

# Ask Funding Limited

ABN 22 094 503 385

## Appendix 4D - HALF YEAR REPORT For the half year ended 31 December 2017

### Results For Announcement to the Market

*All comparisons to the half year ended 31 December 2016*

	\$	Movement Up/(down)	Movement Up/(down) %
Revenue from ordinary activities	999,700	Up	10%
Loss from operating activities before tax attributable to members	(94,561)	Down	75%
Loss from operating activities after tax attributable to members	(94,561)	Down	75%
	Cents per share	Franked amount per share	Tax rate for franking
<b>Dividends paid during the period</b>			
Final dividend	-	-	-
Interim dividend	-	-	-
		31 December 2017 Cents	31 December 2016 Cents
<b>Basic and diluted loss per share (cents per share)</b>			
Basic and diluted loss per share (cents per share)		(0.14)	(0.57)
Net Tangible Assets per security		4.9	6.3

This report is based on the Half Year Financial Report attached 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 2017 Annual Financial Report

**ASK FUNDING LIMITED**  
**ABN 22 094 503 385**

**Interim Financial Report**  
**for the Half Year Ended 31 December 2017**

# **Ask Funding Limited**

ABN 22 094 503 385

**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

## **TABLE OF CONTENTS**

	<b>Page No.</b>
Directors' Report	1
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Interim Financial Report	10
Directors' Declaration	16
Independent Auditor's Review Report	17
Corporate Directory	19

# Ask Funding Limited

ABN 22 094 503 385

## DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### DIRECTORS' REPORT

The Directors present their report together with the condensed interim financial report of Ask Funding Limited ("the Company") for the half year ended 31 December 2017.

### 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 - 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 2017 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 4% to \$2.9 million from \$2.8 million at 31 December 2017. The Company is focused on collection of Loan Book receivables in accordance with its run-off strategy.

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

	31 December 2017	30 June 2017	30 June 2016
Disbursement Funding	3%	3%	5%
Personal Injury	8%	10%	23%
Matrimonial	81%	78%	65%
Inheritance Funding	8%	9%	7%

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.

## **Ask Funding Limited**

ABN 22 094 503 385

### **Directors' Report (continued)**

#### **Impairment of Loans and Advances**

Impairment and recovery costs of \$0.89 million incurred during the period represent a decrease of 13% from the previous corresponding period of \$1.03 million.

The Net Loan Book at 31 December 2017 was \$3.0 million made up of 30 loan contracts split into the following product types and values:

Injury Loan - 19 contracts totalling \$235,263

Inheritance Funding Loans - 1 contract with a total value of \$250,000

Disbursement Funding Loans - 7 contracts with a total value of \$77,714

Matrimonial Funding Loans - 3 contracts with a total value of \$2,396,000

Impairment in respect of these loans continues to be determined on an individual case by case basis after taking into account of the likely time of settlement; potential further deterioration in asset pool values and/or a decrease in the prospects of an individual borrower succeeding in their respective claims in court.

A significant factor in the timing of the recovery of Matrimonial Funding loans is the inordinate delays being experienced by litigants in the Family Court of Australia which in many cases is beyond the control of the parties to the court proceedings in question and extends to years.

In the notes to the Financial Statements forming part of the Company's FY17 Annual Report (page 2) 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 2017 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.

The trial in relation to the legal proceedings between the parties in the Family Court in Western Australia (which was the subject of the loan to the borrower) was heard in August 2016.

Judgment was delivered in the Family Court of Western Australia on 12 February 2018. The borrower of the Single Matrimonial Loan was ordered to be paid approximately \$2.8 million. The Company is currently reviewing the terms of the judgment on when it is likely to result in a payment of the subject judgment held by the Company against the borrower and the two guarantors. The net carrying value of this loan as at 31 December 2017 was \$2.0 million however as a consequence of the judgement made by the Family Court of Western Australia in favour of the borrower, the Company now expects to recover \$2.8 million, which may be subject to appeal.

Accordingly, should the Company receive the amount of the order, net assets are anticipated to increase by \$0.8 million representing an increase of 1.2 cents per share on the 31 December 2017 NTA of 4.9 cents per share to 6.1 cents per share, all other things being equal.

# Ask Funding Limited

ABN 22 094 503 385

## Directors' Report (continued)

### 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 returns 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's revenue derived from the loan book will decline as a result of repayment of loans.

Given the age, size and nature of the Company's Loan Books it is very difficult for the Board to accurately forecast when these loan books are likely to be recovered however, on present indications it would appear that the Loan Books will not be recovered until towards the end of the 2018 calendar year.

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:

	<b>31 December 2017 \$'000</b>	<b>31 December 2016 \$'000</b>
Revenue (net interest and fee income)	1,000	908
Expenses, excluding impairment and loan recovery expenses	(200)	(252)
Impairment of loans and advances	(824)	(955)
Loan recovery expenses	(71)	(78)
Loss before income tax	(95)	(377)
Income tax expense	-	-
Loss attributable to members	<b>(95)</b>	<b>(377)</b>

The net loss for the period is \$0.09 million in comparison to the net loss of \$0.38 million for the previous corresponding period. Loss per share is 14 cents.

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

### Results from Operations

Gross interest earnings were \$0.97 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 18% to \$0.27 million from \$0.33 million in the previous corresponding period reflecting the continued reduction in the size of operations.

**Directors' Report (continued)**

The impairment of loans and advances expense has decreased to \$0.82 million from \$0.96 million in the previous corresponding period.

**Financial Position**

Net assets have decreased by 3% since 30 June 2017 to a total of \$3.3 million. Net tangible assets are 4.9 cents per share.

At 31 December 2017 the Company's liabilities include trade payables of \$0.05 million. The Directors are satisfied that the Company will have sufficient cash resources to settle its liabilities as and when they fall due.

**Directors' Report (continued)**

**Cashflows**

Cash outflows from operations for the period ended 31 December 2017 have decreased to \$0.20 million compared to \$0.28 million in the previous corresponding period. The 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 \$0.02 million has decreased compared to \$0.10 million in the previous corresponding period reflecting the closure of all loan books.

The net cash outflows from both operations and investing activities was \$0.18 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, unless otherwise indicated.

**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 2018

**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 2017, 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 WHIDDETT  
Partner

PITCHER PARTNERS  
Sydney

23 February 2018



# Ask Funding Limited

ABN 22 094 503 385

## STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 \$	31 December 2016 \$
<b>Income</b>			
Interest income		972,826	830,335
<b>Net Interest Income</b>		972,826	830,335
Fee income		26,874	7,456
Other income		-	70,000
<b>Total Income</b>		999,700	907,791
<b>Expenses</b>			
Employee benefit expenses		64,034	86,241
Impairment of loans and advances		823,481	955,951
Loan recovery expenses		71,081	77,730
IT expenses		2,599	934
Accounting		57,398	49,181
Audit fees		31,665	33,500
Insurance		565	3,399
Registry expenses		9,959	18,805
Telecommunication		1,197	3,170
General and administrative expenses		32,282	55,833
		1,094,261	1,284,744
<b>Loss Before Income Tax</b>		(94,561)	(376,953)
Income tax expense		-	-
<b>Loss for the year</b>		(94,561)	(376,953)
<b>Other Comprehensive Income</b>			
Other comprehensive income for the year		-	-
<b>Total Comprehensive Income for the year</b>		(94,561)	(376,953)
<b>Earnings / (Loss) per Share</b>		<b>Cents</b>	<b>Cents</b>
- Basic loss per share	6	(0.14)	(0.57)
- Diluted loss per share	6	(0.14)	(0.57)

The accompanying notes form part of these financial statements.

**Ask Funding Limited**

ABN 22 094 503 385

**STATEMENT OF FINANCIAL POSITION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

		<b>31 December</b>	<b>30 June</b>
	<b>Note</b>	<b>2017</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Cash and cash equivalents		360,756	541,070
Net loans and advances	7	2,958,977	2,844,938
Other current assets		61,960	60,335
<b>Total Assets</b>		<b>3,381,693</b>	<b>3,446,343</b>
<b>Liabilities</b>			
Trade and other payables		81,666	51,755
<b>Total Liabilities</b>		<b>81,666</b>	<b>51,755</b>
<b>Net Assets</b>		<b>3,300,027</b>	<b>3,394,588</b>
<b>Equity</b>			
Contributed equity		17,295,845	17,295,845
Reserves		30,065	30,065
Retained losses		(14,025,883)	(13,931,322)
<b>Total Equity</b>		<b>3,300,027</b>	<b>3,394,588</b>

The accompanying notes form part of these financial statements.

**Ask Funding Limited**

ABN 22 094 503 385

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	<b>Contributed Equity</b>	<b>Profit Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2016</b>	<b>17,295,845</b>	<b>30,065</b>	<b>(12,812,959)</b>	<b>4,512,951</b>
Loss for the year attributable to the owners of the Company	-	-	(376,953)	(376,953)
<b>Balance at 31 December 2016</b>	<b>17,295,845</b>	<b>30,065</b>	<b>(13,189,912)</b>	<b>4,135,998</b>
<b>Balance at 1 July 2017</b>	<b>17,295,845</b>	<b>30,065</b>	<b>(13,931,322)</b>	<b>3,394,588</b>
Loss for the year attributable to the owners of the Company	-	-	(94,561)	(94,561)
<b>Balance at 31 December 2017</b>	<b>17,295,845</b>	<b>30,065</b>	<b>(14,025,883)</b>	<b>3,300,027</b>

The accompanying notes form part of these financial statements.

**Ask Funding Limited**

ABN 22 094 503 385

**STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Interest and fees received	49,436	74,215
Interest paid	-	-
Payments to suppliers and employees	(246,515)	(352,412)
<b>Net Cash used in Operating Activities</b>	<b>(197,079)</b>	<b>(278,197)</b>
<b>Cash Flows from Investing Activities</b>		
Loans repaid by clients	16,765	103,003
<b>Net Cash provided by / (Used in) Investing Activities</b>	<b>16,765</b>	<b>103,003</b>
<b>Net Increase in Cash and Cash Equivalents held</b>	<b>(180,314)</b>	<b>(175,194)</b>
Cash and Cash Equivalents at the beginning of the half year	541,070	918,484
<b>Cash and Cash Equivalents at end of the half year</b>	<b>360,756</b>	<b>743,290</b>

The accompanying notes form part of these financial statements.

## **Ask Funding Limited**

ABN 22 094 503 385

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

#### **NOTE 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 2017 are available upon request from the Company's registered office at Level 5, 139 Macquarie Street, Sydney NSW, and also from the ASX website.

#### **NOTE 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 2017 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*.

There are now new and revised accounting requirements significantly affecting the half year financial statements.

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

These interim financial statements were approved by the Board of Directors on 22 February 2018.

The interim financial statements for the half year ended 31 December 2017 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**

ABN 22 094 503 385

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

#### **NOTE 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 2017.

The Board continues to closely monitor the Company's revenue, cost base and cash flow to ensure operational viability.

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 2017.

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, unless otherwise indicated.

##### **(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 2017.

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

## **Ask Funding Limited**

ABN 22 094 503 385

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

#### **NOTE 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 2017.

#### **NOTE 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 2017.

#### **NOTE 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**

ABN 22 094 503 385

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017****NOTE 6: EARNINGS PER SHARE**

	<b>31 December 2017</b>	<b>31 December 2016</b>
Loss after income tax used in the calculation of basic and diluted earnings per share	(94,561)	(376,953)
	<b>No. shares</b>	<b>No. shares</b>
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)	(0.14)	(0.57)

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

**NOTE 7: NET LOANS AND ADVANCES**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Family law	5,625,182	5,151,190
Disbursement funding	239,467	233,294
Personal Injury	2,931,417	2,812,073
Other	1,152,283	1,029,067
Provision for impairment	(6,989,372)	(6,380,686)
<b>Total</b>	<u>2,958,977</u>	<u>2,844,938</u>

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



**Ask Funding Limited**

ABN 22 094 503 385

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017****NOTE 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:

	<b>31 December 2017 \$</b>	<b>30 June 2017 \$</b>
<b>Specific provision</b>		
Opening balance	6,380,686	4,919,139
Charge to operating profit	823,481	2,369,601
Write-offs	(214,795)	(908,053)
Closing balance	<u><b>6,989,372</b></u>	<u><b>6,380,686</b></u>
<b>Collective provision</b>		
Opening balance	-	-
Charge to operating profit	-	-
Write-offs	-	-
Closing balance	<u>-</u>	<u>-</u>
<b>Closing Balance</b>	<u><b>6,989,372</b></u>	<u><b>6,380,686</b></u>

**(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.

## **Ask Funding Limited**

ABN 22 094 503 385

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

#### **NOTE 8: DIVIDENDS**

No dividends have been paid since 1 July 2017.

#### **NOTE 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 is at normal commercial terms and conditions.

There have been no other significant changes to the nature and amounts of related party transactions disclosed at 31 December 2017.

#### **NOTE 10: CONTINGENCIES AND CAPITAL COMMITMENTS**

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

#### **NOTE 11. EVENTS SUBSEQUENT TO BALANCE DATE**

Judgment was delivered in the Family Court of Western Australia on 12 February 2018. The borrower of the Single Matrimonial Loan was ordered to be paid approximately \$2.8 million. The Company is currently reviewing the terms of the judgment on when it is likely to result in a payment of the subject judgment held by the Company against the borrower and the two guarantors. The net carrying value of this loan as at 31 December 2017 was \$2.0 million, however as a consequence of the judgement made by the Family Court of Western Australia in favour of the borrower, the Company now expects to recover \$2.8 million, which may be subject to appeal.

Accordingly, should the Company receive the amount of the order, net assets are anticipated to increase by \$0.8 million representing an increase of 1.2 cents per share on the 31 December 2017 NTA of 4.9 cents per share to 6.1 cents per share, all other things being equal.

**Ask Funding Limited**

ABN 22 094 503 385

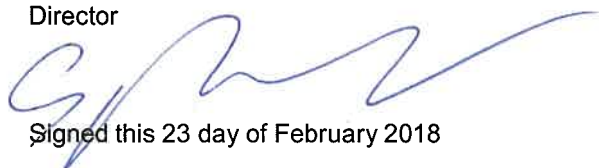
**DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

The Directors of Ask Funding Limited declare that:

- a) the financial statements and notes, as set out on pages 10 to 15, are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - ii. giving a true and fair view of the financial position of the entity as at 31 December 2017 and of its performance for the half year ended on that date; and
- b) in their 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.
- c) the Directors have been given the declarations required by section 295A of *the Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.

Gabriel Radzynski  
Director



Signed this 23 day of February 2018

**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 2017, statement 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 2017 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.

## **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 2017 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 2017 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 2017. 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 2017.



S M WHIDDETT  
Partner



PITCHER PARTNERS  
Sydney

23 February 2018

## **Ask Funding Limited**

ABN 22 094 503 385

### **CORPORATE DIRECTORY**

#### **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