

THE AGENCY

THE AGENCY GROUP AUSTRALIA LTD

ABN 52 118 913 232

and its controlled entities

APPENDIX 4D

Interim Financial Report

31 December 2020

Corporate directory

Current Directors

Andrew Jensen	<i>Executive Chairman and Chief Operations Officer</i>
Paul Niardone	<i>Managing Director</i>
Matthew LaHood	<i>Executive Director</i>
Adam Davey	<i>Non-executive Director</i>

Company Secretary

Stuart Usher

Registered Office and Head Office

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Email: info@theagencygroup.com.au

Website: theagencygroup.com.au

Share Registry

Advanced Share Registry Limited

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Email: admin@advancedshare.com.au

Website: www.advancedshare.com.au

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd

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PERTH WA 6000

Telephone: +61 (0)8 9226 4500

Securities Exchange

Australian Securities Exchange

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Perth WA 6000

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Facsimile: +61 (0)2 9227 0885

Website: www.asx.com.au

ASX Code AU1

Solicitors

Steinepreis Paganin

Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Contents

■ Results for announcement to the market	1
■ Directors' report	3
■ Auditor's independence declaration	8
■ Condensed consolidated statement of profit or loss and other comprehensive income	9
■ Condensed consolidated statement of financial position	10
■ Condensed consolidated statement of changes in equity	11
■ Condensed consolidated statement of cash flows	12
■ Notes to the condensed consolidated financial statements	13
■ Directors' declaration	29
■ Independent auditor's review report	30

Results for announcement to the market

for the half-year ended 31 December 2020

1	REPORTING PERIOD (item 1)	
	■ Report for the period ended:	31 December 2020
	■ Previous corresponding period is half-year ended:	31 December 2019

2	RESULTS FOR ANNOUNCEMENT TO THE MARKET	Movement	Percentage %	Amount \$
	■ Revenues from ordinary activities (item 2.1)	<i>Increase</i>	33.28 to	29,449,321
	■ Profit from ordinary activities after tax attributable to members (item 2.2)	<i>Increase in profit</i>	149.75 to	832,979
	■ Profit after tax attributable to members (item 2.3)	<i>Increase in profit</i>	149.75 to	832,979
	a. Dividends (items 2.4 and 5)			
			Amount per Security ¢	Franked amount per security %
	■ Interim dividend		nil	n/a
	■ Final dividend		nil	n/a
	■ Record date for determining entitlements to the dividend (item 2.5)	n/a		
	b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):			
	1. Revenue represents service revenue.			
	2. EBITDA of \$3,683,525, excluding gains on the sale of the Groups west coast rent roll and gains on exit of a lease.			

3	DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS
	Nil.
	a. Details of dividend or distribution reinvestment plans in operation are described below (item 6):
	Not applicable

4	RATIOS	Current period	Previous corresponding period
	a. Financial Information relating to 4b:	\$	\$
	Earnings for the period attributable to owners of the parent	832,979	(1,674,164)
	Net assets	12,444,325	11,611,346
	Less: Intangible assets and deferred tax balances	(23,568,802)	(27,125,581)
	Net tangible (liabilities)/assets	(11,124,477)	(15,514,235)
		No.	No.
	Fully paid ordinary shares	298,954,431	298,954,431
		¢	¢
	b. Net tangible (liability)/assets backing per share (cents) (item 3):	(3.721)	(5.189)

Results for announcement to the market
for the half-year ended 31 December 2020

5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)		
a. Control gained over entities		
■ Name of entities (item 4.1)	Nil	
■ Date(s) of gain of control (item 4.2)	n/a	
b. Loss of control of entities		
■ Name of entities (item 4.1)	The Agency Property Management WA Pty Ltd	
■ Date(s) of loss of control (item 4.2)	29 September 2020	
c. Contribution to consolidated profit from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3).	\$51,579	
d. Profit from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	\$1,823	
6 DETAILS OF ASSOCIATES AND JOINT VENTURES: (item 7)		
■ Name of entities (item 7)	Nil	
■ Percentage holding in each of these entities (item 7)	N/A	
	Current period	Previous corresponding period
■ Aggregate share of profits (losses) of these entities (item 7)	N/A	N/A
7 The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.		
8 The report is based on accounts which have been reviewed by the Company's independent auditor (item 9).		



PAUL NIARDONE
Managing Director

Directors' report

Your Directors present their report on the Group, consisting of The Agency Group Australia Ltd (**The Agency** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2020.

The Agency is listed on the Australian Securities Exchange (ASX:AU1).

1. Directors

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

- Andrew Jensen Executive Chairman and Chief Operations Officer
- Paul Niardone Managing Director
- Matthew LaHood Executive Director and Real Estate CEO
- Adam Davey Non-Executive Director

(collectively **the Directors** or **the Board**)

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

2. Operating and financial review

2.1. Nature of Operations Principal Activities

The principal activity of the Group for the half-year was real estate services and related activities. There were no significant changes in the nature of the Group's principal activities during the half-year.

2.2. Operations Review

With the strong rebound in the real estate sector on the eastern and western seaboard during the half-year period, The Agency reported robust operational and financial results across the business for the six-month period ending 31st December 2020 and strong sales pipeline into the new year.

In a significant milestone, the Group achieved a maiden Profit from Ordinary Activities After Tax of \$832,979 for the six-month period compared to a loss of \$1.7 million in the previous corresponding period. Profit from Ordinary Activities After Tax was calculated as provided below:

Profit/Loss After Tax calculation	1H FY2021 \$	1H FY2020 \$
Total Revenue and other income	30,391,316	22,524,536
Other costs	(30,608,263)	(25,130,895)
Loss before tax	(216,947)	(2,606,359)
Income tax benefit	1,049,926	932,195
Net profit/(loss) after tax for the half-year	832,979	(1,674,164)

The Group reported positive operational cash flow of \$2.6 million for the half year period. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$2.8 million for HY21^{1,2} and is calculated on the following page.

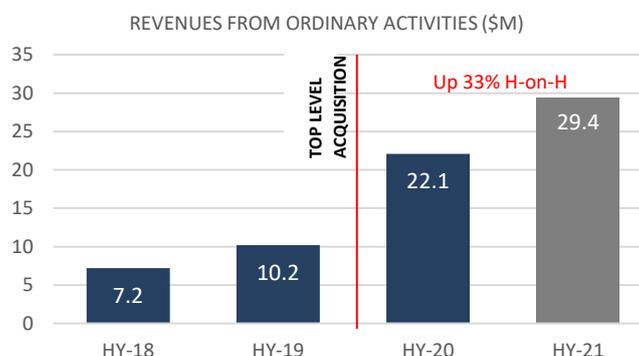
¹ EBITDA provided on a pre-adoption of AASB 16 Leases

² EBITDA includes the benefit of government incentives for 1H FY21 of \$1.16 million. This compares to Appendix 4C unaudited EBITDA of \$1.6 million which excluded government incentives

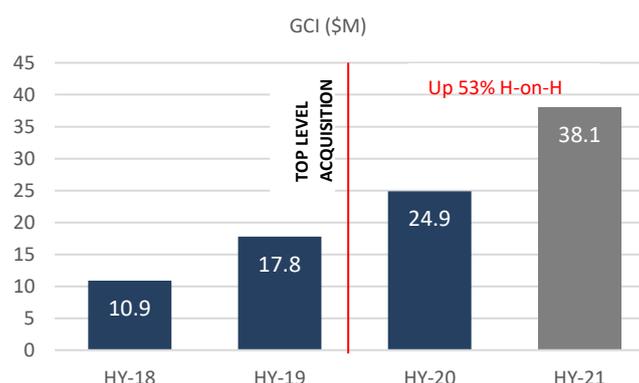
Directors' report

	1H FY2021 \$	1H FY2020 \$
Net loss before tax	(216,947)	(2,606,359)
Interest Income	(16,437)	(17,577)
Depreciation and amortisation	2,793,006	3,039,016
Interest and finance costs	1,455,310	1,046,834
Profit on Sale of Assets ³	(331,407)	-
EBITDA	3,683,525	1,461,914
AASB Leases impact ⁴	(918,567)	(948,050)
EBITDA (pre AASB Leases Impact)	2,764,958	513,864

Positive EBITDA was achieved on the back of revenues from ordinary activities for 1H FY21 of \$29.4 million, up 33% on 1H FY20's group revenue of \$22.1 million.⁵



Gross Commission Income (GCI) for 1H FY21 was \$38.1 million, up 53% from the previous corresponding period (1H FY20: \$24.9M) and which already represents 80% of FY20 GCI of \$47.9 million.



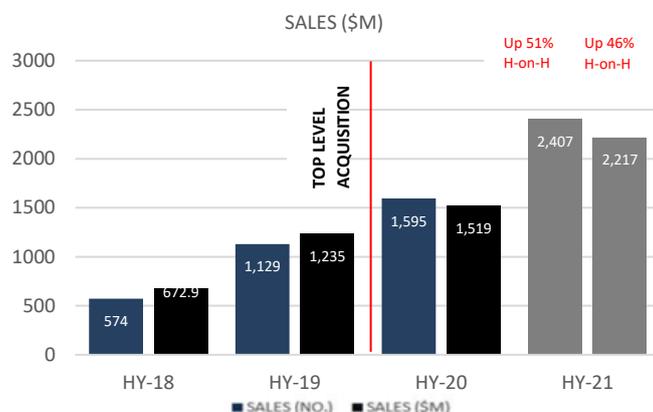
³ Sale of West Coast rent roll assets to Managex. Includes profit on sale of net assets disposed of \$273k + Gain on exit of lease of \$58K

⁴ AASB 16 Leases was adopted from 1 July 2019. The above demonstrates finance costs and amortisation, which prior to the adoption AASB 16 was recognised as rent expense.

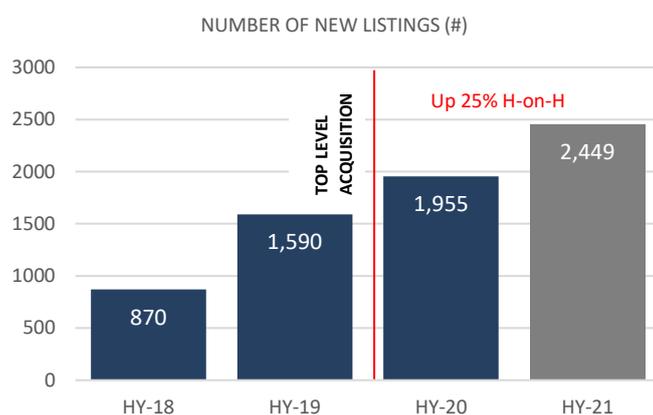
⁵ The difference between revenues from ordinary activities reported in Appendix 4C of \$29.1 million is a reclassification of items from Other Income to revenue. E.g. this includes a reclassification of licence fees of \$120k (Bowral)

Directors' report

GCI for the 1H FY21 was based on 2,407 exchanges across the group while The Agency sold a combined \$2.2 billion worth of property during the period, up from \$1.5 billion in 1H FY20.



The pipeline for future sales remains strong with the combined group reporting 2,449 listings for the six-month period.



Properties under management (**PuM**) also continues to be a source of strength for the Company with The Agency's east coast operations reporting a total management portfolio of 3,576 PuM at the end of December 2020. At 31 December 2020, the Company consisted of 298 agents.

During the period, The Agency settled the sale of its West Coast Property management portfolio to Managex Funds Management Pty Ltd and applied the net funds received of \$2.8 million to debt reduction.⁶

a. Financial Position

The Agency Group reported Receipts from Customers of \$31.5 million for the 1H FY21 period compared to \$25 million for 1H FY20.

As at 31 December 2020, cash and cash equivalents were \$3.29 million. Reconciliation of cash and cash equivalents to Appendix 4C is provided below:⁷

⁶ Refer to ASX announcement dated 9 September 2020

⁷ The restricted cash and the trust account funds were released following the refinancing activities as disclosed in note 7.2

Directors' report

	1H FY2021
	\$
Cash at bank (reference 4D Note 4.1)	3,293,281
Restricted – MQB	600,000
Working Capital Trust Account	1,000,000
Bank Guarantees	643,288
Other	1,500
Cash at bank per Appendix 4C	5,538,069

The Net Assets of the Group have increased from 30 June 2020 by 7% to \$12.44 million (\$11.6 million: 30 June 2020).

The Group's East Coast rent roll and West Coast mortgage book trail have an estimated fair value of \$27 million. Of this, \$14.87 million is shown on balance sheet at book value with intrinsic value of the assets of \$12.1 million not on balance sheet. Including intrinsic value of rent roll and mortgage book trail, estimated Net Assets for the six-month period are \$24.5 million.

The Group incurred an Income Tax Benefit of \$1.05 million for the half-year period. The Agency's taxable income for the year of \$3.85 million results in tax payable of \$1.1 million. However, as the Group have tax losses carried forward, there is no tax liability. As the Group has not raised a deferred taxation asset for the losses carried forward, there is no deferred tax asset to reverse to the Income Statement as and when utilised. Given this, the Group's net deferred tax liabilities reduce from \$3.25 million to \$2.2 million during the period which gives rise to the Profit and Loss credit.

Government incentives through Cashflow boost and Job Keeper (Federal Government) of \$1.16 million were received during the period. These government incentives wound down in the December quarter.

b. *Post HY Corporate Update*

As previously announced, the Company secured a long-term \$11 million funding package providing the Company with an opportunity to strengthen its financial position and balance sheet to continue its national growth plans.⁸

As disclosed in note 7 Events subsequent to reporting date, the funding package consisted of:

- \$5 million in Convertible Notes to be issued to private investment company Peters Investments Pty Ltd
- \$1 million of Convertible Notes previously issued to Peters Investments Pty Ltd
- An extended \$5 million Macquarie Bank primary secured debt facility (down from \$12.1 million)

On 4 January 2021, The Agency's shareholders at an Annual General Meeting overwhelmingly supported the long-term funding package with Peters Investments and continuing support from Macquarie Bank via the reduced debt position.⁹

c. *Results Commentary*

Commenting on the half year results, The Agency Group's Managing Director Paul Niardone said:

"In a strong sign of our growing dominance in the Australian property sector, The Agency has delivered a maiden Profit after Tax of \$832,979 and positive cash flow from operations of \$2.6 million. This is especially significant as it was achieved during a period of great uncertainty brought on by the COVID-19 pandemic.

With the nation-wide improvement in the housing market over the past few months, we anticipate building on our strong half year 2021 result for the remainder of the financial year.

We are benefiting significantly from an Australian housing market that has entered 2021 on a growth track and we have a strong pipeline of listings into the calendar year."

2.3. Impact of COVID 19 Coronavirus

The COVID-19 coronavirus global pandemic has caused significant disruption and restrictions to the movement of people and goods throughout the world. During the height of the pandemic, The Agency implemented prudent business continuity measures to see it through which allowed it to continue to operate nationally and is now reaping the benefits of a rebounding real estate market in WA and NSW. The half-year numbers reflect limited activity from Victoria which is expected to rebound with the easing of restrictions. Government incentives through cashflow boost and Job Keeper (Federal Government) have been received during the period under review and are included in operational cashflows.

⁸ Refer to ASX announcement dated 29 October 2020

⁹ Refer to ASX announcement dated 4 January 2021

Directors' report

2.4. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in note 7 Events subsequent to reporting date on page 21.

2.5. Future Developments, Prospects and Business Strategies

The Group remains focussed on maintaining a sustainable financial framework and continues to identify and implement efficiencies into its business.

To this end, the Group has secured a long-term \$11 million funding package, providing the Company with an opportunity to strengthen its financial position and balance sheet to continue its national growth plans.

The Company has continued to work proactively with its primary bank debt provider and other parties regarding a resolution of its financing facilities which were approved at the AGM and implemented on 4 January 2021.

The Agency is active in pursuing new business channels and entering new markets, along with new strategic partnerships and JV opportunities it believes will drive agent recruitment and sales revenue in the coming reporting periods.

There remain significant intangible assets off the balance sheet, these include the rent roll and the Mortgage Book. These assets contribute an annuity income to the business in excess of \$10 million per annum. Total estimated market asset value of the rent roll and loan book is estimated to be greater than \$25 million.

Other likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations, not otherwise disclosed in this report, have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

2.6. Environmental Regulations

The Group's operations are not subject to any significant environmental regulations in the jurisdictions it operates in.

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2020 has been received and can be found on page 8 of the annual report.

This Report of the Directors, is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).



PAUL NIARDONE

Managing Director

Dated this Friday, 26 February 2021



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(WA) Pty Ltd**

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To the Board of Directors,

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

As lead Audit Partner for the review of the Financial Statements of The Agency Group Australia Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,


BENTLEYS
Chartered Accountants


DOUG BELL CA
Partner

Dated at Perth this 26th day of February 2021



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Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2020

	Note	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
<i>Continuing operations</i>			
Revenue	1.1	29,449,321	22,096,610
Other income	1.2	941,995	427,926
		30,391,316	22,524,536
Advertising and promotion expenses		(1,014,102)	(500,896)
Computers and information technology expenses		(679,515)	(605,522)
Consultancy fees		(949,776)	(762,645)
Depreciation and amortisation		(2,793,006)	(3,039,016)
Interest and finance costs		(1,455,310)	(1,046,834)
Legal and professional fees		(1,168,662)	(849,216)
Occupancy costs		(373,636)	(456,626)
Salaries and employment costs	2.1	(21,158,144)	(16,555,888)
Other expenses		(1,016,112)	(1,314,252)
Loss before tax		(216,947)	(2,606,359)
Income tax benefit	3.1	1,049,926	932,195
Net profit/(loss) for the half-year		832,979	(1,674,164)
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		832,979	(1,674,164)
<i>Earnings per share:</i>			
Basic profit/(loss) per share (cents per share)	10.4	¢ 0.28	¢ (0.80)
Diluted profit/(loss) per share (cents per share)	10.4	N/A	N/A

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

APPENDIX 4D

Interim Financial Report
31 December 2020

THE AGENCY GROUP AUSTRALIA LTD

AND CONTROLLED ENTITIES
ABN 52 118 913 232

Condensed consolidated statement of financial position

as at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
<i>Current assets</i>			
Cash and cash equivalents	4.1	3,293,281	2,724,142
Trade and other receivables	4.2.1	6,795,379	4,601,222
Financial assets	4.3.1	6,600,000	1,600,000
Other current assets	4.4.1	1,095,353	550,476
Total current assets		17,784,013	9,475,840
<i>Non-current assets</i>			
Trade and other receivables	4.2.2	151,173	269,655
Financial assets	4.3.2	170,544	170,388
Property, plant, and equipment	5.1	1,793,172	2,039,814
Right of use asset	5.2.1	3,559,683	4,645,320
Intangible assets	5.3	25,769,650	30,376,355
Total non-current assets		31,444,222	37,501,532
Total assets		49,228,235	46,977,372
<i>Current liabilities</i>			
Trade and other payables	4.5.1	10,813,024	9,773,151
Borrowings	4.6.1	16,437,739	13,843,235
Provisions	5.4	2,168,153	2,286,835
Leases	5.2.2	1,833,505	1,979,900
Total current liabilities		31,252,421	27,883,121
<i>Non-current liabilities</i>			
Provisions	5.4	532,656	337,054
Leases	5.2.2	2,797,985	3,895,077
Deferred tax liabilities	3.4	2,200,848	3,250,774
Total non-current liabilities		5,531,489	7,482,905
Total liabilities		36,783,910	35,366,026
Net assets		12,444,325	11,611,346
<i>Equity</i>			
Issued capital	6.1.1	39,395,942	39,395,942
Reserves		928,715	928,715
Accumulated losses		(27,880,332)	(28,713,311)
Total equity		12,444,325	11,611,346

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2020

	Note	Contributed equity \$	Accumulated Losses \$	Options Reserve \$	Total equity \$
<i>Balance at 1 July 2019</i>		27,765,049	(19,317,468)	583,426	9,031,007
Change in accounting policy		-	(455,871)	-	(455,871)
Restated total equity at the beginning of the half-year		27,765,049	(19,773,339)	583,426	8,575,136
Loss for the half-year attributable owners of the parent		-	(1,674,164)	-	(1,674,164)
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
Total comprehensive income for the half-year attributable owners of the parent		-	(1,674,164)	-	(1,674,164)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the half-year (net of costs)	6.1.1	11,673,754	-	-	11,673,754
Options granted during the half-year		-	-	272,489	272,489
Balance at 31 December 2019		39,438,803	(21,447,503)	855,915	18,847,215
<i>Balance at 1 July 2020</i>					
Profit for the half-year attributable owners of the parent		-	832,979	-	832,979
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
Total comprehensive income for the half-year attributable owners of the parent		-	832,979	-	832,979
<i>Transaction with owners, directly in equity</i>					
Shares issued during the half-year (net of costs)		-	-	-	-
Options granted during the half-year		-	-	-	-
Balance at 31 December 2020		39,395,942	(27,880,332)	928,715	12,444,325

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

APPENDIX 4DInterim Financial Report
31 December 2020**THE AGENCY GROUP AUSTRALIA LTD**AND CONTROLLED ENTITIES
ABN 52 118 913 232**Condensed consolidated statement of cash flows**
for the half-year ended 31 December 2020

Note	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	31,536,210	25,027,127
Payments to suppliers and employees	(28,086,117)	(25,807,380)
Interest received	16,437	17,577
Finance costs	(898,045)	(697,333)
Net cash provided by / (used in) operating activities	2,568,485	(1,460,009)
<i>Cash flows from investing activities</i>		
Purchase of property, plant, and equipment	(70,235)	(77,776)
Advancement of bank guarantee	-	(404,015)
Return of bank guarantee	-	321,078
Purchase of intangibles	-	(171,818)
Deferred purchase consideration paid	-	(15,000)
Net cash received on disposal of asset group	2,623,330	-
Net cash provided by / (used in) investing activities	2,553,095	(347,531)
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	-	5,611,773
Share issue costs	-	(355,000)
Repayments of borrowings and borrowing costs	(3,564,464)	(2,340,000)
Payment of principal portion of lease liabilities	(987,977)	-
Net cash (used in) / provided by financing activities	(4,552,441)	2,916,773
Net increase in cash and cash equivalents held	569,139	1,109,233
Cash and cash equivalents at the beginning of the half-year	2,724,142	2,597,299
Cash and cash equivalents at the end of the half-year	4.1 3,293,281	3,706,532

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

In preparing the December 2020 interim financial statements, The Agency Group Australia Ltd has grouped into sections under the same key categories as used in the June 2020 Annual Report:

- Section A: How the numbers are calculated.....14
- Section B: Unrecognised items21
- Section C: Other Information.....24

The presentation of the notes to the financial statements is supported by the IASB’s Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 *Presentation of Financial Statements* which have provided preparers with more flexibility in presenting the information in their financial reports.

The financial report is presented in Australian dollars, except where otherwise stated.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity.

Note	1	Revenue and other income	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
1.1		Revenue		
		Commissions	21,973,365	14,428,146
		Fees	3,376,980	2,987,787
		Management fees	4,098,976	4,680,677
			29,449,321	22,096,610
1.2		Other Income		
		Interest income	16,437	17,577
		Gain on disposal of assets	273,225	
		Gain on exit of lease	58,182	-
		Other income	269,739	410,349
		Government grants received – Cash Flow Boost	324,412	-
			941,995	427,926
	a.	In September 2020, the Company formed a strategic partnership with Managex Funds Management Pty Ltd (Managex). Under the terms of a binding sales agreement, Managex purchased The Agency Property Management WA Pty Ltd that held the Group's West Coast rent roll net assets, resulting in the following gain:		
				\$
		<i>Consideration</i>		
		Cash payment		2,777,164
		Retention receivable		484,794
		Total consideration		3,261,958
		<i>Less:</i>		
		Costs associated with sale		(51,292)
		Net assets disposed		(2,937,441)
		Profit on sale of net assets disposed		273,225
Note	2	Loss before income tax	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
2.1		Salaries and employment costs		
		■ Commissions	14,233,025	8,760,573
		■ Director fees	72,000	82,364
		■ Salary and wages	4,909,529	5,031,584
		■ Superannuation	1,088,996	950,453
		■ Other employment related costs	1,691,271	1,730,914
		■ Government grants received in connection with employment costs	(836,677)	-
			21,158,144	16,555,888

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note	3	Income tax	Note	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
3.1		Income tax expense			
		Current tax		-	-
		Deferred tax		(1,049,926)	(932,195)
				(1,049,926)	(932,195)
3.2		Reconciliation of income tax expense to prima facie tax payable			
		The prima facie tax expense/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
		Accounting loss before tax		(216,947)	(2,606,359)
		Prima facie tax on operating loss at 27.5% (2019: 27.5%)		(59,660)	(716,749)
		Add / (Less) tax effect of:			
		<input type="checkbox"/> Other Deductible expenses		(48,659)	-
		<input type="checkbox"/> Profit on sale of assets		(75,033)	-
		<input type="checkbox"/> Capital gain on sale of assets		192,612	-
		<input type="checkbox"/> Profit on lease exit		(16,000)	-
		<input type="checkbox"/> Non-deductible expenses		16,462	68,321
		<input type="checkbox"/> Unrecognised income tax effect of temporary differences		(1,059,648)	(283,767)
		Total income tax (benefit)/expense		(1,049,926)	(932,195)
				31 December 2020 \$	30 June 2020 \$
3.3		Deferred tax assets			
		Employee benefits		545,336	465,221
		Accrued expenses		1,174,759	918,680
		Provisions		52,397	52,397
		AASB16 Leases - Lease Liability		180,261	154,253
		Other		252,695	141,261
				2,205,448	1,731,812
		Set-off deferred tax liabilities	3.4	(2,205,448)	(1,731,812)
		Net deferred tax assets		-	-
3.4		Deferred tax liabilities			
		Intangible Asset - Rent Roll		4,406,296	4,875,336
		Accrued income		-	107,250
				4,406,296	4,982,586
		Set-off deferred tax assets	3.3	(2,205,448)	(1,731,812)
		Net deferred tax liabilities		2,200,848	3,250,774
3.5		Tax losses and deductible temporary differences			
		The Group has accumulated tax losses of \$19,033,298 (30 June 2020: \$12,055,578) which may be available for offset against future taxable income. The recoupment of these losses will be subject to satisfying relevant Australian tax loss recoupment tests, namely the Continuity of Ownership Test and the Business Continuity Test.			

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2020**Note 4 Financial assets and financial liabilities**

4.1 Cash and cash equivalents		31 December 2020 \$	30 June 2020 \$
	Cash at bank	3,293,281	2,724,142
		3,293,281	2,724,142
4.2 Trade and other receivables		31 December 2020 \$	30 June 2020 \$
4.2.1 Current			
	Trade debtors	5,767,088	3,677,980
	Recoverable commissions / wages	616,125	876,861
	Provision for non-recovery of trade debtor and commissions / wages	(150,000)	(339,702)
	Other receivables	562,166	386,083
		6,795,379	4,601,222
4.2.2 Non-current			
	Trade debtors	151,173	269,655
		151,173	269,655
4.3 Financial assets		31 December 2020 \$	30 June 2020 \$
4.3.1 Current			
	Restricted - Macquarie bank	600,000	600,000
	Working capital – trust account	1,000,000	1,000,000
	Restricted funds – Convertible Note	5,000,000	-
		6,600,000	1,600,000
4.3.2 Non-current			
	Bank guarantees and restricted cash	170,544	170,388
		170,544	170,388
4.4 Other assets		31 December 2020 \$	30 June 2020 \$
4.4.1 Current			
	Prepayments	491,654	7,636
	Other deposits	494,209	542,840
	Funds held in respect to sale of assets	109,490	-
		1,095,353	550,476

4.4.2 *Other deposits* at 31 December 2020 relate to current bank guarantees comprising of \$472,744 and other deposits of \$21,645 (30 June 2020: Bank guarantees: \$481,716; Rental deposits: \$61,124)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 4 Financial assets and financial liabilities (cont.)

4.5 Trade and other payables		31 December 2020 \$	30 June 2020 \$	
4.5.1 Current				
<i>Unsecured</i>				
Trade payables		1,744,892	2,483,388	
Employees' remuneration – commissions payable		2,687,827	1,869,045	
Payroll tax		327,672	1,152,496	
Superannuation – employees		490,393	401,358	
Sundry creditors and accrued expenses		1,747,485	843,601	
Lease incentive		76,450	-	
GST and PAYG payable		3,738,305	2,916,649	
Other		-	106,614	
		10,813,024	9,773,151	
4.6 Borrowings		Note	31 December 2020 \$	30 June 2020 \$
4.6.1 Current				
Loans	4.6.1a	750,000	750,000	
Bank loans	4.6.1b	9,316,071	12,093,235	
Convertible note	4.6.1c	6,329,929	1,000,000	
Other		41,739	-	
		16,437,739	13,843,235	

- a. Loan payable to Kalonda Pty Ltd with an interest rate of 10.5% for a term until 30 June 2020; now rolled over to 31 December 2020 with an interest rate of 16%. Shares are held as security for the debt. The loan was repaid in full on 4 January 2021, as detailed in note 7.2.
- b. The Macquarie Bank debt facility agreement has a first ranking charge over all assets of the Group. The facility expired during the period; however, subsequent to balance date, the loan was repaid down to \$5,000,000 and extended until 4 January 2023, as detailed in note 7.2.
- c. Convertible note of \$1,000,000 for funds provided by Peters Investments Pty Ltd to be used as a standby working capital facility, as required by Macquarie Bank under its debt repayment extension agreement, as detailed below:
- **Interest rate** 9%
 - **Security** Second security ranking behind Macquarie Bank.
 - **Options** 2,000,000 Options exercisable at the lower of \$0.04 per share or 20% discount to 15-day volume-weighted average trading price of shares (**VWAP**) prior to the date of issue of the Options, on or before 2 years from date of issue.
 - **Term & Maturity Date** Unless converted to shares the notes will be repaid in cash on the earlier of 31 December 2020 or when all amounts owing by the Company to Macquarie Bank have been repaid.
 - **Conversion** At Noteholders election the notes were converted into shares in The Agency at \$0.0338 per share as detailed in note 7.2.
 - **Other Conditions** Noteholder will have the first right of refusal to replace the Macquarie Bank loan on commercial terms and conditions to be reasonably agreed between the Noteholder and The Agency.

At the AGM held 4 January 2021 the terms of the \$1,000,000 convertible note were amended to be the same terms and conditions as the \$5,000,000 convertible note, as detailed in note 7.2.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 4 Financial assets and financial liabilities (cont.)**4.6 Borrowings (cont.)**

d. During the half-year \$5,000,000 was provided by Peters Investments Pty Ltd in relation to a convertible note which was subject to shareholder approval at the AGM held on 4 January 2021, as detailed below:

- **Interest rate** higher of 8% per annum and the interest rate on the Macquarie Bank loan
- **Facilitation fee** 3% fee equalling \$150,000 which is capitalised and added to the face value of the note.
- **Security** Second security ranking behind Macquarie Bank.
- **Options** 12,000,000 Options exercisable at the \$0.027 on or before 31 March 2023. These options were exercised on 28 January 2021.
- **Term & Maturity Date** Unless converted to shares the notes will be repaid in cash on the earlier of 31 March 2023 or when all amounts owing by the Company to Macquarie Bank have been repaid.
- **Conversion** At Noteholders election the notes can be converted into shares in The Agency at the lower of \$0.027 per share and the issue price of shares offered under any subsequent capital raising completed by the Company to raise over \$1,000,000 on or before maturity date.
- **Other Conditions** Noteholder will have the first right of refusal to replace the Macquarie Bank loan on commercial terms and conditions to be reasonably agreed between the Noteholder and The Agency.

On 4 January 2021 shareholders approved the issue of the convertible notes. On 28 January 2021, Peters Investments Pty Ltd converted \$3,121,780 of debt and accrued interest into 115,621,483 shares. In addition, 14,000,000 options were exercised raising \$391,656 for the Company as detailed in note 7.2.

Note 5 Non-financial assets and financial liabilities**5.1 Property, plant, and equipment**

	31 December 2020 \$	30 June 2020 \$
Plant and equipment – at cost	1,197,868	1,187,451
Accumulated depreciation	(653,505)	(614,867)
	544,363	572,584
Leasehold improvements – at cost	3,407,145	3,407,145
Accumulated amortisation	(2,158,336)	(1,939,915)
	1,248,809	1,467,230
Total plant and equipment	1,793,172	2,039,814

5.2 Leases

	31 December 2020 \$	30 June 2020 \$
5.2.1 Right of use assets		
Properties	2,561,324	3,500,419
Printing equipment	998,359	1,144,901
	3,559,683	4,645,320
5.2.2 Lease liabilities		
Current	1,833,505	1,979,900
Non-current	2,797,985	3,895,077
	4,631,490	5,874,977

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 5 Non-financial assets and financial liabilities (cont.)

5.3 Intangible assets		31 December 2020 \$	30 June 2020 \$
Goodwill	5.3a	10,704,236	17,077,617
Impairment charge		-	(5,304,380)
		10,704,236	11,773,237
Rent Roll and trail book	5.3a	21,134,545	24,348,146
Accumulated amortisation		(6,266,509)	(5,930,600)
		14,868,036	18,417,546
Trademarks		268,420	268,420
Accumulated amortisation and impairment		(268,420)	(268,420)
		-	-
Others		201,871	381,968
Accumulated amortisation and impairment		(4,493)	(196,396)
		197,378	185,572
Total intangibles		25,769,650	30,376,355

- a. As disclosed in note 1a, the Company sold its West Coast rent roll business, resulting in the disposal of goodwill of \$1,069,001 and rent roll asset of \$1,843,907.

5.4 Provisions		31 December 2020 \$	30 June 2020 \$
5.4.1 Current			
Employee entitlements		1,093,300	1,228,979
Future fund referrals		1,074,853	1,057,856
		2,168,153	2,286,835
5.4.2 Non-current			
Employee entitlements		287,383	61,377
Make good provisions		160,814	165,000
Future fund referrals		84,459	110,677
		532,656	337,054

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2020

Note 6 Equity					
6.1 Issued capital	Note	31 December 2020	30 June 2020	31 December 2020	30 June 2020
		No.	No.	\$	\$
Fully paid ordinary shares at no par value		298,954,431	298,954,431	39,395,942	39,395,942
		6 months to 31 December 2020	12 months to 30 June 2020	6 months to 31 December 2020	12 months to 30 June 2020
		No.	No.	\$	\$
6.1.1 Ordinary shares					
At the beginning of the period		298,954,431	103,810,047	39,395,942	27,765,049
Shares issued during the period:					
■ Issued for cash		-	85,913,817	-	5,584,398
■ Equity-settled payments	6.1.2 6.1.3	-	107,008,316	-	6,955,540
■ Conversion of performance shares		-	2,222,251	-	-
Transaction costs		-	-	-	(909,045)
At reporting date		298,954,431	298,954,431	39,395,942	39,395,942

6.1.2 Equity-settled Payments (12 months to 30 June 2020)

As approved by shareholders at general meetings during the 12 months to 30 June 2020:

- 11,138,462 shares with a fair value of \$0.065 per share totalling \$724,000 were issued to third-party consultants in lieu of cash for services performed.
- 5,782,551 shares with 2,891,275 attaching options were issued to Daring Investments Pty Ltd a company controlled by Mr John Kolenda to settle outstanding loans of \$377,720.
- 19,244,088 shares with 9,622,044 attaching options were issued to Teldar Real Estate Pty Ltd a company controlled by Mr Matt Lahood to settle outstanding loans of \$1,252,719.
- 18,963,307 shares with 9,481,653 attaching options were issued to MAK Property Group Pty Ltd a company controlled by Mr Shad Hassen to settle outstanding loans of \$1,232,615.
- 18,963,307 shares with 9,481,653 attaching options were issued to Ben Collier Investments Pty Ltd a company controlled by Mr Ben Collier to settle outstanding loans of \$1,232,615.
- 19,244,088 shares with 9,622,044 attaching options were issued to SEMC 2 Pty Ltd a company controlled by Mr Steven Chen to settle outstanding loans of \$1,252,719.
- 7,692,308 shares with 3,846,154 attaching options were issued to Kalonda Pty Ltd to settle outstanding loans of \$450,000.
- 714,286 options were issued to Kalonda Pty Ltd as a debt facilitation fee with a fair value of \$14,297.
- 12,899,074 options with a fair value of \$258,192 were issued to the Joint Lead Manager in consideration for capital raising services.

6.1.3 The following shares were issued during the 12 months to 30 June 2020 to Directors to settle accrued outstanding Directors' fees from the 2019 year:

Paul Niardone
Andrew Jensen
John Kolenda
Adam Davey
Total

	Amount	Shares
	\$	No.
Paul Niardone	116,719	1,795,682
Andrew Jensen	118,500	1,823,077
John Kolenda	87,494	1,346,061
Adam Davey	66,000	1,015,385
Total	388,713	5,980,205

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

SECTION B. UNRECOGNISED ITEMS

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 7 Events subsequent to reporting date**7.1 Receipt of Bidders Statement**

On 4 January 2021, the Company received an unsolicited and conditional Bidder's Statement from Magnolia Equities III Pty Limited (**Magnolia**), a company associated with ex-director and significant shareholder, Mitchell Atkins. The Bidder's Statement set out the terms and conditions of an offer by Magnolia to purchase all of the fully paid ordinary shares in the Company for a cash price of \$0.04 per share (**Offer**). A copy of the Bidder's Statement was released to the ASX.

On 1 February 2021, the Company announced that the Takeovers Panel (**the Panel**) released its declaration of unacceptable circumstances and orders in relation to Magnolia's bid. In this declaration, the Takeovers Panel acknowledged the concerns held by the Company regarding Magnolia's disclosure of its funding arrangements and found that Magnolia's failure to address those matters constitutes unacceptable circumstances.

In addition, the Panel found that there were no unacceptable circumstances regarding the AGM and the approval of the Peters Investments funding arrangements. A copy of the Panel's media release, declaration and orders were released to the ASX.

On 3 February 2021, the Panel received an application from Magnolia seeking a review in respect of its application dated 16 December 2020 in relation to the affairs of The Agency. Peters Investments Pty Ltd accordingly provided an undertaking that it would not, without the Panel's consent, convert any further convertible notes or exercise any further options that it received in The Agency following the Company's AGM held 4 January 2021 (as described in 7.2 below).

On 23 February 2021, the review Panel has declined to conduct proceedings on a review application dated 2 February 2021 from Magnolia in relation to the affairs of the Group. The review Panel agreed with the initial Panel that the threshold set for a Panel to question the correctness of an expert's report is high and similarly for any further opinion expressed by an expert in response to concerns raised on the deficiency of information. The review Panel considered that the matters raised in the review did not get over the threshold.

The review Panel concluded for this and other reasons that there was no reasonable prospect that it would make a declaration of unacceptable circumstances. Accordingly, the review Panel declined to conduct proceedings. As the review proceedings are now ended, the undertaking given by Peters Investments has ceased.

7.2 Loan Executed, Conversion of Notes, and Exercise of Options

7.2.1 On 5 January 2021, following shareholder approval at the Company's AGM held 4 January 2021, the Company issued 5,000,000 convertible notes to Peters Investments Pty Ltd in order to raise \$5,000,000. In addition, the terms of the 1,000,000 convertible notes issued to Peters Investments in May 2020 have been amended so that they are consistent with the terms of the 5,000,000 convertible notes issued 4 January 2021.

On 6 January 2021, the Company advised that it has executed an amendment deed to its loan agreement with Macquarie Bank Limited (**Macquarie**). Pursuant to the terms of the amendment deed, the Company:

- applied \$3.715 million of the convertible notes funds towards reducing its facility with Macquarie to \$5 million;
- agreed with Macquarie to a revised repayment date for the remaining finance facility of 4 January 2023; and
- repaid a loan of \$0.75 million provided by Kalonda Pty Ltd as trustee for the Leibowitz Superannuation Fund.

In addition, as at the date of issue of this report liabilities to the Australian Taxation Office of \$3.23 million have been settled.

The revised terms of the loan include:

- **Loan amount** \$5,000,000
- **Interest rate** Base Rate (BBSW) + margin of 8.5%
The Base Rate (determined monthly) has ranged between 0.02% to 0.0917% during the period
- **Repayment date** On or before 4 January 2023

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 7 Events subsequent to reporting date (cont.)

- **Covenants** The Company has covenanted to Macquarie that it will:
- maintain a loan to value ratio (**LVR**) based on the value of the Company's property management book (on agreed multiples applied by Macquarie) as a percentage to the Company's secured debt position.
 - provide monthly reporting to Macquarie in accordance with the terms of the Loan Agreement.
 - provide a compliance certificate to Macquarie each month to confirm that the Company has complied with the covenants set out above and that no event of default exists in relation to the Company.
- **Termination/Default** It is an event of default under the loan agreement if the total number of sales agents employed by the Company's wholly owned subsidiary, Top Level Real Estate Pty Ltd, is less than, or falls to less than 59. The Loan Agreement otherwise contains default and termination provisions considered standard for a bank facility of this nature.

On 28 January 2021, Peter Investments converted approximately \$3.121 million of debt and interest into 115,621,485 shares. In addition, 14,000,000 options were exercised raising \$391,656 for the Company.

- 7.2.2 Had the refinancing described in 7.2.1 above occurred on 31 December 2020 the effect is illustrated below:

	31 December 2020 \$	Unaudited Pro forma 31 December 2020 \$
<i>Current assets</i>		
Cash and cash equivalents	3,293,281	4,827,210
Financial assets	6,600,000	-
Other current assets	7,890,732	7,890,732
Total current assets	17,784,013	12,717,942
Total non-current assets	31,444,222	31,444,222
Total assets	49,228,235	44,162,164
<i>Current liabilities</i>		
Borrowings	16,437,739	-
Other payables	14,814,682	14,814,682
Total current liabilities	31,252,421	14,814,682
<i>Non-current liabilities</i>		
Borrowings	-	8,249,888
Other non-current liabilities	5,531,489	5,531,489
Total non-current liabilities	5,531,489	13,781,377
Total liabilities	36,783,910	28,596,059
Net assets	12,444,325	15,566,105
Total equity	12,444,325	15,566,105

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 7 Events subsequent to reporting date (cont.)**7.3 Injunction Application and Purported Administration.**

On 20 January 2021, the Company announced the purported appointment of administrators to the Company by MCL 105 Pty Ltd (**MCL**), a company controlled by former director Mitchell Atkins.

The purported appointment was based on an alleged and disputed \$385,000 "debt" relating to alleged fees on a mandate entered into for the purpose of securing debt funding under which MCL was unable to deliver funding during the term of its mandate. The Company disputes the claim as well as the validity of the security charge MCL placed on the assets of the Group.

The Federal Court ordered that the purported appointments would have no effect (other than various technical matters) pending the determination of the proceedings or other order and control of the Company remains with the Directors.

The Court also ordered that the administration or purported administration will end at 4pm on 1 February 2021 and a hearing was scheduled on the same day that allowed an opportunity for any creditor or sufficiently interested party to apply to discharge or vary the orders ending the purported administration. A copy of the Court's orders was lodged with the ASX on www.fedcourt.gov.au, proceeding number WAD 7 of 2021. The Court requested the Company to pay \$400,000 to be held in the Court's trust until the matter is settled.

The Company's position is that the alleged appointment by MCL was undertaken for the purpose of destabilising the Agency and compelling the Company to pay a disputed fee, which is still being disputed by both parties lawyers at time the MCL appointed an administrator.

On 1 February 2021, a hearing occurred in the Federal Court. As no creditors or other interested parties appeared or applied to overturn the Court's earlier orders, the purported administration ended at 4:00pm that day. At this hearing orders were made programming the hearing of MCL disputed debt claim. That claim will be heard on 4 March 2021.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 8 Contingent liabilities

There are no contingent liabilities as at 31 December 2020 (30 June 2020: Nil), other than the alleged and disputed claim from MCL as disclosed in 7.3.

Note 9 Commitments**9.1 Capital commitments**

None.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

SECTION C. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note	10	Earnings per share (EPS)	Note	6 months to 31 December 2020 \$	6 months to 31 December 2019 \$
10.1		Reconciliation of earnings to profit or loss			
		Profit/(loss) for the half-year		832,979	(1,674,164)
		Less: loss attributable to non-controlling equity interest		-	-
		Profit/(loss) used in the calculation of basic and diluted EPS		832,979	(1,674,164)
				6 months to 31 December 2020 No.	6 months to 31 December 2019 No.
10.2		Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS		298,954,431	209,614,095
		Weighted average number of dilutive equity instruments outstanding	10.5	N/A	N/A
10.3		Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS		298,954,431	209,614,095
				6 months to 31 December 2020 ¢	6 months to 31 December 2019 ¢
10.4		Earnings per share			
		Basic EPS (cents per share)	10.5	0.28	(0.80)
		Diluted EPS (cents per share)	10.5	N/A	N/A
10.5		As at 31 December 2020 the Group has 11,162,892 unissued shares under options (December 2019: 102,181,760) and 1,555,558 performance shares on issue (December 2019: 1,555,558). The Group does not report diluted earnings per share on losses generated by the Group. During the half-year, the Group's unissued shares under option and performance shares were anti-dilutive.			

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 11 Share-based payments		6 months to 31 December 2020 No.	6 months to 31 December 2019 No.
11.1 Share-based payments:			
■ Recognised in profit and loss – <i>Consultancy fees</i>	11.2.1a	-	724,000
■ Recognised in profit and loss – <i>Interest and finance costs</i>	11.2.1b	-	87,097
■ Recognised in net assets as a reduction in borrowings and payables	11.2.1c,d	-	6,187,101
■ Recognised in equity – <i>Transaction costs</i>	11.2.1e	-	258,192
Gross share-based payments		-	7,256,390

11.2 Share-based payment arrangements in effect during the period**11.2.1 Issued in prior period, remaining in effect**a. *Equity-settled consultant fees*

As detailed in note 6.1.2, in the prior period 11,138,462 shares were issued to consultants for services with a fair value of \$724,000.

b. *Equity-settled financing fees*

As detailed in note 6.1.2, in the prior period 714,286 options were issued as a debt facilitation fee with a fair value of \$14,297, and 2,000,000 options were issued as part of a convertible note fee with a fair value of \$72,800.

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
714,286	31 December 2020	nil	\$0.065	Immediately upon issue
2,000,000	25 May 2022	nil	\$0.040	Immediately upon issue

c. *Equity-settled loans*

As detailed in note 6.1.2, in the prior period 89,889,649 shares and 44,944,825 options were issued to settle \$5,798,388 in loans.

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
44,944,823	31 December 2020	nil	\$0.065	Immediately upon issue

d. *Equity-settled accrued Directors' fees payable*

As detailed in note 6.1.3, in the prior period 5,980,205 shares were issued to Directors to settle accrued outstanding Directors' fees from the prior year amounting to \$388,713.

e. *Equity-settled transaction costs*

As detailed in note 6.1.2, in the prior period 12,899,074 options with a fair value of \$258,192 were issued in consideration for capital raising services.

Number under Option	Date of Expiry	Consideration	Exercise Price	Vesting Terms
12,899,074	31 December 2020	nil	\$0.065	Immediately upon issue

f. *Performance Shares*

During the 2020 financial year, 2,222,251 performance shares converted into 2,222,251 ordinary shares upon achieving a 10% growth in the mortgage and finance business loan book within 18 months of settlement. The remaining 1,555,558 performance shares failed to vest (by achieving a 20-day volume VWAP on the ASX which equals or exceeds 3 times the re-quotations price of \$0.02, at any time within 24 months of settlement) and expired. These performance shares will convert to five only, ordinary shares, subsequent to balance date.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2020**Note 12 Operating segments****12.1 Segment Financial Performance**

	Real Estate Property Services \$	Mortgage Origination Services \$	Total Reportable Segments \$	Other Segments \$	Total \$
31 December 2020					
Revenue					
■ External revenues	28,010,324	1,431,003	29,441,327	7,994	29,449,321
■ Inter-segment revenues	-	-	-	-	-
Total segment revenue	28,010,324	1,431,003	29,441,327	7,994	29,449,321
<i>Reconciliation of segment revenue to Group revenue:</i>					
■ Eliminations					-
Total Group revenue					29,449,321
Segment earnings before interest, tax, depreciation, and amortisation (EBITDA)	5,605,925	630,345	6,236,270	(615,471)	5,620,799
■ Unallocated corporate costs					(1,937,272)
EBITDA					3,683,527
<i>Reconciliation of segment profit to Group loss:</i>					
(i) Unallocated items:					
■ Other gains	58,182	-	58,182	273,225	331,407
■ Depreciation and amortisation	(2,680,767)	(21,420)	(2,702,187)	(90,820)	(2,793,007)
■ Net finance costs	(774,913)	(2,247)	(777,160)	(661,714)	(1,438,874)
Loss before income tax					(216,947)
31 December 2019					
Revenue					
■ External revenues	20,674,340	1,422,270	22,096,610	-	22,096,610
■ Inter-segment revenues	-	-	-	-	-
Total segment revenue	20,674,340	1,422,270	22,096,610	-	22,096,610
<i>Reconciliation of segment revenue to Group revenue:</i>					
■ Eliminations					-
Total Group revenue					22,096,610
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)	2,546,379	466,565	3,012,944	(1,533,453)	1,479,491
■ Unallocated corporate costs					-
EBITDA					1,479,491
<i>Reconciliation of segment profit to Group loss:</i>					
(i) Unallocated items:					
■ Impairment	-	-	-	-	-
■ Depreciation and amortisation	(3,038,224)	(792)	(3,039,016)	-	(3,039,016)
■ Net finance costs	(193,300)	-	(193,300)	(853,534)	(1,046,834)
Loss before income tax					(2,606,359)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 13 Statement of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated.

13.1 Basis of preparation**13.1.1 Reporting Entity**

The Agency Group Australia Ltd (**The Agency** or the **Company**) is a listed public company limited by shares, domiciled and incorporated in Australia. This interim financial report is intended to provide users with an update on the latest annual financial statements of The Agency Group Australia Ltd and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the half-year ended 30 June 2020, together with any public announcements made during the half-year.

13.1.2 Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue on 26 February 2021 by the Directors of the Company.

13.1.3 Going Concern

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

The Group generated a profit after tax for the half-year of \$832,979 (2019: \$1,674,164 loss after tax) and generated net cash in-flows from operating activities of \$2,568,485 (2019: \$1,460,009 out-flow). Included in the profit during the half-year was depreciation and amortisation of \$2,793,006.

As at 31 December, the Company had a working capital deficit of \$13,468,408 (2019: \$18,407,281 working capital deficit).

As disclosed in note 4.6, during the half-year the Group raised \$5 million from Peters Investments Pty Ltd through the issue of a Convertible Note (subject to shareholder approval) with a maturity date of 31 March 2023, the proceeds of which was held in a trust account, pending the approval by shareholders at the AGM. This approval was granted on 4 January 2021. Included in the working capital deficit as at 31 December 2020 was a loan with Macquarie Bank with a balance of \$9,316,071. As disclosed in note 7.2, the Company executed an amendment deed to its loan agreement with Macquarie Bank on 4 January 2021 whereby it reduced the loan to \$5 million with a repayment date of 4 January 2023.

The 30 June 2020 loan balance of \$12.093 million was reduced by \$2.7 million with the proceeds from the sale of the WA rent roll in October 2020. On 4 January 2021 it was further reduced through the release of \$0.6 million restricted cash and the payment of \$3.715 million from the proceeds of the \$5 million convertible note. As disclosed in note 7.2.2, had the refinancing occurred as at 31 December 2020, the Groups working capital deficit would have been significantly improved to \$2,096,740.

On 9 September 2020, the Company announced it entered into a binding sales agreement for the sale of the West Coast rent roll business. The Group received proceeds of \$2.7 million from the sale which was used to pay down debt with the remaining retention amount (up to \$0.485 million) to be received six months after the completion date. Accordingly, as a result of the events discussed above, and subject to the continuing compliance with its covenants, the Group does not have any principal payments from its debt facilities due within the next 12 months from the date of signing this report.

As disclosed in note 7.3, on 20 January 2021 the Company announced the purported appointment of administrators to the Company by MCL 105 Pty Ltd (**MCL**), a company controlled by former director Mitchell Atkins. The purported appointment was based on an alleged and disputed \$385,000 "debt" relating to alleged fees on a mandate entered into for the purpose of securing debt funding under which MCL was unable to deliver. The Court ordered and the administration ended on 1 February 2021, and the claim will be heard in court on 4 March 2021.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet commitments and working capital requirements for the 12-month period from the date of signing this financial report.

The ability of the Group to continue as a going concern is principally dependent on the following:

- The Group continuing to generate cash flows from profitable operations; and
- The Group being in compliance with all terms of its debt facilities and not breaching the terms of its borrowing facilities.

In the event the above are not achieved the Group will need to raise funds from issued capital and/or alternative financing arrangements.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 13 Statement of significant accounting policies

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

13.1.4 Comparative figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current half-year.

13.1.5 New and Amended Standards Adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group are:

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*

13.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

13.2.1 Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 14 Company details

The registered office and head office of the Company is:

<i>Street:</i>	68 Milligan St PERTH WA 6000 Australia	<i>Postal:</i>	PO Box 7768 CLOISTERS SQUARE WA 6850 Australia
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Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 28, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001* (Cth) and is signed for and on behalf of the directors by:



PAUL NIARDONE
Managing Director

Dated this Friday, 26 February 2021



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Independent Auditor's Review Report

To the Members of The Agency Group Australia Limited

Conclusion

We have reviewed the accompanying half-year financial report of The Agency Group Australia Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Agency Group Australia Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of The Agency Group Australia Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.



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Independent Auditor's Review Report
To the Members of The Agency Group Australia Limited (Continued)



Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 26th day of February 2021

THE AGENCY