



REAL ESTATE
FINANCE
SETTLEMENT
INSURANCE

ASX Appendix 4E (rule 4.3A)

Preliminary final report for the year ended 30 June 2018

Details of the reporting period and the previous corresponding period

Reporting Period: 30 June 2018
Previous Corresponding Period: 30 June 2017

Results for announcement to the market

(All comparisons to year ended 30 June 2017)

	\$A'000	Up/Down	% Movement
Revenue from ordinary activities	16,823	up	75%
Revenue from ordinary activities excluding interest income	16,823	up	75%
Loss from ordinary activities after tax	(3,846)	up	1%
Loss attributable to members	(3,846)	up	1%

Dividends	Amount per share	Franked amount per share
Interim dividend	N/A	N/A
Final dividend	N/A	N/A
Record date for determining entitlements to dividends	N/A	

Brief explanation of any figures reported above necessary to enable the figures to be understood
Refer to the accompanying separate ASX lodgment Review of Financial Results and Operations

HEAD OFFICE 68 Milligan Street PERTH WA 6000
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Net tangible assets backing	30 June 2018	30 June 2017
Net tangible assets/(liability) per security	(0.61) cents	(0.13) cents
Net asset backing per security	0.067 cents	0.41 cents

Control gained or lost over entities having material effect

Nil

Material interest in entities which are not controlled entities

Nil

Compliance Statement

The preliminary final report has been prepared based on the 30 June 2018 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4E:

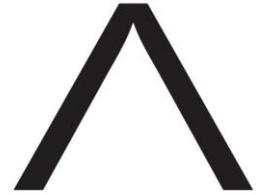
1. Preliminary Final Financial Report

Signed: _____

Date: 31st August 2018

Paul Niardone
Managing Director

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**THE AGENCY GROUP AUSTRALIA LTD
(FORMERLY AUSNET FINANCIAL SERVICES LTD)
ABN 52 118 913 232**

**THE AGENCY GROUP AUSTRALIA LIMITED
(formerly Ausnet Financial Services Limited)
ABN 52 118 913 232**

**Preliminary Final Financial Report
June 2018**

THE AGENCY
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**THE AGENCY GROUP AUSTRALIA LTD
(FORMERLY AUSNET FINANCIAL SERVICES LTD)
ABN 52 118 913 232**

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**THE AGENCY GROUP AUSTRALIA LTD
(FORMERLY AUSNET FINANCIAL SERVICES LTD)
ABN 52 118 913 232**

Directors	Philip Re Chairman Paul Niardone Managing Director John Kolenda Non Executive Director Adam Davey Non Executive Director
Company Secretary	Stuart Usher
Registered Office	Suite 1 GF, 437 Roberts Road Subiaco WA 6008
Principal Place of Business	68 Milligan Street Perth WA 6000
Solicitors	Steinepreis Paganin Level 4, Next Building 16 Milligan St Perth WA 6000 Mills Oakley Level 2, 225 St. Georges Terrace Perth WA 6000
Share Registry	Advanced Share Registry Services 110 Stirling Hwy Nedlands WA 6009
Auditors	Bentleys Audit & Corporate (WA) Pty Ltd PO Box 7775 Cloisters Square Perth WA 6850

**THE AGENCY GROUP AUSTRALIA LTD
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Principal Activities

The principal activity of the Consolidated Entity for the financial year was real estate and related activities. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

Operating Results and Financial Position

The Agency Group (ASX: AU1) ("The Agency" or "the Company"), has had a strong 12 months of solid organic growth, completing and integrating several key acquisitions, opening new offices, achieving top office rankings in WA for number and value of sales and delivering robust revenue growth in a WA real estate market that was still declining.

Combined revenues increase significantly, to be underpinned in future by annuity income

Combined revenues for the Company is up approx. 75% year-on-year to a record \$16,823,018 as at 30 June 2018, from \$9,590,540. This follows 70% plus growth 2 years running.

By division, The Agency (WA operations) delivered a 66% y-o-y increase in revenue to \$8,862,956 (2017: \$5,327,751) while Property Management reported revenue growth of 354% y-o-y to \$1,158,652 (2017: \$255,352). Mortgage & Finance Solutions Australia and Landmark Settlements delivered revenue of \$2,725,861 and \$865,909 respectively for 2018. This growth also is going against a Western Australian Real Estate market that is in decline.

Recently acquired Sell Lease Property delivered revenue of \$2,022,540 in the three full months post settlement of the acquisition (February 2018), proof the acquisition has and will continue to significantly benefit the Company.

There remain significant intangible assets off the balance sheet, these include the rent roll and the Mortgage Book with a combined valuation of approximately \$7m (based on well established industry valuation metrics), both of which have grown from the previous year. These assets also now contribute an annuity income to the business of approx. \$3m per annum.

Continues to recruit quality agents / receive industry recognition

In addition to recording strong revenue growth, The Agency has also seen significant growth in its sale agent numbers with 185 agents across its The Agency (WA) and Sell Lease Property businesses, up from 50 at same time last year. There Company plans to continue to proactively recruit quality agents to these businesses in future financial years as it continues its expansion of both businesses in Western Australia and nationally.

The Agency was awarded Top Office for Listings Sold and Top Office by Value Sold in Western Australia for 2018 at the annual REIWA.com Awards, held on Saturday 25th August 2018 in Perth.

It reported 667 sales worth over \$400 million for the past 12 months, which was 200 more sales and over \$50 million more property sold than second place. The Agency also finished fourth in project market sales for the year.

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Sell Lease Property (SLP) came in second place for Listings Sold with 659 sales for the year, however were ineligible due to the change in ownership.

Making significant investment in recruitment, acquisitions, technology, its people and processes

The Agency, which has only been operating for two years, is in a sustained growth phase and has made significant investment in expanding its business, through acquisition and recruitment, investing in technology, its people and its processes.

Included in the financial results were a large number of one off costs associated with the acquisitions and integration of Beaufort Realty, Inglewood Estate Agency and Sell Lease Property (i.e. rebranding, legal and technology costs, etc.), totaling approx. \$2.5m.

The results also highlight the setup costs of expanding The Agency into key real estate markets outside of Western Australia, with the Consolidated Entity opening new high-profile offices on the Gold Coast and in Melbourne CBD, where The Agency will benefit going forward from having a strong base for revenue growth in these key markets.

During the period the Company also recorded one-off costs associated with the creation of the Property Management division, the move to a new head office in Perth CBD and costs associated with The Agency rebranding and securing trademark protection for its brand nationally and globally.

As a result of this decision to invest heavily in its business the Consolidated Entity recorded loss after tax of \$3,845,928 (2017: \$3,804,242 loss) as at 30 June 2018.

The Consolidated Entity's cash and cash equivalents fell from \$2,202,655 as at 30 June 2017 to \$1,100,289 as at 30 June 2018 while Net Assets fell from \$2,438,314 in 2017 to \$456,272 in 2018.

There remain significant intangible assets off the balance sheet, these include the rent roll and the Mortgage Book of approximately \$7M, both of which have grown from the previous year.

The past 12 months have been a company-making period in which The Agency has completed key acquisitions, integrated companies into the group, opened new offices, achieved top office rankings in WA for sales and delivered robust revenue growth in its WA business.

On 14 December 2017, the Company announced it had entered into an agreement to acquire a national real estate agency, conveyancing and mortgage brokerage businesses from ServTech Global Holdings Ltd by way of a share sale agreement. This transaction was completed on 21 February 2018.

The transaction included the acquisition of:

- Sell Lease Property Pty Ltd (SLP) - An innovative, best practice real estate agency which has expanded its property consultant base to over 200 nationally.
- Complete Settlements Pty Ltd- A Perth settlement agency providing a full range of professional conveyancing from title searches to property settlements.
- Value Finance Pty Ltd - Providing innovative, transparent and efficient home loan and finance solutions based on client's unique requirements.

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The acquisition of these assets provide The Agency with the ability to cater to the different requirements of sales representatives:

- The Agency: high-level support and exclusive marketing areas
- SLP: online support and unrestricted marketing areas

The acquisition opened the door to sales representatives requiring low level support. Previously, The Agency turned away one out of two agents as it didn't offer this service.

The acquisition significantly increased The Agency's recruitment potential, effectively giving the company access to double the number of agents. By offering a one-stop-shop for real estate services, this allowed agents to cross-sell and increase recurring annual revenues.

As at 30 June 2018 The Agency and SLP had a combined 185 sales agents, primarily in Western Australia. This gives it one of the largest footprints, by number of sales agents and areas covered, of any real estate company in the state.

In Western Australia, the two companies continued to rank as top offices by Real Estate Institute of Western Australia (REIWA) over the course of the 12-month period.

The Agency will further expand its operations in Western Australia with the planned acquisition of Vicus Residential Pty Ltd – the residential sales and management division of The Vicus Group – which with more than 200 rental properties predominantly in the inner city of Perth, increase total property managements on The Agency's books to approximately 700 in the state.

The Company also acquired established Inglewood Estate Agency in June 2018, adding approximately 80 property managements to The Agency.

As at 30 June 2018 the Consolidated Entity had 582 property managements.

During the 12-month period, The Agency opened new offices, in joint venture with Top Level Real Estate Pty Ltd, in Melbourne's prime inner suburb of Albert Park and appointed highly respected sales agent Michael Paproth to join The Agency's General Manager, Melbourne, Peter Kakos. The Company also opened a new office on the Gold Coast, Queensland, which is regarded as a highly prospective market capable of generating significant sales.

On 30 January 2017, the Company announced that it had entered into a Licence Agreement and an Option to acquire Top Level Real Estate Pty Ltd as part of its planned national roll-out of its The Agency platform.

Top Level, which has been trading as 'The Agency' on the east coast of Australia since launching in March 2017, has established, with The Agency's support, a significant business in a short period of time, surpassing recruitment and sales targets.

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Since March 2017, Top Level has recorded 693 residential sales (with a combined value of ~ A\$1.4Bn), built a property management portfolio in excess of 3,300 properties, recruited a team of approximately 160 staff and sales agents and established seven offices positioned in blue chip locations across the eastern suburbs, inner west and lower north shore of Sydney.

On 12 February 2018, the Company entered into, and exercised, an Amended and Restated Option Agreement to acquire all Top Level shares held by the majority shareholders in Top Level Real Estate Pty Ltd.

This exclusive Option Agreement was then extended for a period of four months until 11th October 2018.

While financing associated with the proposed acquisition is at an advanced stage, a Deed of Variation was entered into extending the Condition Precedent relating to the proposed capital raising to help fund the Top Level acquisition until 11th October 2018.

The Company remains focused on completing the proposed acquisition of Top Level Real Estate Pty Ltd.

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**CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	June 2018 \$	June 2017 \$
Revenue from continuing operations	2	16,823,018	9,590,540
Less Expenses			
Salaries & employee benefits expenses		(14,696,021)	(8,439,488)
Depreciation and Amortisation		(494,935)	(125,942)
Profit/(loss) on disposal of assets		(2,053)	-
Doubtful debts		(100,000)	-
Consultancy Fees		(873,737)	(613,450)
Advertising & Promotion expenses		(478,695)	(214,032)
Legal, Professional & Valuation fees		(1,532,538)	(954,602)
Rent & Outgoings		(471,985)	(247,440)
Licencing fees		(156,541)	-
Interest		(224,369)	-
Computer expenses		(287,613)	-
Subscriptions and licences		(144,693)	-
Other expenses		(1,205,766)	(926,849)
Share based payment		-	(118,830)
Impairment Costs		-	(285,284)
Corporate transaction accounting expense		-	(1,439,297)
Net Profit / (loss) before income tax		(3,845,928)	(3,774,674)
Income tax (expense) / benefit		-	(29,568)
Profit / (loss) from continuing operations		(3,845,928)	(3,804,242)
Other comprehensive income			-
Total comprehensive income / (loss) for the period attributable to the members of Ausnet Financial Services Limited		(3,845,928)	(3,804,242)
 Basic and diluted earnings/(loss) per share (cents per share) attributable to the members of The Agency Group Australia Limited		 (0.60)	 (0.95)

The accompanying notes form part of these financial statements

**THE AGENCY GROUP AUSTRALIA LTD
(FORMERLY AUSNET FINANCIAL SERVICES LTD)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 2018 \$	June 2017 \$
Current Assets			
Cash and cash equivalents		1,100,289	2,202,655
Trade and other receivables		3,140,956	1,451,188
Current tax asset		191,102	184,115
Total Current Assets		4,432,347	3,837,958
Non Current Assets			
Property, Plant and Equipment		520,607	78,595
Financial assets		408,182	
Intangible Assets		4,381,534	3,201,441
Deferred Tax Asset		263,083	-
Total Non Current Assets		5,573,406	3,280,036
Total Assets		10,005,753	7,117,994
Current Liabilities			
Trade and Other Payables		7,412,877	4,058,364
Borrowings		1,100,000	6,117
Provisions		341,632	276,093
Total Current Liabilities		8,854,509	4,340,574
Non Current Liabilities			
Deferred tax liabilities		496,266	211,433
Provisions		198,706	127,673
Total Non Current Liabilities		694,972	339,106
Total Liabilities		9,549,481	4,679,680
Net Assets/(Liabilities)		456,272	2,438,314
Equity			
Contributed Equity		11,480,382	9,706,731
Reserves		566,430	476,195
Accumulated Losses		(11,590,540)	(7,744,612)
Total Equity/(Net Deficiency)		456,272	2,438,314

The accompanying notes form part of these financial statements

THE AGENCY GROUP AUSTRALIA LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	Contributed Equity	Accumulated Losses	Reserves	Total
Balance 1 July 2017	9,706,731	(7,744,612)	476,195	2,438,314
Profit / (Loss) for the year	-	(3,845,928)	-	(3,845,928)
Other comprehensive income				
Total comprehensive income for the period	-	(3,845,928)	-	(3,845,928)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	1,773,651	-	-	1,773,651
Options issued	-	-	90,235	90,235
Balance 30 June 2018	11,480,382	(11,590,540)	566,430	456,272

CONSOLIDATED	Contributed Equity	Accumulated Losses	Reserves	Total
Balance 1 July 2016	2,509,890	(3,940,370)	-	(1,430,480)
Profit / (Loss) for the year	-	(3,804,242)	-	(3,804,242)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(3,804,242)	-	(3,804,242)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions (net of transaction costs)	7,196,841	-	-	7,196,841
Options issued	-	-	476,195	476,195
Balance 30 June 2017	9,706,731	(7,744,612)	476,195	2,438,314

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	June 2018 \$	June 2017 \$
Cash flows from operating activities			
Receipts from customers		15,033,255	8,921,689
Payments to suppliers and employees		(17,075,383)	(9,643,275)
Interest received		8,694	26,529
Interest paid		(224,369)	(98,101)
Income tax paid		-	(50,692)
Net cash inflows/(outflows) from operating activities		<u>(2,257,803)</u>	<u>(843,850)</u>
Cash flows from investing activities			
Payments for Property Plant and Equipment		(218,088)	(26,898)
Advancement of bank guarantee		(408,182)	-
Proceeds from sale of Property Plant and Equipment		-	10,000
Payments for intangibles		(891,944)	(422,887)
Deferred purchase consideration paid		(200,000)	-
Net cash inflow on acquisition of Beaufort (cash held at acquisition)		-	(2,239,714)
Net cash inflow on reverse acquisition (cash held at acquisition)		-	165,082
Net cash inflows/(outflows) from investing activities		<u>(1,718,214)</u>	<u>(2,514,417)</u>
Cash flows from financing activities			
Proceeds from issue of shares		1,920,000	5,800,000
Share issue costs		(146,349)	(384,700)
Repayments of borrowings		-	(8,356)
Proceeds from borrowings		1,100,000	-
Net cash inflows/(outflows) from financing activities		<u>2,873,651</u>	<u>5,406,944</u>
Net increase in cash held		(1,102,366)	2,048,677
Cash at the beginning of financial year		2,202,655	153,978
Cash at the end of financial year		<u>1,100,289</u>	<u>2,202,655</u>

The accompanying notes form part of these financial statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general purpose condensed financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Ausnet Financial Services Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report covers The Agency Group Australia Limited and controlled entities (“the Consolidated Entity”). The Agency Group Australia Limited is a Company limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian dollars which is the Consolidated Entity’s functional and presentation currency.

The financial statements are presented in Australian dollars and have been prepared under the historical cost convention. The financial statements of the Consolidated Entity also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial information in this report does not include all the notes of the type normally included within the annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial reports.

Therefore it is recommended that this report should be read in conjunction with the annual financial reports for the year ended 30 June 2018, when it becomes available, and be considered together with any public announcements made by Ausnet Financial Services Limited during the year ended 30 June 2018 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: REVENUE

	Consolidated Entity	
	June 2018	June 2017
	\$	\$
Revenue from continuing operations:		
Commissions	10,528,108	6,335,430
Fees	4,122,877	3,018,512
Management fees	2,117,509	173,526
Interest received	8,694	24,764
Other income	45,830	38,308
Total Revenue	16,823,018	9,590,540

NOTE 3: AFTER BALANCE DATE EVENTS

There has not been any matter or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of the operations, or the state of the affairs of the Consolidated Entity in future financial years.

NOTE 4: AUDIT STATUS

This report is based on accounts that are in the process of being audited