

Ask Funding Limited

ABN 22 094 503 385

Appendix 4D - HALF YEAR REPORT For the half year ended 31 December 2016

Results For Announcement to the Market

All comparisons to the half year ended 31 December 2015

	\$	Movement Up/(down)	Movement Up/(down) %
Revenue from ordinary activities	907,791	Up	8%
Loss from operating activities before tax attributable to members	(376,953)	Up	42%
Loss from operating activities after tax attributable to members	(376,953)	Up	42%
	Cents per share	Franked amount per share	Tax rate for franking
Dividends paid during the period			
Final dividend	-	-	-
Interim dividend	-	-	-
		31 December 2016 Cents	31 December 2015 Cents
Basic and diluted loss per share (cents per share)			
Basic and diluted loss per share (cents per share)		(0.57)	(0.98)

This report is based on the Half Year Financial Report which has been subjected to independent review by Auditors, Pitcher Partners. All documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2016 Annual Financial Report

Ask Funding Limited

ABN 22 094 503 385

Financial Report

for the half year ended 31 December 2016

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2016 Annual Report

Ask Funding Limited
ABN 22 094 503 385
Financial Report
For the half-year ended 31 December 2016

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Ask Funding Limited

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Directors' Report

For the half-year ended 31 December 2016

The Director's present their report together with the condensed interim financial report being Ask Funding Limited ("the Company") for the half-year ended 31 December 2016.

Directors

The following persons were directors of Ask Funding Limited during the half-year and up to the date of this report:

Mr Russell E Templeton LLB – Director – Independent Non – Executive Director

Mr Gabriel Radzynski - Non-Executive Director

Mr James Chirnside - Independent Non-Executive Director

Company Secretary

Mr Mark Licciardo was the Company Secretary during the year and up to the date of this report.

Review of Operations

Overview of the Company

The Company has continued to service and amortise its loan book with the sole objective of delivering the surplus funds to shareholders. The Company's loan book remains permanently closed to new loans.

Basis of Preparation of Financial Statements - orderly realisation of assets and settlement of liabilities

Given the orderly run-off and closure of the Company's loan books, the directors consider it appropriate to prepare the condensed interim financial report for the period ended 31 December 2016 on a non-going concern basis and have been prepared on an alternate basis of an orderly realisation of the Company's assets and settlement of its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities.

Loan Book Size and Split by Product

The gross loan book increased by 2% to \$8.4 million from \$8.2 million at 30 June 2016. This increase reflects the suspension of lending on new loans and the focus on collection of Loan Book receivables in accordance of the Company's run-off strategy.

The net loan book split by product and the underlying trend is highlighted in the following table:

	31 December 2016	30 June 2016	30 June 2015
Disbursement Funding	4%	5%	9%
Personal Injury	19%	23%	26%
Matrimonial	69%	65%	60%
Inheritance Funding	7%	7%	5%

The closure of all Loan Books to new loans has resulted in an accelerated contraction of the loan book with the revenue of the business declining over time in line with this contraction.

Impairment of Loans and Advances

Impairment and recovery costs of \$1.03 million incurred during the period represent a decrease of 11% from the previous corresponding period of \$1.16 million.

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Directors' Report (continued)

Impairment of Loans and Advances (continued)

Impairment in the Personal Injury product during the period has increased from historical levels, however, is not inconsistent with the high gross return derived from the product and the non-recourse (in certain circumstances) nature of this product.

Impairment in the Disbursement Funding loan book has remained low and reflects only those interest and fees not recoverable under some law firm guarantees.

The nature of the Matrimonial and Inheritance Funding loan books, the underlying legal matters and security provided is such that it is difficult to group the loans on the basis of risk characteristics and overlay a general or collective provision having due regard to these risks. Accordingly impairment in respect of these loan books continues to be determined on an individual case by case basis after taking account of the likely time to settlement and potential further deterioration in asset pool values. A relevant factor is the inordinate delays being experienced by litigants in the Family Court of Australia. These delays have resulted in an increase in interest and fees payable on the loans advanced, this increase being well in excess of original forecasts. In some cases the total payable (being principal and accrued interest and fees) now exceeds the value of the underlying security and these loans have been impaired in recognition of this.

In the notes to the Financial Statements forming part of the Company's FY16 Annual Report (pages 8) reference was made to a Single Matrimonial Loan in Western Australia (security held Mortgage, Caveat and Guarantees from borrower and related parties) with a net carrying value at 30 June 2015 of \$2.0 million.

On 14 May 2015 the Company settled a legal dispute with the borrower of this Single Matrimonial Loan and two guarantors on the following basis:

- That the borrower and the guarantors agreed to pay to the Company the sum of \$2.0 million on or before 15 January 2016;
- That in the event that this sum was not paid the borrower and the guarantors consented to judgment being entered against them in favour of the Company for \$2.5 million; and
- The security granted in favour of the Company by the borrower and the guarantors remain in place

The borrower and guarantors failed to pay the sum of \$2.0 million to the Company on or before 15th January 2016.

As a result of the \$2.0 million not having been paid on or before 15th January 2016 the Company has now entered a judgment against the borrower and the guarantors in the Supreme Court of Western Australia for the sum of \$2.5 million. The Company continues to explore the avenues available to it to satisfy this judgment and is taking steps to realise one of the properties mortgaged in its favour.

The net carrying value of this loan as at 30 June 2015 was \$2.0 million and this figure remains the current net carrying value.

Outlook

At the Company's Annual General Meeting on 29 November 2011, the shareholders approved the run-off and the closure of the Company's Loan Books to new loans. This closure was effected on 31 January 2012 and accordingly the Company's future activities are limited to the servicing and amortising of its Loan Books with the sole objective of distributing all surplus funds to shareholders.

To date the Company has returned \$5 million to shareholders by way of franked dividends and return of capital. However, the current size of the net loan book and the unpredictable and inconsistent cash flow derived from the loan book makes it very difficult for the Board to predict the likely amount and timing of future distributions to shareholders.

To ensure that the net loan book reflects the likely ultimate recovery of funds from receivables not yet collected, the Company has suspended the accrual of interest on a substantial proportion of the Company's Loan Book as part of its specific provisioning. As a result of this, revenue derived from the loan book has decreased and will continue to do so. Revenue will also continue to decline as a result of repayment of loans.

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Directors' Report (continued)

Outlook (continued)

As previously reported to the Market the Board has progressively reduced the Company's cost base in line with the rundown of receivables. The Board considers it unlikely that it will be able to further reduce the Company's cost base whilst it remains as a disclosing entity. The Board continues to closely monitor the Company's revenue, cost base and cash flow to ensure operational viability. In the event that the Board concludes that the Company is no longer operationally viable, it will seek the removal of the Company from the official list of the Australian Securities Exchange.

Review of financial performance and position

Operating Loss after tax

The results for the six months attributable to the members of the Company are:

	31 December 2016 \$000	31 December 2015 \$000
Revenue (net interest and fee income)	908	844
Expenses, excluding impairment and loan recovery expenses	(252)	(329)
Impairment of loans and advances	(955)	(1,003)
Loan recovery expenses	(78)	(159)
Loss before income tax	(377)	(647)
Income tax expense	-	-
Loss attributable to members	(377)	(647)

The net loss for the period is \$0.38 million in comparison to the net loss of \$0.65 million for the previous corresponding period. Loss per share is 0.57 cents.

The loss for the period reflects the run-off strategy adopted by the Company.

Profit from Operations

Gross interest earnings have remained at \$0.83 million. Gross interest margins per product and fee income, which reflects account servicing and reassessment fees, have remained consistent with the previous corresponding period.

Gross interest and fee income will continue to reduce as the loan book contracts as a result of the orderly run-off of all loan books.

Expenses, excluding depreciation, amortisation and impairment, decreased by 10% to \$0.32 million from \$0.36 million in the previous corresponding period reflecting the continued reduction in the size of operations.

The impairment of loans and advances expense has decrease to \$0.96 million from \$1.00 million in the previous corresponding period.

Financial Position

Net assets have decreased by 0.8% since 30 June 2016 to a total of \$4.14 million. Net tangible assets are 6.3 cents per share.

At 31 December 2016 the Company's liabilities include trade payables of \$0.06 million. The Directors are satisfied that the Company will have sufficient cash resources to settle its liabilities as and when they fall due.

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Directors' Report (continued)

Cashflows

Cash inflows from operations for the period ended 31 December 2016 have decreased to \$0.90 million compared to \$1.28 million in the previous corresponding period. The significant decrease in interest and supplier payments has been partially offset by the decrease in interest and fees received.

The cash inflow from investing activities for the period of \$0.32 million has decreased compared to \$1.1 million in the previous corresponding period reflecting the closure of all loan books.

The net cash outflows from both operations and investing activities was \$0.07 million. The Board will continue to review the Company's operating costs with a view to effecting further savings however with the exception of legal recovery costs which are expected to continue to decline, the Board considers that it will be difficult to achieve further material reductions in the Company's cost base whilst the Company remains a disclosing entity.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar.

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 on page 5.

This report is signed in accordance with a resolution of directors.



Gabriel Radzynski
Chairman

Sydney
23 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ASK FUNDING LIMITED
ABN 22 094 503 385**

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ask Funding Limited during the period.



S M WHIDETT
Partner

PITCHER PARTNERS
Sydney

23 February 2017

Ask Funding Limited

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Interim Statement of Comprehensive Income For the half-year ended 31 December 2016

	Notes	31 December 2016 \$	31 December 2015 \$
Interest income		830,335	812,385
Net interest income		<u>830,335</u>	<u>812,385</u>
Fee Income		7,456	31,725
Other Income		70,000	-
Total Income		<u>907,791</u>	<u>844,110</u>
Expenses			
Employee benefits expense		(86,241)	-
Impairment of loans and advances	7	(955,951)	(1,003,196)
Loan recovery expenses		(77,730)	(158,569)
IT expenses		(934)	(13,319)
Accounting		(49,181)	(39,347)
Audit Fees		(33,500)	(12,925)
Insurance		(3,399)	(23,353)
Share Expenses		(18,805)	(58,590)
Telecommunication		(3,170)	(12,330)
General and administrative expenses		(55,833)	(169,398)
Total Expenses		<u>(1,284,744)</u>	<u>(1,491,027)</u>
Loss before income tax		(376,953)	(646,917)
Income tax expense		-	-
Loss for the year		<u>(376,953)</u>	<u>(646,917)</u>
Other comprehensive income		-	-
Other comprehensive income for the year			
Total comprehensive loss for the year		<u>(376,953)</u>	<u>(646,917)</u>
Basic and diluted loss per share (cents per share)		<u>(0.57)</u>	<u>(0.98)</u>

The accompanying notes form part of these financial statements.

Ask Funding Limited

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**Statement of Financial Position
As at 31 December 2016**

	Notes	31 December 2016 \$	30 June 2016 \$
Assets			
Cash and cash equivalents		743,290	918,484
Net loans and advances	7	3,377,309	3,599,171
Other assets	8	74,170	77,177
Total assets		4,194,769	4,594,832
Liabilities			
Trade and other payables	9	58,771	81,881
Total liabilities		58,771	81,881
Net assets		4,135,998	4,512,951
Equity			
Contributed equity		17,295,845	17,295,845
Reserves		30,065	30,065
Retained losses		(13,189,912)	(12,812,959)
Total equity		4,135,998	4,512,951

The accompanying notes form part of these financial statements.

Ask Funding Limited

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Interim Statement of Changes in Equity For the half-year ended 31 December 2016

	Contributed Equity \$	Profits Reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2015	17,295,845	30,065	(11,724,683)	5,601,227
Loss for the year attributable to the owners of the Company	-	-	(646,917)	(646,917)
Total profit and other comprehensive income for the half-year	-	-	(646,917)	(646,917)
Transactions with owners in their capacity as owners:				
Dividends to equity holders	-	-	-	-
Balance at 31 December 2015	17,295,845	30,065	(12,371,600)	4,954,310
Balance at 1 July 2016	17,295,845	30,065	(12,812,959)	4,512,951
Loss for the year attributable to the owners of the Company	-	-	(376,953)	(376,953)
Total profit and other comprehensive income for the half-year	-	-	(376,953)	(376,953)
Transactions with owners in their capacity as owners:				
Dividends to equity holders	-	-	-	-
Balance at 31 December 2016	17,295,845	30,065	(13,189,912)	4,135,998

The accompanying notes form part of these financial statements.

Ask Funding Limited

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**Interim Statement of Cash Flows
For the half-year ended 31 December 2016**

	Notes	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities			
Interest and fees received		74,215	572,687
Receipts from customers		-	-
Interest paid		-	-
Payments to suppliers and employees		(352,412)	(645,377)
Net cash used in operating activities		(278,197)	(72,690)
Cash flows from investing activities			
Loans repaid by clients		103,003	318,874
Net cash inflow from investing activities		103,003	318,874
Net (decrease)/increase in cash and cash equivalents		(175,194)	246,184
Cash and cash equivalents at 1 July		918,484	655,821
Cash and cash equivalents at end of the half-year		743,290	902,005

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the half year ended 31 December 2016

1. Reporting Entity

Ask Funding Limited ("the Company") is a company domiciled in Australia.

The annual financial statements of the Company as at and for the year ended 30 June 2016 are available upon request from the Company's registered office at Level 5, 139 Macquarie Street, Sydney NSW.

2. Statement of Compliance

These condensed interim financial statements have been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2016 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

(i) Basis of preparation - orderly realisation of assets and settlement of liabilities

These interim financial statements were approved by the Board of Directors on 16 February 2017.

The interim financial statements for the half-year ended 31 December 2016 have not been prepared on a going concern basis and have been prepared on an alternate basis of an orderly realisation of the Company's assets and settlement of its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities.

At the Company's Annual General Meeting held on 29 November 2011, the shareholders voted in favour of the orderly run-off and the closure of the Company's Loan books to new loans. This run-off entailed:

- The cessation of lending on all products. New lending on all products ceased in January 2012.
- Sell part or all of the Company's loan book.
- The recovery of all loans in accordance with the loan contracts and realisation of other assets in an orderly manner.
- The repayment of amounts owing to Bank of Western Australia Ltd ("BankWest") under the Senior Syndicated Facility.
- The settlement of all creditors and liabilities.
- The return of net proceeds to shareholders.

It is the view of the Director's that this run-off should be conducted in an orderly manner so as to maximise the return to shareholders.

Consistent with the shareholder decision at the Company's Annual General Meeting on 29 November 2011 to approve the run-off and ultimate closure of the Company's loan books to new loans, these financial statements have been prepared on a non-going concern basis.

Ask Funding Limited

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Notes to the Financial Statements For the half year ended 31 December 2016

2. Statement of Compliance (continued)

(i) Basis of preparation - orderly realisation of assets and settlement of liabilities (continued)

In preparing the interim financial statements on a non-going concern basis the recoverability of the Company's loans receivable is dependent on realising these loans from the sale and/or settlement of litigation occurring within the timeframe and at values used in assessing the recoverable amount of loans receivable at 31 December 2016.

An impairment charge has been included in the financial statements for the estimated difference between the face value of the loans receivable and the amount expected to be realised. The value of loans receivable are regularly reviewed and adjustments made to the impairment charge as necessary.

Given the uncertainties involved in assessing the asset's carrying values on an orderly realisation basis the Company may be unable to realise its assets and discharge its liabilities at the amounts recorded in the financial statements at 31 December 2016.

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar.

(ii) Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Company for the purpose of the preparation of these interim financial statements.

3. Estimates

The preparation of interim financial statements requires the Board and Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2016.

4. Financial Risk Management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2016.

5. Segment Reporting

For management purposes, Ask Funding Limited operates under one reportable segment based on the operations of the Company being entirely performed in the business segment of consumer finance predominately within Australasia.

No operating segments have been aggregated to form the above reportable operating segment.

Management monitors the operating results of the reporting segment for purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

As the Company has only one reportable segment, the profit for the segment includes all income and expense items for the Company for the half-year and the assets of the segment include all of the Company's assets at balance date.

Ask Funding Limited

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**Notes to the Financial Statements
For the half year ended 31 December 2016****6. Earnings Per Share**

	31 December 2016 Cents	31 December 2015 Cents
Loss after income tax used in the calculation of basic and diluted earnings per share	(376,953)	(646,917)
	No. shares	No. shares
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	<u>65,955,515</u>	<u>65,955,515</u>
Basic and diluted loss per share (cents per share)	(0.57)	(0.98)

There are no outstanding securities that are potentially dilutive in nature for the Company.

7. Net Loans and Advances

	31 December 2016 \$	30 June 2016 \$
Net loans and advances		
Family Law	4,706,466	4,861,672
Disbursement Funding	252,126	268,484
Personal Injury	2,516,566	2,556,646
Other	917,375	831,508
Provision for impairment	<u>(5,015,224)</u>	<u>(4,919,139)</u>
Total	<u>3,377,309</u>	<u>3,599,171</u>

These financial assets are classified as loans and receivables and are measured at amortised cost using the effective interest method.

Ask Funding Limited

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**Notes to the Financial Statements
For the half year ended 31 December 2016****7. Net Loans and Advances (continued)****(a) Provision for Impairment**

The movement in the provision for impairment in respect of loans and advances during the period is as follows:

	31 December 2016	30 June 2016
	\$	\$
Specific provision		
Opening balance	4,919,139	3,802,156
Charge to operating profit	609,109	1,962,519
Write-offs	(512,916)	(845,536)
Closing balance	5,015,332	4,919,139
Collective provision		
Opening balance	-	-
Charge to operating profit	-	-
Write-offs	-	-
Closing balance	-	-
Closing Balance	5,015,332	4,919,139

(b) Fair Value

The fair value of loans and advances cannot be measured reliably given the nature of the loans, the lack of a liquid market for comparable assets and the uncertainty as to the timing and collection of these loans (as many loans are subject to the outcome of litigation and / or the realisation of security) and hence have not been disclosed.

8. Capital and Reserves

	31 December 2016	30 June 2016
Share capital		
Fully paid ordinary shares	65,955,515	65,955,515

(a) Ordinary Shares

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Reserves**Profits reserve**

The profits reserve represents profits transferred to a reserve to retain the characteristic of profit and not be appropriated against prior year accumulated losses. Any such profits are available to enable payment of franked dividends in the future.

Ask Funding Limited

ABN 22 094 503 385

Notes to the Financial Statements For the half year ended 31 December 2016

8. Capital and Reserves (continued)

(c) Dividends

No dividends have been paid since 31 July 2016.

9. Other Related Party Transactions

(a) Key management personnel compensation

The Company has secured the services of Mr Templeton on an outsourced arrangement to a business controlled by Mr Templeton to assist with the rundown of the loan books. Mr Templeton's fixed fee contract of \$5,500 is continuing on a month to month basis.

(b) Other transactions with key management personnel or entities related to them

During the half-year, the company engaged Sandon Capital Pty Limited ("Sandon"), an entity associated with Gabriel Radzynski to undertake the accounting function for ASK Funding Limited, the arrangement with Sandon are at normal commercial terms and conditions.

There have been no other significant changes to the nature and amounts of related party transactions disclosed at 30 June 2016.

10. Contingencies

The directors of the Company are not aware of any material contingent liabilities that exist in respect of either the Company.

11. Events Occurring after the Balance Sheet Date

There have been no other events subsequent to balance date which would have a material effect on the Company's financial statements at 31 December 2016.

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Directors' Declaration For the half year ended 31 December 2016

The Directors of Ask Funding Limited declare that:

1. The financial statements and notes, as set out on pages 6 to 14, are in accordance with the *Corporations Act 2001*, including:
 - a) Complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b) Giving a true and fair view of the financial position of the Company as at 31 December 2016 and of its performance for the half year ended on that date.
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.

Signed in accordance with a resolution of the Board of Directors.



Gabriel Radzynski
Chairman

23 February 2017

Ask Funding Limited

ABN 22 094 503 385

Company particulars

Registered Office

Level 5, 139 Macquarie Street
Sydney NSW 2000
Telephone 02 8014 1188

Stock Exchange Listing

Ask Funding Limited shares are listed on the Australian Securities Exchange (ASX code: AKF)

Directors

Mr Russell E Templeton LLB - Independent Non-Executive Director
Mr Gabriel Radzyninski - Non-Executive Director
Mr James Chirnside - Independent Non-Executive Director

Company Secretary

Mark Licciardo
Mertons Corporate Services
Level 7, 330 Collins Street
Melbourne, Victoria 3000

Auditor

Pitcher Partners
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000

Share Register

Link Market Services Limited
Tower 4
727 Collins Street
Melbourne, Victoria 3000

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ASK FUNDING LIMITED
ABN: 22 094 503 385**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ask Funding Limited ("the Company"), which comprises the statement of financial position as at 31 December 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the Company.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company 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 internal 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2016 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*. As the auditor of Ask Funding Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the 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.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ASK FUNDING LIMITED
ABN 22 094 503 385**

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 Ask Funding Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty regarding basis of preparation and carrying value of assets

Without modifying our conclusion expressed above, we draw attention to Note (2)(i) in the financial report which indicates that the financial statements of the Company for the half-year ended 31 December 2016 have not been prepared on a going concern basis and have been prepared on an alternative basis of an orderly realisation whereby the Company will realise its assets and settle its liabilities over the period.

The Directors of the Company have determined that the recoverability of the Company's loans receivable is dependent upon realising these loans from the sale and/or realisation of the underlying assets that secure the loans, occurring within a reasonable time frame and at values used to assess the recoverable amount of loans receivable at 31 December 2016. Given the uncertainties involved in assessing the asset's carrying values on an orderly realisation basis the Company may be unable to realise its assets and discharge its liabilities at the amounts recorded in the financial statements at 31 December 2016.



S M WHIDDETT
Partner

23 February 2017



PITCHER PARTNERS
Sydney