81,555,573**	**5,756,156**	**81,555,573**

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 2018 $	2017 $
As at beginning of the year	155,610	94,448
Share based payment	51,274	61,162
	206,884	**155,610**

Details in relation to the options 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 exercised, each Option is convertible into one ordinary Share.

(b) Options granted under the Employee Option Plan:

	2018		2017	
	Average exercise price per Option $	**Number of Options**	**Average exercise price per Option $**	**Number of Options**
As at beginning of the year	**0.20**	**8,738,750**	**0.20**	**5,962,500**
Granted during the year	-	-	0.20	4,791,250
Exercised during the year	-	-	-	-
Forfeited during the year	0.20	(2,747,500)	0.20	(2,015,000)
As at end of the year		**5,991,250**		**8,738,750**

Options outstanding under the Employee Option Plan at the end of the year have the following expiry dates and exercise prices:

Grant Date	**Expiry Date**	**Exercise price $**	**Fair value at grant date $**	**Options 30 June 18**	**Options 30 June 17**
14 December 2015	14 December 2018	0.20	0.054	3,710,000	4,535,000
18 March 2016	18 March 2018	0.20	0.0385	-	1,000,000
1 March 2017	14 December 2018	0.20	0.0475	2,281,250	3,203,750
				5,991,250	**8,738,750**
Average remaining contractual life of options outstanding at end of period				0.46 years	1.26 years

(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 $nil (2017: $227,584). 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 $51,274 (2017: $61,162) and relate to equity settled share based payment transactions.

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 recognised 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	
	2018	**2017**
Current	**$**	**$**
Other current assets	17,537	11,220
Short-term loan receivables	1,694,000	-
	1,711,537	**11,220**
Non-Current		
Other non-current assets	234,695	230,906
Other investment	40	40
	234,735	**230,946**

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.

Other investment

Other investments are non-derivative financial assets. 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 derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(c) Financial liabilities

	Consolidated Group	
	2018	**2017**
	$	**$**
Current		
Bank Loan (i)	56,410	200,004
Loan received for commercial lending (ii)	1,022,921	-
Convertible Debt (iii)	370,000	-
Finance lease payable - current	12,941	24,527
	1,462,272	**224,531**
Non-Current		
Bank Loan (i)	880,551	666,660
Loan from other lenders (iv)	780,000	380,000
Loan received for commercial lending (ii)	583,819	
Convertible Debt (iii)	1,000,000	370,000
Finance lease payable - non-current	51,041	124,921
	3,295,411	**1,541,581**

i) The bank loan was borrowed from National Australia Bank and consisted of two loan drawdowns.

Drawdown of $900,000 in October 2016: The repayment term of the loan is 5 years expiring 30 November 2021. Principal repayment has been extended in FY18 to be based on a 15-year period. The interest is 5.665% per annum with principal and interest repayments in accordance with the amended loan agreement. The loan is secured by the Sydney Boutique Property rent roll. The outstanding loan balance as at 30 June 2018 is $711,961 (2017: $866,664).

Drawdown of $225,000 in November 2017: The repayment term of the loan is 3 years ending on 30 July 2020. The interest is 5.6480% per annum with interest repayable in accordance with the loan agreement. The loan is secured by the N1 Realty rent roll. The outstanding loan balance as at 30 June 2018 is $225,000 (2017: $nil).

ii) Loan received for commercial lending is the funds being raised for commercial loan lending to customers. The BBBSA loan is secured by the Company's loan book. The remaining loans are unsecured. Key terms of these loans are detailed in the table below.

	Drawdown Amount	**Drawdown Date**	**Balance at 30/06/2018**	**Interest Rate**	**Repayment term**
BBBSA	900,000	01/05/18	856,740	10% p/a	3 Years Principal and Interest
Private loan batch#1	100,000	16/04/18	100,000	10% p/a	3 Months Rolling Interest only
Private loan batch#2	500,000	01/06/18	500,000	10% p/a	3 Months Rolling Interest only
Ren H Wong Family Trust	150,000	15/06/18	150,000	10% p/a	3 Months Rolling Interest only

iii) Convertible debt movement schedule

	2018 $	2017 $
As at the beginning of the year	**370,000**	**-**
Borrowed	1,000,000	370,000
Derivative expense	79,023	3,477
Settled	(79,023)	(3,477)
As at the end of the year	**1,370,000**	**370,000**

In FY17, the Company issued 1.85 million unlisted convertible notes in exchange for 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).

On 27 September 2017, the Company issued 5 million unlisted unsecured convertible notes with a total value of $1,000,000. Each convertible note had a face value of $0.20 with a 7% per annum interest rate and a 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 date. Following completion of the issue in September 2017, the total number of convertible notes on issue increased from 1.85 million to 6.85 million. If the noteholders convert the maximum number of convertible notes, then 6,850,000 new shares would be issued. This is based on a price of $0.20 and does not account for any accrued interest. The proceeds from the issue of convertible notes were used to fund potential acquisitions and for working capital purposes.

iv) Loan from other lenders consists of four loans from non-related parties. The first loan has a principle amount of $180,000. The repayment term is 2 years and extended to 3 years in FY18 and the interest rate 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 rate is 10% per annum in accordance with the loan agreement. The third loan has a principle amount of $200,000. The repayment term is 2 years and the interest rate is 10% per annum in accordance with the loan agreement. The fourth loan has a principle amount of $200,000. The repayment term is 2 years and the interest rate is 10% per annum in accordance with the loan agreement.

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	
		2018 $	2017 $
Financial Assets - Current			
Cash and cash equivalents	2.1	1,008,874	912,432
Trade and other receivables	2.2	1,187,664	1,317,026
Short-term loan receivables		1,694,000	-
Other current assets	3.3 (b)	17,537	11,220
Financial Liabilities - Current			
Financial liabilities at amortised cost			
Trade and other payables	2.5	727,715	445,153
Finance lease payables	3.3 (c)	12,941	24,527
Bank loans	3.3 (c)	56,410	200,004
Loan received for commercial lending	3.3 (c)	1,022,921	
Convertible debt	3.3 (c)	370,000	

		Consolidated Group	
		2018	2017
		$	$
Financial Assets - Non-current			
Trade and other receivables	2.2	1,437,481	1,302,252
Other non-current asset	3.3 (b)	234,695	230,906
Other investment		40	40
Financial Liabilities - Non-current			
Bank loans		880,551	666,660
Finance lease payables	3.3 (c)	51,041	124,921
Convertible debt	3.3 (c)	1,000,000	370,000
Other Loan	3.3 (c)	780,000	380,000
Loan received for commercial lending	3.3 (c)	583,819	

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 1.

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 A-to AA based on Standard & Poor.

The majority of outstanding receivables are commissions (including expected value of future trailing commissions) owed from Finsure Finance and Insurance Pty Ltd ABN 72 068 153 926 (Finsure) 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. The financial institutions which are owing commissions to the group through Finsure 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

2018	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	727,715	727,715	-	-	-
Convertible debts	3.3(c)	1,370,000	370,000	1,000,000	-	-
Finance lease liabilities	3.3(c)	63,982	12,941	13,501	37,540	-
Bank loan and other borrowings		3,323,701	1,079,331	1,137,911	451,547	654,912
		5,485,398	**2,189,987**	**2,151,412**	**489,087**	**654,912**

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		370,000	-	370,000	-	-
Finance lease liabilities		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**	-

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 primarily exposed the Group to interest rate risk are disclosed as below:

	Consolidated Group 2018 $	Consolidated Group 2017 $
Bank loans	936,961	866,664

If the interest rate increases or decreases by 1% pa, the future cash flow payment to the bank will be increased or decreased by $29,079 respectively over the life of the loan.

Foreign currency risk

The group held cash assets dominated in foreign currency from time to time. At the reporting date, the company held RMB 2,569.37 (2017: RMB 18,111). 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 categorized 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 material assets or liabilities recognised and subsequently measured at fair value on a recurring basis.

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).

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The group does not expect the new standard to affect the classification and measurement of those financial assets and liabilities held by the group which are disclosed in note 3.3.

The new impairment model in AASB 9 requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI), contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the group does not expect any significant difference in the loss allowance for the financial assets between AASB 139 and AASB 9.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Section 4: Business portfolio

4.1 Business combination

During the financial year, the group has not entered into any business combination transactions.

In prior financial year 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. Details of this business combination were disclosed in note 4.1 of the group's annual financial statements for the year ended 30 June 2017.

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.

	2018	2017
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	451,163	708,574
Non-current Assets	18,018,882	15,599,888
TOTAL ASSETS	**18,470,045**	**16,308,462**
LIABILITIES		
Current Liabilities	1,351,043	68,036
Non-current Liabilities	1,780,000	750,000
TOTAL LIABILITIES	**3,131,043**	**818,036**
EQUITY		
Issued Capital	15,790,087	15,756,055
Accumulated loss	(657,969)	(421,239)
Option reserve	206,884	155,610
TOTAL EQUITY	**15,339,002**	**15,490,426**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Net profit/(loss)	**(236,730)**	**53,118**

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

At 30 June 2017 and 30 June 2018, N1 Holdings Limited has no contingent liabilities.

At 30 June 2018, 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**	**2018 (%)**	**2017 (%)**
N1 Loans Pty Ltd (i)	Australia	100%	100%
N1 Migration Pty Ltd (ii)	Australia	100%	100%
N1 Realty Pty Ltd (iii)	Australia	100%	100%
N1 Project Pty Ltd (iv)	Australia	100%	100%

N1 Venture Pty Ltd (v)	Australia	100%	100%
Sydney Boutique Property Pty Ltd (vi)	Australia	100%	100%
N1 Franchise Pty Ltd (vii)	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 is 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 and, 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 since acquisition.

(vii) (vii)TACQ International Pty Ltd was incorporated on 21 July 2017 and renamed to N1 Franchise Pty Ltd on 5 March 2018, it has been fully owned by the group since incorporation.

(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 2018. The total of remuneration paid to or payable to KMP of the Group during the year was:

	2018	2017
	$	$
Short-term employee benefits	799,793	705,943
Post-employment benefits	59,200	58,501
Other long-term benefit	9,320	8,075
Share-based options	18,290	31,169
Total KMP compensation	**886,603**	**803,688**

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:

	2018 $	2017 $
Purchases of services/goods from other related parties		
N1 Consultants Group Sdn Bhd - Malaysia	125,071	108,960
N1 Forex Pty Ltd	-	27,600
Loan received/(paid) to related parties		
Ren Hor Wong	(2,776)	(234)
Ren Hor Wong Family Trust	(150,000)	-

Balances to/(from) other related parties:

	2018 $	2017 $
Ren Hor Wong – (payable)/receivable	(3,974)	(1,198)
Ren Hor Wong Family Trust	(150,000)	-

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 released but for application in future periods has been disclosed in the relevant section.

5.2 Auditor's Remuneration

	Consolidated Group	
	2018	**2017**
	$	**$**
Remuneration of the auditor Crowe Horwath Sydney for:		
auditing or reviewing the financial report	91,532	89,000
due diligence services	-	1,000
	91,532	**90,000**

5.3 Lease commitments

(a) Operating Lease Commitments

	Consolidated Group	
	2018	**2017**
	$	**$**
Payable — minimum lease payments		
Not later than 12 months	316,883	330,891
Between 12 months and 5 years	774,625	809,940
Later than 5 years	26,225	130,118
	1,117,733	**1,270,949**

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	
	2018	2017
	$	$
Within 12 months	15,387	24,527
Between 12 months and 5 years	53,928	139,486
Total	**69,315**	**164,013**
Less: future finance lease charge	(5,333)	(14,565)
Net commitment recognised as a liability	**63,982**	**149,448**

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.

The directors anticipate that the adoption of AASB 16 will impact the group's financial statements and lease asset and payable would be recognised on balance sheet as at 30 June 2018 if the new standard was adopted.

(c) Capital Expenditure Commitments

There were no capital expenditure commitments as at 30 June 2018 (2017: nil).

5.4 Contingent liabilities and Contingent assets

There are no contingent liabilities or contingent assets as at 30 June 2018 (2017: 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 realised 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	
		2018	**2017**
		$	**$**
(i)	The components of tax expense (income) comprise:		
	Current tax	(489,372)	(448,788)
	Deferred tax	(73,921)	12,282
	Unrecognised tax losses as deferred tax asset in current year	262,851	-
	Deferred tax for tax losses under-recognised in prior year	1,054	(8,947)
		(299,388)	**(445,453)**
(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	(2,151,416)	(1,643,007)
	At 27.5% (2017: 27.5%)	(591,639)	(451,827)
	Tax effect of:		
	Permanent differences	28,346	37,634
	Effect of change in income tax rate	-	(22,313)
	Unrecognised tax losses as deferred tax asset in current year	262,851	-
	Deferred tax for tax losses under-recognised in prior year	1,054	(8,947)
	Income tax (benefit)/expense	**(299,388)**	**(445,453)**

As at 30 June 2018, the tax loss carried forward for the company is $3,696,874 (2017: $1,921,172).

(b) Tax position

The group's current tax payable is $nil (2017: $nil)

(c) Deferred tax liabilities

	Opening balance	Charged to income statement	Charge to equity	Charge to other	Closing balance
	$	**$**	**$**	**$**	**$**
2018					
Trailing income	521,388	31,940	-	-	553,328
Website	9,979	(6,652)	-	-	3,327
Assets valued up in business combination	506,510	(119,524)	-	-	386,986
Balance at 30 June 2018	**1,037,877**	**(94,236)**	**-**	**-**	**943,641**

	Opening balance (restated) $	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**

(d) Deferred tax assets

	Opening balance $	Charged to income statement $	Charged to equity $	Closing balance $
2018				
Clawback and accrued	43,681	(18,515)	-	25,166
Tax Losses	528,322	225,476	-	753,798
IPO costs	102,097	-	(34,032)	68,065
Other temporary differences	98,411	(1,799)	-	96,612
Balance at 30 June 2018	**772,511**	**205,162**	**(34,032)**	**943,641**

	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**

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 1 August 2018, Company entered into 2 unsecured loan agreement with non-related lenders for $500,000 at 10% interest only repayment for 2 years. Loan purpose is to provide commercial loans.

On 5 September 2018, N1 Venture Pty Ltd issued its first unregistered managed scheme - One Lending Fund through a licensed intermediary agreement with Lanterne Fund Services Pty Ltd (ABN 49 098 472 587, AFSL 238198). N1 Venture holds an AFSL 477879 and is acting as Trustee and Manager of One Lending Fund.

Other than the events mentioned above, there have 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 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 19 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 group's financial position as at 30 June 2018 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 2018
Sydney

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Independent Auditor's Report to the Members of 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 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

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

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

Crowe Horwath™

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 we addressed the Key Audit Matter
Valuation of trail commission – Note 2.2	
The Group had significant trail commission assets that were calculated using modelling technique that involved the use of forward-looking assumptions and risk adjustments. Management had used judgment to establish the methodology, assumptions and adjustments used in the model, as described in Note 1.3. We focussed on this area as a key audit matter due to the complexity and subjectivity involved in performing the valuation.	Our procedures included, but were not limited to, assessing the consistency of the model used in the current year against that used in the prior year and challenging the key assumptions used by management in the valuation of the trail commission assets, as follows: ▪ Assessing the discount rate for relevance and consistency within the context of the valuation and based on our knowledge of the Group and the industry. ▪ Comparing the lapse rate to industry data and historical data for the Group.
Impairment assessment of intangibles assets (goodwill and rent roll) – Note 2.5	
The Group had significant goodwill and rent roll assets relating to its real-estate business. The impairment assessment of goodwill involves significant judgement in respect of factors such as: ▪ Cash flow projections; ▪ Growth rate; and ▪ Discount rate. The recoverable value of rent rolls was determined with reference to the reduction in rent under management and resale multiple. We focused on this area as a key audit matter due to the high degree of estimation and judgement made by the management.	Our procedures included, but were not limited to, challenging the assumptions that supported the directors' position on impairment and recoverability of these intangible assets as follows: ▪ Assessing the reasonableness of the cash flow projections with reference to the last actual result. ▪ Reviewing the accuracy of the value in use model and checking the mathematical calculation. ▪ Reviewing the reasonableness of key assumptions in the value in use model with reference to market available data and the Group's historical data.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

In 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 have 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Crowe Horwath

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 12 to 17 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of N1 Holdings Limited, for the year ended 30 June 2018, 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.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

SUWARTI ASMONO
Partner

27 September 2018
Sydney

N1 HOLDINGS LIMITED
SHAREHOLDER INFORMATION
30 JUNE 2018

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 2018.**

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number of shares	%	Number of holders	%
1 – 1,000	1,244	0.00%	3	0.91%
1,001 – 5,000	40,150	0.05%	10	3.04%
5,001 – 10,000	907,767	1.11%	92	27.96%
10,001 – 100,000	5,800,122	7.11%	174	52.89%
100,001 – and over	74,806,290	91.72%	50	15.20%
Total	**81,555,573**		**329**	

b. The number of shareholdings held in less than marketable parcels is 0.

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	2,780,266	3.41%
TIN FAMILY SMSF PTY LTD	2,450,000	3.00%
BNP PARIBAS NOMS PTY LTD	2,197,367	2.69%
Total	**60,923,515**	**75.57%**

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	2,780,266	3.41%
4	TIN FAMILY SMSF PTY LTD	2,450,000	3.00%
5	BNP PARIBAS NOMS PTY LTD	2,197,367	2.69%
6	MR TONG CHAI TAN	1,498,249	1.84%
7	JIANRONG SUN	1,250,000	1.53%
8	MS MUN CHING WANG	760,470	0.93%
9	MS YUEXIAN ZHAO	655,833	0.80%
10	AUSTRALIA WIDE DEVELOPMENT GROUP PTY LTD	500,000	0.61%
11	LC FAMILY SUPER PTY LTD	500,000	0.61%
12	VEN TAN PTY LTD	500,000	0.61%
13	IPOH YAP SMSF CO PTY LTD	487,500	0.65%
14	MXJ PTY LTD	453,167	0.56%
15	MISS ZHAOJIA HE	425,000	0.52%
16	MRS SILIAN ZHAO	418,750	0.51%
17	MS HUEY CHARNG WONG	350,000	0.43%
18	MISS MANNI FU	341,115	0.42%
19.	ANZI SUPER FUND PTY LTD	312,500	0.38%
20.	MR JILIANG ZHANG	300,000	0.37%
	Total	**69,900,603**	**85.70%**

e. Escrowed Shares

No

f. Vested Options

No

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

N1 Holdings Limited

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