N1 HOLDINGS LIMITED

ACN 609 268 279

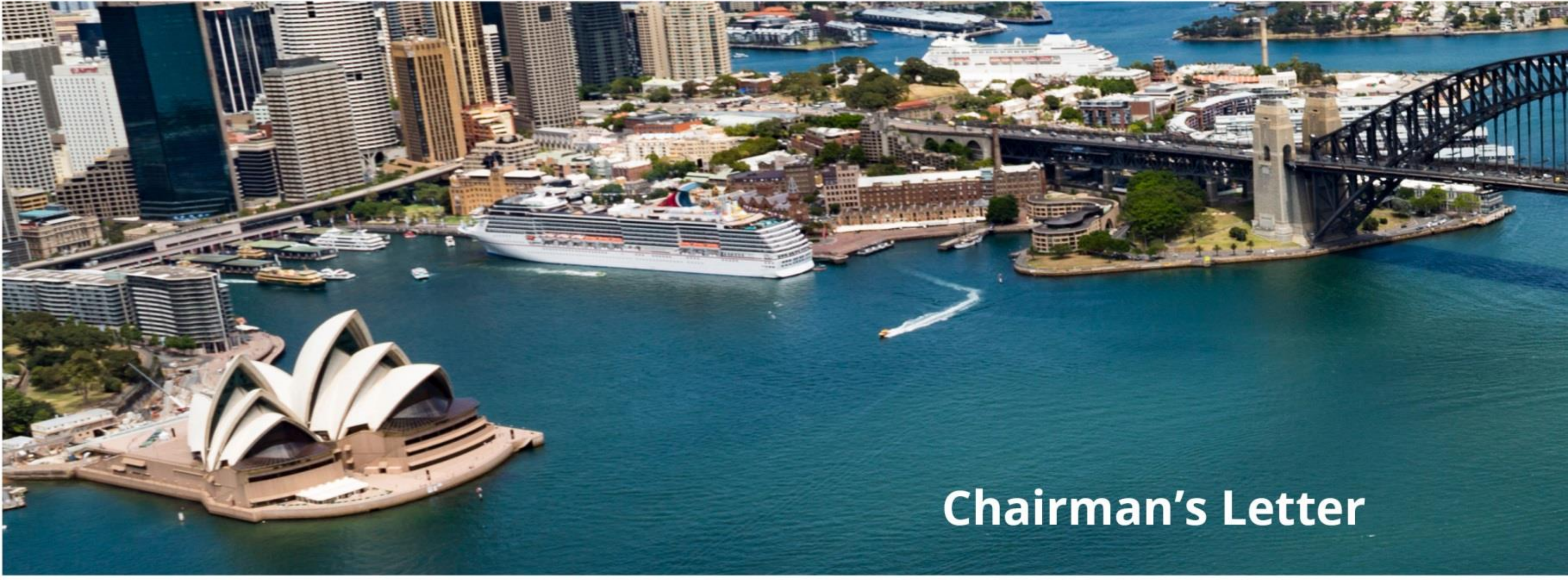
ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2019

N1 Holdings Limited
Corporate directory
30 June 2019

Directors	Ren Hor Wong Executive Chairman, CEO Jia Penny He Executive Director, CFO Tarun Kanji Non-Executive Director David Holmes Non-Executive Director
Company secretary	Anand Sundaraj
Corporate office	Suite 502, 77 King Street Sydney NSW 2000 Telephone: +61 2 9262 6262
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Telephone: +61 1300 554 474
Auditor	Crowe Sydney Level 15, 1 O'Connell Street Sydney NSW 2000
Solicitors	Sundaraj & Ker Level 36, 264 George Street Sydney NSW 2000
Stock exchange listing	N1 Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: N1H)
Corporate Governance Statement	N1 Holdings Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. N1 Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2019 corporate governance statement reflects the corporate governance practices in place during the financial year ended 30 June 2019. The 2019 corporate governance statement was approved by the board on 27 September 2019. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at: http://www.n1holdings.com.au/



Chairman's Letter

Dear fellow shareholders,

I welcome you to the N1 Holdings Limited **(Company or N1)** Annual Report for the financial year ended 30 June 2019 **(FY19)**. Over the past financial year, the management of N1 has continued to steer the Company towards building a sustainable growth business model. As I mentioned in last financial year's annual report, I still believe the first three years after listing are critical for the Company to build a strong foundation. Since outlining our goal of "diversification" in our IPO prospectus in 2016, the Company has sought opportunities for growth via diversification in each year since listing. The Company has achieved another critical milestone in its third full financial year since listing on ASX in March 2016. On behalf of N1's management, I am pleased to conclude that our diversification strategy has been successful and would like to share with fellow shareholders our high-level strategy for growth over the next three years.

The Company recorded the following revenue splits between different business divisions over FY19:

- Commercial lending and interest revenue 25.68%;
- Commercial broking origination commission 9.60%;
- Residential broking origination commission 12.97%;
- Mortgage broking trailing commission 31.99%
- Realty revenue 13.10%; and
- Other revenue 6.66%.

During FY19, total revenue grew by 12.81% over the previous financial year.

Events during FY19

In the previous financial year's annual report, we mentioned we saw great opportunities in commercial lending and that the Company is able to leverage its network of business connections to venture into the provision of Business to Business **(B2B)** services and further enhance its ability to generate revenue. The Company then launched the One Lending Fund in February 2019, which is by far the most profitable business of N1. It should be noted that the One Lending Fund became operational only during Q4 of FY18 with an initial commitment of $2m. Additional lending capital of approximately $2m was provided from the Company's balance sheet, totalling approximately $4m in lending capital. One Lending Fund continues to grow in size. By May 2019, our lending capital reached a total of $10m – a growth of 250% in three months. This $10m comprises approximately $6.2m via One Lending Fund and approximately $3.8m from the Company's balance sheet and committed capital. N1 is now able to deploy up to $10m of lending capital.

High-level future strategy

We have concluded our first three financial years with a successful transition into a new growth model. N1 has a new three-year plan, with the aim to propel N1 into steeper growth. We always like to simplify our growth strategy into certain keywords, and the new upgraded three-year plan is the extension of the keywords "Business to Business" **(B2B)**. We originally noted B2B in previous financial years as a way to engage commercial lending clients. In the first step of our new growth plan, we will extend B2B across the board by putting the B2B element into our lending businesses (beyond just commercial lending), exploring opportunities into residential lending, and more importantly, lending with more expansive geographical reach.

N1's management has in the last six months started to implement a number of B2B strategies by mirroring the success of the One Lending Fund. We are entering the residential mortgage origination space and expanding our residential mortgage broking arm into a wholesale lending and mortgage management business (with a focus on growing our external distribution network as a lender). The aim is to enable N1 Loans to become a mortgage manager, both in the commercial and residential mortgages space. The launch of our self-branded residential home loan product "N1 Plus" is a significant step into a mortgage management business and is the final piece of puzzle for N1 to be able to offer a complete suite of N1 branded lending products. N1 now possesses both a commercial lending mortgage management business (One Lending Fund) and a residential lending mortgage management business (N1 Plus). N1 is now offering residential mortgages to foreign buyers of Australian properties, capitalising on its unique niche with access to the Asian-Australian community which demonstrates that N1 is well positioned in the market as an innovative leader. When we speak of B2B, we are enhancing our product distribution capability by engaging with more lending and mortgage businesses in the market, thereby putting ourselves upstream in the value chain.

Summary

In the previous financial year, we continued to diversify by adding a new growth engine, commercial lending, amid a regulatory tightening of credit and a property market downturn. We presented magnificent revenue growth.

In the new financial year, we are adding a new growth engine - residential mortgage management. We intend to see the next revenue composition to be more evenly spread across both commercial and residential lending. The Company will receive revenue from mortgage broking commissions (for mortgage broking) as well as a net interest margin (for mortgage origination). This is an expansion that will empower N1 to have a more concrete position to capture market share. Being a lender allows N1 to have better client retention, better cross-sell opportunities, and a more flexible profit margin.

I would like to thank all shareholders for their patience and for trusting the Company with N1's management. We are looking forward to developing the Company into a more profitable, sustainable and innovative business.

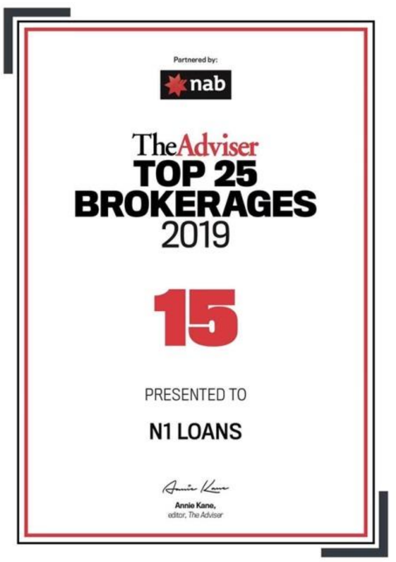
Yours faithfully,

Ren Hor Wong
Executive Chairman and Chief Executive Officer
27 September 2019
Sydney

Awards Achieved in FY2019

Australian Broking Awards
TheAdviser
Innovator of the Year 2019

Australian Broking Awards
TheAdviser
Diversification Program of the Year 2019



Top 25 Brokerages 2019
TheAdviser

#15

Top 25 Brokerage 2019
TheAdviser

General information

The financial statements cover N1 Holdings Limited as a Group consisting of N1 Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is N1 Holdings Limited's functional and presentation currency.

N1 Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its principal place of business is:

Suite 502, 77 King Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2019. The directors have the power to amend and reissue the financial statements.

N1 Holdings Limited
Director's report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of N1 Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Principal activities

During the FY2019, 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

During FY19, the Group generated revenue of $4.06m (FY18: $3.60m) delivering a net loss of $2.57m (FY18: loss $1.85m). Normalised EBIDTA with non-cashflow loss related to trail book being adjusted, has improved by $626,494 to a loss of $674,607 (FY18: loss of $1.3m).

The increased net loss is mainly due to the following non-cash expenses totalling $1,024,207.

- In August 2019, the Company committed to selling its Finsure aggregated mortgage trail commissions book. As a result, the contract assets and related contract liabilities for the trail book were reclassified as assets held for sale as at 30 June 2019. This has created a non-cash loss of $592,432.
- Increased depreciation and amortisation cost of $166,419
- Reduced deferred tax benefit of $265,356

During FY19, the Group's financial services business continued to be the major revenue generator, accounting for 80.24% of the total revenue of the group. It is worth noting that 25.68% of the revenue comes from commercial lending including management fee from One Lending Fund (the Fund). The real estate business generated revenue of $531,524 representing 13.1% of the Group's total revenue and a reduction of 34% compared to FY18. Realty income has declined due to a downturn in the property market and increased regulatory intervention. Persisting decline of market activity and falling auction clearance rates during the year, have undeniably had an adverse effect on the industry in general. A flood of new entrants into property management industry due to falling sales activity has also contributed to squeezing profit on margin property management revenue. In response to this, the management of the Group has reacted swiftly to optimise the operational cost during the financial year by merging of offices, service accounts and sales team. N1 Realty also has attached focus to commercial properties and large acquisitions transactions by utilising its strong network in the local Asian business community. N1 Migration generated $145,117 in revenue representing 3.58% of the Group's total revenue.

The launch of the Fund in the second half of FY19 has brought in the most significant uplift in revenue for the Group and has become a major revenue driver for the Group. Total commercial loan origination commission and lending revenue including interest from loans in the current reporting period amounted to $1.04m (FY18: $144,321), which represents an increase of over 622%.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

In July 2019, the Company has made a strategic investment in Stropro Technologies, a fintech start-up founded in 2017. The investment has been structured as a SAFE (Simple Agreement for Future Equity) pursuant to which the Company has agreed to make cash payment to Stropro Technologies in exchange for a contractual right to convert that investment into shares at a later date.

In July 2019, the Company's subsidiary N1 Loans has entered into a joint venture with Smartkey Property to form Loan 77 Pty Ltd. The joint venture company, Loan 77, will refer mortgage brokering opportunities to N1 Loans from Smartkey Property's current pipelines of over 2,000 property settlements.

In August 2019, One Lending Fund, which is managed by N1 Venture Pty Ltd (AFSL 477879) issued original units of $2.1 million. Total funds under management has amounted to $7.9 million as at the date of this report.

In August 2019, the Company sold the trail book for a consideration of $2.38 million. The contract assets and related contract liabilities for the trail book have been reclassified as assets held for sale as at 30 June 2019.

In August 2019, the Company established Yizhihao (Shanghai) Business Consultation Co. Ltd in China to replace its Shanghai representative office under N1 Loans. The company will serve as a pilot of its business consultation services in China.

In July 2019, the Company launches suite of self-branded home lending products. The new product suite, named “N1 Plus”, includes a range of prime, specialist and “low doc” loans.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option
There were no unissued ordinary shares of N1 Holdings Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of N1 Holdings Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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);

Mr Tarun Kanji (Non-executive Director, appointed 18 March 2016); and

Mr David Holmes (Non-executive Director, appointed 15 January 2019).

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 13 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 26 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 11 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	Non-Executive Director – Tomizone Limited (ASX: TOM)

Mr David Holmes (Non-Executive Director)	
Qualifications, experience and special responsibilities	Mr Holmes has over 30 years' experience in the financial services industry having held senior roles in the UK and Australia. He was Head of Mortgage Credit for Citibank UK before becoming COO at Preferred Mortgages, one of the first non-conforming lenders in the UK. In August 2000 David moved to Australia and was one of the founding Executives at Pepper Money. While at Pepper Money he served as COO and Global Head of Credit with responsibility for the establishment and maintenance of credit polices throughout Australia, Ireland and South Korea. David was instrumental in Pepper Money gaining warehouse funding facilities from three of the major banks in Australia. Mr Holmes holds a Bachelor of Arts (with Honours) from University of Warwick.
Interest in Shares and Options	Nil
Directorships held in other listed entities during the three years prior to the current year	None

Mr Anand Sundaraj (Company Secretary)	
Qualifications, experience and special responsibilities	Anand Sundaraj is a corporate lawyer with over 19 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

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Number eligible to attend	Number attended
Ren Hor Wong	11	11
Jia Penny He	11	11
Tarun Kanji	11	11
David Holmes (appointed in January 2019)	6	6

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 (having regard to the Company's earnings and the consequences of the Company's performance on shareholder wealth, in each case in the most recent financial year and previous 4 financial years) 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 FY2019.

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**	
	2019	**2018**	**2019**	**2018**
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%
David Holmes	100%	-	0%	-

Employment Details of members of KMP

The following tables provide employment details of persons who were, during FY2019, 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
David Holmes	Independent Director	15/01/2019 - Ongoing	Consultancy agreement	3 months

Key terms of KMP contract

Chief Executive Officer

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

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

- The Company provide a car benefit to the CEO 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 – Tarun Kanji

- The remuneration (Service Fee) of the Non-Executive Director is $59,000 per annum.
- 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 $120,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.
- 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.

Non-Executive Director – David Holmes

- The remuneration (Service Fee) of the Non-Executive Director is $66,000 per annum including Superannuation.
- 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.

Remuneration of KMP

2019	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	$374,675	-	$11,530	$20,531	$6,518	-	$413,254
Jia Penny He	$177,842	-	-	$17,100	$3,001	$6,180	$204,123
Tarun Kanji	$59,000	-	-	-	-	-	$59,000
David Holmes	$24,142	-	-	$2,293			$26,435
Other KMP							
Jacqueline Wang	$87,564	-	-	$8,550	$307	$11,613	$108,034

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

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:

2019	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	-	-	-	-	-	-	-
Jacqueline Wang	1,200,000	-	-	-	1,200,000	1,200,000	-
David Holmes	-	-	-	-	-	-	-

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

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**	**Exercising 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
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:

2019	**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
David Holmes	-	-	-	-	-

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

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 2019.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

There were no options over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Auditor

Crowe continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Ren Hor Wong
Executive Chairman and CEO

27 September 2019

Crowe Sydney
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Member of Crowe Global

Audit and Assurance Services

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27 September 2019

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 2019, 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 Sydney

Crowe Sydney

Suwarti Asmono
Partner

N1 Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue	3	4,057,306	3,596,657
Other income	4	35,712	62,939
Expenses			
Consulting and referral fees		(913,577)	(813,792)
Employee cost		(2,503,698)	(2,811,083)
IT and technology		(11,010)	(23,741)
Sales and marketing		(99,682)	(121,912)
Rent and utilities		(487,747)	(479,161)
Professional fee		(374,717)	(368,063)
Office and administrative expense		(238,869)	(240,879)
Finance cost		(564,093)	(242,494)
Travel cost		(102,702)	(90,109)
Depreciation and amortisation		(774,240)	(607,821)
Other operation cost		(35,623)	(11,957)
Loss for non-current assets classified as held for sale		(592,432)	-
Loss before income tax benefit		(2,605,372)	(2,151,416)
Income tax benefit	35	34,032	299,388
Loss after income tax benefit for the year		(2,571,340)	(1,852,028)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(2,571,340)	(1,852,028)
		Cents	**Cents**
Basic earnings per share	1	(3.2)	(2.3)
Diluted earnings per share	1	(3.2)	(2.3)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

N1 Holdings Limited
Consolidated statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	5	919,532	1,008,874
Trade and other receivables	7	283,585	1,187,664
Contract assets	8	91,566	-
Short-term loan receivables	10	2,752,500	1,694,000
Other financial assets	9	421,507	-
Non-current assets held for sale	11	2,384,525	-
Other current assets	12	54,650	17,537
Total current assets		6,907,865	3,908,075
Non-current assets			
Trade and other receivables	7	-	1,437,481
Contract assets	8	121,273	-
Property, plant and equipment	13	293,354	366,044
Deferred tax assets	36	839,775	943,641
Intangible assets	14	1,591,185	2,210,032
Other non-current assets	15	236,823	234,735
Total non-current assets		3,082,410	5,191,933
Total assets		9,990,275	9,100,008
Liabilities			
Current liabilities			
Trade and other payables	16	409,764	727,715
Contract liabilities	17	216,248	-
Loan and borrowings	18	3,770,103	1,462,272
Deferred income	19	172,845	158,567
Provisions	20	150,697	215,490
Total current liabilities		4,719,657	2,564,044
Non-current liabilities			
Contract liabilities	17	53,483	-
Loan and borrowings	18	4,091,681	3,295,411
Deferred tax liabilities	36	839,775	943,641
Provisions	20	52,159	34,274
Total non-current liabilities		5,037,098	4,273,326
Total liabilities		9,756,755	6,837,370
Net assets		233,520	2,262,638
Equity			
Issued capital	21	5,688,093	5,722,125
Reserves	22	206,524	206,884
Retained earnings		(5,661,097)	(3,666,371)
Total equity		233,520	2,262,638

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

N1 Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2019

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2017	5,756,156	155,610	(1,814,343)	4,097,423
Loss after income tax benefit for the year	-	-	(1,852,028)	(1,852,028)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,852,028)	(1,852,028)
Transactions with owners in their capacity as owners:				
Share-based payments	-	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

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2018	5,722,125	206,884	(3,666,371)	2,262,638
Impact of adoption of AASB 15	-	-	576,614	576,614
Balance at 1 July 2018 - restated	5,722,125	206,884	(3,089,757)	2,839,252
Loss after income tax benefit for the year	-	-	(2,571,340)	(2,571,340)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,571,340)	(2,571,340)
Transactions with owners in their capacity as owners:				
Share-based payments	-	(360)	-	(360)
Recovery of deferred tax on IPO cost	(34,032)	-	-	(34,032)
Balance at 30 June 2019	5,688,093	206,524	(5,661,097)	233,520

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

N1 Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		4,437,516	4,111,860
Interest received from bank deposit		9,126	17,117
Payments to suppliers and employees		(5,534,531)	(5,112,773)
Net increase in fund lent as commercial loans		(1,058,500)	(1,694,000)
Net Increase in fund received for commercial loans		2,843,452	1,606,740
Interest and other finance costs paid for commercial loans		(312,043)	-
Net cash from/(used in) operating activities		385,020	(1,071,056)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(10,524)	(23,616)
Purchase of Intangible assets	14	(72,178)	(34,553)
Investment in other financial assets		(421,507)	-
Cash received on disposal of plants and equipment		-	48,000
Net cash used in investing activities		(504,209)	(10,169)
Cash flows from financing activities			
Proceeds from borrowings and loans		530,000	470,297
Proceeds from issuance of convertible notes		-	1,000,000
Repayment of borrowings and loans		(256,410)	-
Payment of finance cost and interest		(230,801)	(207,165)
Repayment of other financial liability		(12,942)	(85,465)
Net cash from financing activities		29,847	1,177,667
Net increase/(decrease) in cash and cash equivalents		(89,342)	96,442
Cash and cash equivalents at the beginning of the financial year		1,008,874	912,432
Cash and cash equivalents at the end of the financial year	5	919,532	1,008,874

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Earnings per share

	Consolidated	
	2019	**2018**
	$	**$**
Loss after income tax	(2,571,340)	(1,852,028)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	81,555,573	81,555,573
Weighted average number of ordinary shares used in calculating diluted earnings per share	81,555,573	81,555,573
	Cents	**Cents**
Basic earnings per share	(3.2)	(2.3)
Diluted earnings per share	(3.2)	(2.3)

Note 2. Operating segments

Identification of reportable operating segments
The Group is organised into four operating segments: financial services, real estate services, migration services and other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Financial services

This segment refers to the operating activities in the area of financial service business mainly including:
- Mortgage broking
- Commercial loan lending

The Group acts as a mortgage broker that provides its customer with advice and support and receives commission payments on loans originated through its network of customers.

The Group lends the privately raised funds to commercial borrowers and earns a loan fee and interest from those lending activities.

Real estate services

The Group conducts real estate services through N1 Realty Pty Ltd and Sydney Boutique Properties Pty Ltd. The services currently are focused on rental property management and property sales agent service.

Migration services

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

Other segments represent the services provided by the Group other than the above three categories.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 2019	Financial services $	Real estate services $	Migration services $	Other $	Total $
Revenue					
Revenue	3,255,665	531,524	145,117	125,000	4,057,306
Interest	6,457	-	148	2,520	9,125
Other revenue	11,766	21	-	14,800	26,587
Total revenue	3,273,888	531,545	145,265	142,320	4,093,018
Loss for non-current assets classified as held for sale	(592,432)	-	-	-	(592,432)
Segment operating profit/(loss) before income tax	(357,736)	(834,438)	12,643	(833,409)	(2,012,940)
Profit/(loss) before income tax benefit	(950,168)	(834,438)	12,643	(833,409)	(2,605,372)
Income tax benefit					34,032
Loss after income tax benefit					(2,571,340)
Material items include:					
Depreciation and amortisation expense	42,575	664,261	-	67,404	774,240
Interest expense	108,568	56,566	78	398,881	564,093
Assets					
Segment assets	6,995,506	1,044,737	53,208	1,896,824	9,990,275
Total assets					9,990,275
Liabilities					
Segment liabilities	9,249,051	2,997,457	69,986	(2,559,739)	9,756,755
Total liabilities					9,756,755

Note 2. Operating segments (continued)

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

Note 3. Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2019 $	**2018 $**
Mortgage broking origination commission	915,793	1,168,395
Mortgage broking trail commission	1,297,972	1,244,395
Net movement in trail commission asset valuation	-	116,146
Commercial lending fee and interest	1,041,900	144,321
Real estate service	531,524	805,845
Migration service	145,117	111,055
Other service	125,000	6,500
	4,057,306	3,596,657
Geographical regions		
Australia	4,057,306	3,596,657
International	-	-
	4,057,306	3,596,657

Timing of revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The analysis of the revenue recognition point is as below:

Note 3. Revenue (continued)

	2019 At point in time $	2019 Over time $	2018 At point in time $	2018 Over time $
Mortgage origination commission	915,793	-	1,168,395	-
Trail commission	1,297,972	-	1,360,541	-
Commercial lending fee and interest	512,618	529,282	-	144,321
Real Estate service	132,018	399,506	301,774	504,071
Migration service	145,117	-	111,055	-
Other service	125,000	-	6,500	-
	3,128,518	928,788	2,948,265	648,392

New Accounting Policy - AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15: Revenue from Contracts with Customers since 1 July 2018. The standard supersedes the previous revenue recognition guidance including AASB 118 Revenue and the related interpretations.

The standard has introduced a single, principle-based five- step recognition and measurement model for revenue recognition. The five steps are:

1. Identify the contract with a customer;
2. Identify the separate performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to each performance obligation identified in Step 2; and
5. Recognise revenue when a performance obligation is satisfied.

The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Where there is variable consideration in calculating a transaction price, revenue will only be recognised if it is highly probable that a significant revenue reversal will not subsequently occur.

Note 3. Revenue (continued)

Mortgage broking

The Group provides a service of introducing applicants to lenders as part of the process to originate a loan and receive commissions for the service provided. The service activities that form part of this process are interrelated and interdependent of each other and form a single performance obligation. The Group recognise commission as revenue upon the settlement of loans when the performance obligation is completed.

The deferral of some of the commission as a trailing commission is a mechanism by which the lender is incentivising the broker to introduce quality applicants that will not refinance their loans and therefore maximise the life of the loan. This mechanism affects the transaction price, but it does not give rise to a separate performance obligation. As a result, a trailing commission is also recognised as revenue upon settlement of loans and at the same time, the right to trailing commissions is now recognised as a contract asset on balance sheet (where it was classified under trade and other receivable in reports from prior period). The contract asset will only become a financial asset (i.e. a receivable) when the right to the consideration is unconditional. This is expected to be as each month's entitlement to the trailing commission is established when an invoice is raised to the aggregator.

The Group recognises a trailing commission as revenue only if it is highly probable that a change in the estimate of the variable consideration would not result in a significant reversal of the cumulative revenue already recognised.

The upfront origination commission was recognised at its transactions price and the trailing commission is recognised by using expected value approach constrained by avoiding possible future downward revenue adjustments (i.e., revenue reversals).

The Group is a principal because it controls its service activities during the loan application process and entitled to gross commissions from lenders/aggregators. As a result the revenue for commissions earned is presented on a gross basis. The portion payable to commission-based brokers is recorded separately and recognised as trail commission liabilities at reporting date.

Real estate service

The Group enters into contracts with its customers to manage and/or sell, on their behalf, of properties. Under these contracts, the Group provides rental management and/or selling agent services (i.e., coordinating the selection of suitable tenants/purchasers and managing the rental and selling of the properties).

As a result, the Group 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. In terms of the real estate selling agent services, 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 is a principal because it controls its service activities during the property management and real estate sales process and entitled to gross commissions from landlords/sellers. Therefore, the revenue for commission earned is presented on a gross basis.

Commercial loan lending service

The Group enters into contracts to lend the privately raised fund to commercial borrowers. Under these contracts, the Group provides loan services and earns a commercial lending fee and interest from those lending activities. Commercial lending fees are recognised as revenue upon the obligation of establishing the loan for a customer being completed. Interest income generated from the commercial lending is recognised when it is earned from the loan lent to customers.

The Group is a principal because it controls its service activities during the lending process and entitled to gross commissions from borrowers. Therefore, the revenue for lending fees and interest earned are presented on a gross basis.

Note 3. Revenue (continued)

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.

The Group controls its services during the service rendering process and is a principal. It is entitled to gross commissions from applicants. Therefore, the revenue for commissions earned is presented on a gross basis.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Impact of adoption of AASB 15

The Group has selected to use the modified retrospective approach in adopting AASB 15 which recognises the cumulative effect of initial application through opening retained earnings as at 1 July 2018. The Group will not restate the comparative period financial statements. The modified retrospective approach applied to contracts not completed at 30 June 2018. Other than the impact for measurement of mortgage brokering revenue and related contract assets as disclosed below, there is no significant impact over revenue transactions.

Upon adoption of AASB 15, expected value approach is used to replace the net present value approach for recognition and subsequent measurement of revenue and assets in relation with trailing commission from mortgage brokering.

Comparison of financial performance and balances of each relevant account is shown below to disclose the impact of the adoption of AASB 15.

	Under AASB 15 $	Under old standard $
Contract assets as at 30 June 2018*	3,387,542	-
Trade and other receivables as at 30 June 2018 *	304,868	2,625,145
Trail commission liabilities as at 30 June 2018	(490,652)	-
Retained earnings as at 30 June 2018	(3,089,757)	(3,666,371)

* Contract assets and trade receivable: the change is mainly due to the reclassification of “trailing commission” from trade receivable to contract assets as well as the different valuation approach used.

Critical accounting estimates and judgements – expected value of trailing income contract assets

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 future trailing commissions without having to perform further services and recognise this as a contract asset in accordance with AASB 15. The value of trailing commission is determined by using expected value approach being the sum of probability-weighted amounts for various possible future trailing commission generated from existing loan portfolios as at reporting date in accordance with AASB 15. These calculations require the use of following assumptions which are determined by management with the assistance of external valuation specialist:
- Weighted average loan life (WAL) of 3.7 years
- Loan atrophy rate of 15.95% p.a.

Note 4. Other income

	Consolidated 2019 $	2018 $
Net foreign exchange gain	71	-
Other income	26,516	45,822
Interest	9,125	17,117
Other income	35,712	62,939

Note 5. Cash and cash equivalents

	Consolidated 2019 $	2018 $
Cash and cash equivalents	919,532	1,008,874

Note 6. Financial assets

AASB 9 Financial Instruments becomes applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting it.

The adoption of AASB 9 requires the group change its accounting policies but did not require retrospective adjustments. The new accounting policies and related impact are assessed as below.

Recognition and measurement of financial assets under AASB 9

Contract assets (previously trailing income receivable)

Contract assets are recognised and measured by constrained expected value approach (as defined in AASB 15).

Trade and other receivables

Trade and other receivables are initially recognised at their transaction price (as defined in AASB 15) and subsequently measured at amortised cost (on the basis that the Group's business model is to hold and collect contractual cash flow and solely for payments of trade and other receivables).

Loan receivables

Loan receivables are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the loan (as defined in para 5.1.1 in AASB 9) and subsequently measured at amortised cost (on the basis that the Group's business model is to hold and collect contractual cash flow and solely for payments of principals and interest on principal amount outstanding (as defined in para 4.1.2 in AASB 9).

Impairment of financial assets

The impairment assessment required by AASB 9 for financial assets are based on a forward-looking expected credit loss ('ECL') model (changed from incurred loss model under old standard of AASB 139). The group determined that there is no financial impact from the adoption of ECL model under AASB 9 and determined that the impairment loss was immaterial. Appropriate impairment assessment approach for its relevant assets as below:

Contract assets

Note 6. Financial assets (continued)

Simplified approach is adopted to assess the impairment of contract assets and trade and other receivables.
Under simplified approach, life time expected credit loss estimated based on historical incurred and forward expected credit loss will both be examined and assessed to determine the amount of impairment as at reporting date. Specifically, the Group will apply credit loss factors determined from estimation of customer default probability and loss percentage on current observable data which may include:

• forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
• financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
• conditions specific to the asset to which the receivable relates.

Financial assets carried at amortised cost (Loan receivables/ trade and other receivables)

The general approach is adopted to assess the impairment of loan receivables.

Under the general approach, 12 month's credit losses or life time credit losses are estimated based on whether the credit risk on that financial instrument (loan receivables) has increased significantly since initial recognition to determine the amount of impairment as at reporting date. Specifically, if the credit risk has not increased significantly since initial recognition, then a loss allowance equal to 12 month's credit losses should be measured and recognised otherwise life time expected credit losses should be measured and recognised. The group will apply credit loss factors determined from estimation of customer default probability and loss percentage.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances at an amount equal to lifetime (normally less than 12 months) ECL on trade and loan receivables. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Consolidated Entity expects to receive.

The Group analyses the age of outstanding receivable balances and applies historical default percentages adjusted for other current observable data as a means to estimate ECL. Other current observable data may include:

• forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
• financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
• conditions specific to the asset to which the receivable relates.

Debts that are known to be uncollectable are written off when identified.

Note 7. Trade and other receivables

	Consolidated	
	2019	**2018**
	$	**$**
Commission receivables	231,015	258,988
Agent commission clawback receivable	52,570	45,881
NPV of future trailing income receivable*	-	882,795
	283,585	1,187,664

Note 7. Trade and other receivables (continued)

	Consolidated	
	2019	**2018**
	$	**$**
Non-current		
NPV of future trailing income receivable*	-	1,437,481

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 2018: nil). As at 30 June 2019, the amount of all trade and other receivables past due is $39,654 (2018: $36,597).

* The balance was reconciled to contract assets as a result of adopting AASB 15.

Note 8. Contract assets

	Consolidated	
	2019	**2018**
	$	**$**
Contract assets - current	91,566	-

	Consolidated	
	2019	**2018**
	$	**$**
Contract assets - non-current	121,273	-

The contract asset relates to future trailing income recognised as a result of current adopting AASB 15 Revenue from Contracts with Customers. The contract asset for trailing income is recognised and measured by using expected value approach. The contract asset will only become a financial asset (i.e. a receivable) when the right to the consideration is unconditional. This is expected to be as each month’s entitlement to the trailing commission is established when an invoice is raised to the aggregator.

Upon initial application of AASB 15 in 2019, the Group selected the cumulative approach in an accordance with paragraph c3(b) of AASB15. The required disclosure of the related impact in this reporting period is presented in Note 3 to this financial report.

	2019
	$
Reconciliation of the contract assets at the beginning and end of the current financial year are set out below:	
Opening balance	3,387,542
Expected trail commission from new loans since 1 July 2018 and commissions step up	1,276,386
Trail commission received	(1,297,972)
Trail commission assets classified as held for sale	(2,384,525)
Loss for non-current assets classified as held for sale	(768,592)
	212,839

Note 9. Other financial assets

	Consolidated	
	2019 $	2018 $
Short-term financial assets investment	421,507	-

Note 10. Short-term loan receivables

	Consolidated	
	2019 $	2018 $
Short-term loan receivables	2,752,500	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 detailed information regarding these loans is disclosed in Note 24 Financial Risk Management.

The short-term loan balance represented the outstanding amounts owed from commercial borrowing customers. The Group hold collateral for short term loan receivables. In the event of default, the Group will be able to call on the securities held under such circumstances. The Group estimate that the expected realisable value of these securities will be higher than the carrying value of the short-term loan receivables. For this reason, no expected credit losses have been recognised at the reporting date.

Note 11. Non-current assets held for sale

	Consolidated	
	2019 $	2018 $
Non-current assets held for sale	2,384,525	-

Non-current assets held for sale relate to contract assets that generate trail commissions for the Group. The Group plans to sell this trail book within the next twelve months to focus more on their long-term strategic developments such as the commercial loan lending business.

The estimated net loss on sale of the trail book is $592,432. This includes the loss of $768,592 on non-current assets classified as held for sale from contract assets and the gain of $176,160 on non-current assets classified as held for sale from contract liabilities.

Note 12. Other current assets

	Consolidated	
	2019 $	2018 $
Prepayments	54,650	17,537

Note 13. Property, plant and equipment

	Consolidated 2019 $	Consolidated 2018 $
Office equipment	74,283	63,759
Less: Accumulated depreciation	(55,027)	(44,548)
	19,256	19,211
Motor vehicles	74,329	74,329
Less: Accumulated depreciation	(45,113)	(35,375)
	29,216	38,954
Furniture & fittings	530,109	530,109
Less: Accumulated depreciation	(285,227)	(222,230)
	244,882	307,879
	293,354	366,044

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.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office Equipment $	Motor Vehicles $	Furniture & Fittings $	Total $
Balance at 1 July 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
Additions	10,524	-	-	10,524
Depreciation expense	(10,479)	(9,738)	(62,997)	(83,214)
Balance at 30 June 2019	19,256	29,216	244,882	293,354

The motor vehicles were acquired via finance lease.

Refer to note 33 for further information on property, plant and equipment secured under finance leases.

Note 14. Intangible assets

	Consolidated 2019 $	Consolidated 2018 $
Goodwill	536,216	536,216
Rent roll	2,217,048	2,155,370
Less: Accumulated amortisation	(1,240,377)	(597,695)
	976,671	1,557,675
Website and IT system	328,957	318,457
Less: Accumulated amortisation	(250,659)	(202,316)
	78,298	116,141
	1,591,185	2,210,032

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill (b) $	Rent Roll (c) $	Website and IT system (d) $	Total $
Balance at 1 July 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
Additions	-	61,678	10,500	72,178
Amortisation/written-down	-	(642,682)	(48,343)	(691,025)
Balance at 30 June 2019	536,216	976,671	78,298	1,591,185

b) Goodwill
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%.

Note 14. Intangible assets (continued)

c) Rent Roll Assets

	Consolidated	
	2019	**2018**
	$	**$**
Rent Roll – Cost	2,217,048	2,155,370
Rent Roll – Written-down	(1,240,377)	(597,695)
Rent Roll – Net	976,671	1,557,675

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	
	2019	**2018**
	$	**$**
Website and IT system – Cost	328,957	318,457
Website and IT system – Accumulated amortisation	(250,659)	(202,316)
Website and IT system – Net	78,298	116,141

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.

Note 15. Other non-current assets

	Consolidated	
	2019	**2018**
	$	**$**
Other non-current assets	236,823	234,735

Note 16. Trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	103,245	122,661
Employee payables	98,341	235,293
Other creditors and accruals	208,178	369,761
	409,764	727,715

Refer to note 25 for further information on specific financial risk exposures and management.

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

Note 17. Contract liabilities

	Consolidated 2019 $	Consolidated 2018 $
Contract liabilities - current	216,248	-

	Consolidated 2019 $	Consolidated 2018 $
Contract liabilities - non-current	53,483	-

Note 18. Loan and borrowings

	Consolidated 2019 $	Consolidated 2018 $
Current		
Bank loan (i)	56,410	56,410
Loan received for commercial lending (ii)	2,820,192	1,022,921
Convertible debt (iii)	-	370,000
Loan from other lenders (iv)	880,000	-
Finance lease payable - current	13,501	12,941
	3,770,103	1,462,272

	Consolidated 2019 $	Consolidated 2018 $
Non-current		
Bank loan (i)	824,141	880,551
Loan received for commercial lending (ii)	1,630,000	583,819
Convertible debt (iii)	1,370,000	1,000,000
Loan from other lenders (iv)	230,000	780,000
Finance lease payable - non-current	37,540	51,041
	4,091,681	3,295,411

Note 18. Loan and borrowings (continued)

i) The bank loan was borrowed from National Australia Bank and consisted of two loan drawdowns.
Drawdown of $1,000,000 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 5.905% 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 2019 is $655,551 (30 June 2018: $711,961).

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 2019 is $225,000 (30 June 2018: $225,000).

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 information of these loans are detailed in the table below.

	Repayment term	Drawdown amount	Drawdown date	Balance at 30/06/2019	Interest rate (per annum)
BBBSA	3 years *	1,000,000	31/01/2019	870,192	10.50%
Private loan batch#1	3 months rolling **	100,000	16/04/2018	100,000	10.00%
Private loan batch#2	3 months rolling **	500,000	01/06/2018	500,000	10.00%
Private loan batch#3	2 years **	500,000	01/08/2018	500,000	10.00%
Private loan batch#4	3 months rolling **	800,000	01/11/2018	600,000	10.00%
Private loan batch#5	2 years **	230,000	01/11/2018	230,000	10.00%
Private loan batch#6	2 years **	400,000	23/11/2018	400,000	10.00%
Private loan batch#7	1 year **	100,000	01/03/2019	100,000	8.00%
Private loan batch#8	3 months rolling **	650,000	19/03/2019	650,000	10.00%
Private loan batch#9	2 year **	100,000	01/04/2019	100,000	10.00%
Private loan batch#10	2 years **	400,000	09/05/2019	400,000	10.00%
		4,780,000		4,450,192	

* Principal and Interest, as per management, the balance shall be settled within the next twelve months ** Interest only

iii) Convertible debt

	Consolidated 2019 $	Consolidated 2018 $
As at the beginning of the period	1,370,000	370,000
Borrowed	-	1,000,000
Derivative expense	-	79,023
Settled	-	(79,023)
As at end of the period	1,370,000	1,370,000

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, which was extended to 12 May 2021.

On 27 September 2017, the Company issued 5 million unlisted unsecured convertible notes with a total value of $1,000,000. 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, which was extended to 27 September 2021.

The Company and the relevant holders of the Convertible Bonds have agreed to extend the maturity date for the Convertible Bonds by 24 months to 11 May 2021. In addition, the interest rate has been amended from 7% to 10% pa which will take effect on and from the original maturity date, being 12 May 2019.

Note 18. Loan and borrowings (continued)

iv) Loan from other lenders consists of seven loans from non-related parties. The first loan has a principal 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 principal 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 principal 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 principal amount of $200,000. The repayment term is 1 year and the interest rate is 8% per annum in accordance with the loan agreement. The fifth loan has a principal amount of $130,000. The repayment term is 2 years and the interest rate is 10% per annum in accordance with the loan agreement. The sixth loan has a principal amount of $100,000. The repayment term is 1 year and the interest rate is 8% per annum in accordance with the loan agreement. The seventh loan has a principal amount of $130,000. The repayment term is 2 years and the interest rate is 10% per annum in accordance with the loan agreement.

Note 19. Deferred income

	Consolidated	
	2019	**2018**
	$	**$**
Interest advanced from borrower	37,406	158,567
Deferred performance fee	135,439	-
	172,845	158,567

Note 20. Provisions

	Consolidated	
	2019	**2018**
	$	**$**
Employee provision - current	79,693	78,100
Refund liabilities	71,004	137,390
	150,697	215,490

	Consolidated	
	2019	**2018**
	$	**$**
Employee provision - non-current	52,159	34,274

	2019	**2018**
	$	**$**
Movement of provision for refunds		
Beginning of the year	137,390	235,402
Additions/(Reductions) during the year	(66,386)	27,160
Payment of clawbacks during the year	-	(125,172)
Ending of the year	71,004	137,390

Refund liabilities
In adopting AASB 15, the Group reclassified provision for clawbacks as refund liabilities. Refund liabilities represent the estimated commission to be clawed back by the lenders after loans are terminated before 24 months.

Critical accounting estimates and Judgements - Clawback Receivable and Provision

Note 20. Provisions (continued)

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 11.3% (FY18: 11.39%).

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.

Note 21. Issued capital

	Consolidated	
	2019	**2018**
	$	**$**
Fully paid ordinary shares	5,688,093	5,722,125

	Consolidated			
	2019	**2018**	**2019**	**2018**
	Shares	**Shares**	**$**	**$**
Issued capital	81,555,573	81,555,573	5,688,093	5,722,125

Movements in ordinary share capital

Details	**Date**	**Shares**	**$**
Balance	1 July 2017	81,555,573	5,756,156
Recovery of deferred tax on IPO cost			(34,031)
Balance	30 June 2018	81,555,573	5,722,125
Recovery of deferred tax on IPO cost		-	(34,032)
Balance	30 June 2019	81,555,573	5,688,093

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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.

Note 21. Issued capital (continued)

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.

Note 22. Reserves

	Consolidated	
	2019	**2018**
	$	**$**
Options reserve	206,524	206,884

	Consolidated	
	2019	**2018**
	$	**$**
As at beginning of the year	206,884	155,610
(Reversal of expired share options) / Share based payment	(360)	51,274
	206,524	206,884

Details in relation to the options are disclosed below.

Share-based payments reserve
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:

Note 22. Reserves (continued)

	2019 Average exercise price per Option $	2019 Number of Options	2018 Average exercise price per Option $	2018 Number of Options
As at beginning of the year	0.20	5,991,250	0.20	8,738,750
Forfeited during the year	0.20	(587,500)	0.20	(2,747,500)
As at end of the year	0.20	5,403,750	0.20	5,991,250

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 19	Options 30 June 18
14/12/2015	14/12/2020	$0.20	0.0540	3,710,000	3,710,000
18/03/2016	18/03/2018	$0.20	0.0385	-	-
01/03/2017	14/12/2020	$0.20	0.0475	1,693,750	2,281,250

Average remaining contractual life of options outstanding at end of period 1.46 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 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.

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. 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 AASB 9 financial instruments: recognition and measurement as detailed in the accounting policies to these financial statements, are as follows:

Note 24. Financial risk management (continued)

	Note	2019 $	2018 $
Financial Assets - Current			
Cash and cash equivalents	5	919,532	1,008,874
Trade and other receivables	7	283,585	1,187,664
Short-term loan receivables	10	2,752,500	1,694,000
Other financial assets	9	421,507	-
		4,377,124	3,890,538
Financial Liabilities - Current			
Trade and other payables	16	409,764	727,715
Finance lease payables	18	13,501	12,941
Bank loans	18	56,410	56,410
Loan received for commercial lending	18	2,820,192	1,022,921
Convertible debt	18	-	370,000
Other loan	18	880,000	-
		4,179,867	2,189,987

	Note	2019 $	2018 $
Financial Assets - Non-current			
Trade and other receivables	7	-	1,437,481
Financial Liabilities - Non-current			
Bank loans	18	824,141	880,551
Finance lease payables	18	37,540	51,041
Convertible debt	18	1,370,000	1,000,000
Other Loan	18	230,000	780,000
Loan received for commercial lending	18	1,630,000	583,819
		4,091,681	3,295,411

Note 25. Specific financial risk exposures and management

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk.

Note 25. Specific financial risk exposures and management (continued)

Price risk
The Group is not exposed to any significant price 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	
	2019 $	2018 $
Bank loans	880,551	936,961

For the Group, the bank loans outstanding, totalling $880,551 (2018: $936,961), among which $655,551 (2018: $711,961) are principal and interest payment loans. Monthly cash outlays of approximately $2,672 (2018: $2,672) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $8,806 per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of $56,410 (2018: $56,410) are due during the year ending 30 June 2019. (2018: 30 June).

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral for trade and other receivables, but it holds the Australian properties and other properties as collateral for commercial loan receivables and other investment.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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 contract assets) 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 intermediate 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+.

The Group has a credit risk exposure with trade and other receivables ($283,585 as at 30 June 2019 and $2,625,145 as at 30 June 2018), commercial loan receivable ($2,751,500 as at 30 June 2019 and $1,694,000 as at 30 June 2018), and other investment ($421,507 as at 30 June 2019 and nil as at 30 June 2018). These balances were within its terms of trade and no impairment was made as at 30 June 2019. There are no guarantees against trade and other receivables but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Collateral have been taken for commercial loan receivable and other investment to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 25. Specific financial risk exposures and management (continued)

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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

	Total contractual cash flows	No more than 1 year	1-2 years	2-5 years	More than 5 years
2019					
Trade and other payables	409,764	409,764	-	-	-
Convertible debts	1,370,000	-	1,370,000	-	-
Finance lease liabilities	51,041	13,501	37,540	-	-
Bank loan and other borrowings	6,440,743	3,756,602	1,916,410	169,230	598,501
	8,271,548	4,179,867	3,323,950	169,230	598,501

	Total contractual cash flows $	No more than 1 year $	1-2 years $	2-5 years $	More than 5 years $
2018					
Trade and other payables	727,715	727,715	-	-	-
Convertible debts	1,370,000	370,000	1,000,000	-	-
Finance lease liabilities	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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. 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:

Note 26. Fair value measurement (continued)

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.

Note 27. Related party transactions

Parent entity
N1 Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Other Related Parties

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

Note 27. Related party transactions (continued)

Transactions with 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:

The following transactions occurred with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Payment for goods and services:		
N1 Consultants Group Sdn Bhd - Malaysia	138,639	125,071

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Current payables:		
Ren Hor Wong – (payable)/receivable	-	(3,974)
Ren Hor Wong Family Trust	-	(150,000)

Loans to/from related parties
The following transactions occurred in relation to loans with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Current borrowings:		
Ren Hor Wong	-	(2,776)
Ren Hor Wong Family Trust	(150,000)	150,000

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	**2018**
	$	**$**
Loss after income tax	(833,652)	(236,730)
Total comprehensive income	(833,652)	(236,730)

Note 28. Parent entity information (continued)

Statement of financial position

	Parent	
	2019	**2018**
	$	**$**
Total current assets	62,237	451,163
Total assets	20,610,482	18,470,045
Total current liabilities	2,922,648	1,351,043
Total liabilities	6,152,648	3,131,043
Equity		
Issued capital	15,790,087	15,790,087
Options reserve	206,524	206,884
Accumulated losses	(1,538,777)	(657,969)
Total equity	14,457,834	15,339,002

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 31, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 29. Interests in 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	
	Principal place of business /	**2019**	**2018**
Name of subsidiary	**Country of incorporation**	**%**	**%**
N1 Loans Pty Ltd (i)	Australia	100.00%	100.00%
N1 Migration Pty Ltd (ii)	Australia	100.00%	100.00%
N1 Realty Pty Ltd (iii)	Australia	100.00%	100.00%
N1 Project Pty Ltd (iv)	Australia	100.00%	100.00%
N1 Venture Pty Ltd (v)	Australia	100.00%	100.00%
Sydney Boutique Property Pty Ltd (vi)	Australia	100.00%	100.00%
N1 Franchise Pty Ltd (vii)	Australia	100.00%	100.00%
N1 Capital Singapore Pte. Ltd. (viii)	Singapore	100.00%	-
Borrowing Business Pty Ltd (ix)	Australia	100.00%	-

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.

Note 29. Interests in subsidiaries (continued)

(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) 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.

(viii) N1 Capital Singapore Pte. Ltd. as incorporated on 1 February 2019, it has been fully owned by the group since incorporation.

(ix) Borrowing Business Pty Ltd was incorporated on 14 May 2019, it has been fully owned by the group since incorporation.

Note 30. Key management personnel

Other 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.

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 2019. The total of remuneration paid to or payable to KMP of the Group during the year was:

	Consolidated	
	2019	**2018**
	$	**$**
Short-term employee benefits	734,753	799,793
Post-employment benefits	48,474	59,200
Other long-term benefits	9,826	9,320
Share-based payments	17,793	18,290
	810,846	886,603

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

Note 30. Key management personnel (continued)

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.

Note 31. Other principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Basis of preparation
These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of N1 Holdings Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. N1 Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 31. Other principal accounting policies (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is N1 Holdings Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 31. Other principal accounting policies (continued)

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is de-recognised or impaired.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 31. Other principal accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

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.

Employee benefits

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.

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 31. Other principal accounting policies (continued)

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
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, except for the adoption of AASB 15 which detailed analysis of the impact can be referred to Note 3 for further information. Disclosure of the adoption of AASB 9 can be referred to Note 6 in this report.

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

Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the Company:

	Consolidated	
	2019	**2018**
	$	**$**
Remuneration of the auditor Crowe Sydney for:		
Audit or review of the financial statements	82,813	91,532

Note 33. Lease commitments

	Consolidated	
	2019	**2018**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	279,064	316,883
One to five years	356,605	774,625
More than five years	-	26,225
	635,669	1,117,733
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	15,387	15,387
One to five years	38,541	53,928
Total commitment	53,928	69,315
Less: Future finance charges	(2,886)	(5,333)
Net commitment recognised as liabilities	51,042	63,982

Operating Lease

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

Finance Lease

Note 33. Lease commitments (continued)

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.

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 by way of recognising a right-of-use of assets for current operating leases and a corresponding lease liability.

Capital Expenditure Commitments

There were no capital expenditure commitments as at 30 June 2019 (2018: nil).

Note 34. Contingent liabilities and Contingent assets

There are no contingent liabilities or contingent assets as at 30 June 2019 (2018: nil).

Note 35. Income tax benefit

(a) Income Tax

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

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

Note 35. Income tax benefit (continued)

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.

	Group 2019 $	Group 2018 $
(i) The components of tax expense (benefit) comprise:		
Current tax	(546,962)	(489,372)
Deferred tax	(149,688)	(73,921)
Unrecognised tax losses as deferred tax asset in current year	823,035	262,851
Deferred tax for tax losses under-recognised in prior year	(160,417)	1,054
	(34,032)	(299,388)
(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	(2,605,372)	(2,151,416)
At 27.5% (2018: 27.5%)	(716,478)	(591,639)
Tax effect of:		
Permanent differences	19,828	28,346
Effect of change in income tax rate	-	-
Unrecognised tax losses as deferred tax asset in current year	823,035	262,851
Deferred tax for tax losses under-recognised in prior year	(160,417)	1,054
Income tax (benefit)/expense	(34,032)	(299,388)

As at 30 June 2019, the tax loss carried forward for the Group is $6,269,163 (2018: $3,696,874).

(b) Tax position

The group's current tax payable is $nil (2018: $nil)

Note 36. Deferred tax assets

Deferred tax liabilities

Note 36. Deferred tax assets (continued)

	Opening balance $	Charge to income statement $	Charge to equity $	Closing balance $
2019				
Trailing income	553,328	76,198	-	629,526
Website	3,327	(3,327)	-	-
Assets valued up in business combination	386,986	(176,737)	-	210,249
Balance at 30 June 2019	943,641	(103,866)	-	839,775

	Opening balance $	Charged to income statement $	Charge to equity $	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

Deferred tax assets

	Opening balance $	Charge to income statement $	Charge to equity $	Closing balance $
2019				
Clawback and accrued	25,166	(20,096)	-	5,070
Tax Losses	753,798	(115,656)	-	638,142
IPO costs	68,065	-	(34,032)	34,032
Other temporary differences	96,612	65,919	-	162,531
Balance at 30 June 2019	943,641	(69,833)	(34,032)	839,775

	Opening balance $	Charge to income statement $	Charge 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

Critical accounting estimates and Judgements - Taxation

Note 36. Deferred tax assets (continued)

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.

Note 37. Events after the reporting period

In July 2019, the Company has made a strategic investment in Stropro Technologies, a fintech start-up founded in 2017. The investment has been structured as a SAFE (Simple Agreement for Future Equity) pursuant to which the Company has agreed to make cash payment to Stropro Technologies in exchange for a contractual right to convert that investment into shares at a later date.

In July 2019, the Company's subsidiary N1 Loans has entered into a joint venture with Smartkey Property to form Loan 77 Pty Ltd. The joint venture company, Loan 77, will refer mortgage brokering opportunities to N1 Loans from Smartkey Property's current pipelines of over 2,000 property settlements.

In July 2019, the Company launches suite of self-branded home lending products. The new product suite, named "N1 Plus", includes a range of prime, specialist and "low doc" loans.

In August 2019, One Lending Fund, which is managed by N1 Venture Pty Ltd (AFSL 477879) issued original units of $2.1 million. Total funds under management has amounted to $7.9 million as at the date of this report.

In August 2019, the Company sold the trail book for a consideration of $2.38 million. The contract assets and related contract liabilities for the trail book have been reclassified as assets held for sale as at 30 June 2019.

In August 2019, the Company established Yizhihao (Shanghai) Business Consultation Co. Ltd in China to replace its Shanghai representative office under N1 Loans. The company will serve as a pilot of its business consultation services in China.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

N1 Holdings Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 31 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- 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 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Ren Hor Wong
Executive Chairman and CEO

27 September 2019

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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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, 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 2019 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.

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
Recognition of Non-current Assets Held for Sale – Note 11	
The Group has classified contract assets relating to trail income from its mortgage loan book as non-current assets held for sale at 30 June 2019. A non-current asset is classified as non-current asset held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group had the intention to sell the asset and had held discussions with a potential buyer prior to 30 June 2019. The asset has been recognised at the lower of its carrying amount and fair value less costs to sell at 30 June 2019. We focused on this area as a key audit matter due to its significant balance and its presentation effect on the statement of financial position at 30 June 2019.	Our procedures included: • Reviewed minutes of directors' meeting that discussed the intention to sell the asset. • Reviewed Deed of Assignment to assign the contractual right to the buyer for an agreed consideration value. • Reviewed the calculation of the lower of the non-current assets held for sale's carrying amount and fair value less costs to sell. • Reviewed presentation and disclosures in the financial statements.
Recoverability of Short-term Loan Receivables – Note 10	
The Group had significant short-term loan receivables at 30 June 2019. The expected credit losses of the loan receivables was determined based on default rate, type and value of collaterals taken. We focused on this area as a key audit matter due to high degree of estimation and judgement made by the management.	Our procedures included: • Reviewed loan contracts to identify, among others, loan repayment date and collateral taken. • Checked repayment of the loans due post balance date. • Reviewed management's estimate of the fair value of the collaterals taken and assessed adequacy of the collaterals.

Key Audit Matter	How we addressed the Key Audit Matter
Impairment assessment of intangibles assets (goodwill and rent roll) – Note 14	
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: • Assessed the reasonableness of the cash flow projections with reference to the last actual result. • Reviewed the accuracy of the value in use model and checking the mathematical calculation. • Reviewed 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 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In 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.
- 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 11 to 17 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of N1 Holdings Limited, for the year ended 30 June 2019, 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 Sydney

Suwarti Asmono
Partner

27 September 2019
Sydney

N1 Holdings Limited
Shareholder information
30 June 2019

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 **16 September 2019.**

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number of shares	%	Number of holders	%
1 to 1,000	1,244	0.00%	3	0.95%
1,001 to 5,000	45,185	0.06%	12	3.79%
5,001 to 10,000	897,767	1.10%	91	28.71%
10,001 to 100,000	5,280,109	6.47%	161	50.79%
100,001 and Over	75,331,268	92.37%	50	15.77%
Total	**81,555,573**		**317**	

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	**61,627,633**	**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 YUEXIAN ZHAO	1,049,448	1.29%
9	MISS ZHAOJIA HE	843,750	1.03%
10	MS MUN CHING WANG	760,470	0.93%
11	VEN TAN PTY LTD	500,000	0.61%
12	LC FAMILY SUPER PTY LTD	500,000	0.61%
13	AUSTRALIA WIDE DEVELOPMENT GROUP PTY LTD	500,000	0.61%
14	MXJ PTY LTD	453,167	0.56%
15	MS HUEY CHARNG WONG	350,000	0.43%
16	MISS MANNI FU	341,115	0.42%
17	ANZI SUPER FUND PTY LTD	312,500	0.38%
18	IPOH YAP SMSF CO PTY LTD	300,000	0.37%
19.	MR JILIANG ZHANG	300,000	0.37%
20.	MR YIK-YEN CHONG	275,000	0.34%
	Total	**70,861,332**	**86.89%**

e. Escrowed Shares

No

f. Vested Options

5,403,750 options exercisable at $0.2 and expiring on 14 December 2020 are held by 13 holders.

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.

h. Current on-market buy-back

There is no current on-market buy-back in relation to the Company's ordinary shares.

N1 Holdings

N1 Holdings Limited

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