

# Ask Funding Limited

ABN 22 094 503 385

## Appendix 4E - FULL YEAR REPORT For the full year ended 30 June 2018

### Results for Announcement to the Market *All comparisons to the year ended 30 June 2017*

	\$	Movement Up \$	Movement Up %
Revenue from ordinary activities	1,921,353	213,953	12.5%
Profit from operating activities before tax attributable to members	574,815	1,693,178	151%
Profit from operating activities after tax attributable to members	574,815	1,693,178	151%
	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
<b>Dividends paid during the period</b>			
Final dividend	-	-	-
Interim dividend	-	-	-
		<b>30 June 2018 Cents</b>	<b>30 June 2017 Cents</b>
<b>Basic and diluted loss per share (cents per share)</b>			
Basic and diluted loss per share (cents per share)		0.88	(1.70)
<b>Net tangible Assts Per Share</b>			
Net tangible assets per share (before tax)		0.06	0.05
Net tangible asset per share (after tax)		0.06	0.05

Ask Funding Limited advises that its Annual General Meeting is scheduled to be held on Tuesday 20 November 2018. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately after dispatch.

In accordance with the Company's Constitution and ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEST) 2 October 2018.

Refer to the Annual Report for the year ended 30 June 2018 including the Review of Operations and the results of those operations contained within the Directors' Report for further explanations where applicable.

This report is based on the Annual Financial Report which has been subjected to independent audit by Auditors, Pitcher Partners. All documents comprise the information required by Listing Rule 4.3A.

# Ask Funding Limited

**ABN 22 094 503 385**

Financial Report

For the year ended 30 June 2018

# Ask Funding Limited

ABN 22 094 503 385

## Financial Report For the year ended 30 June 2018

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# Ask Funding Limited

ABN 22 094 503 385

## Directors' Report

For the year ended 30 June 2018

The Directors of Ask Funding Limited (ASX: AKF) ("AKF" or "the Company") present their report together with financial statements of the Company for the year ended 30 June 2018 and auditor's report thereon.

Ask Funding Limited is a company limited by shares and is incorporated in Australia.

### Directors

The following persons were Directors of the Company during the year and up to the date of this report:

Mr Gabriel Radzynski - Non-Executive Director

Mr Russell E Templeton - Independent 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.

### Principal Activities

Consistent with the run-off strategy approved by Shareholders at 2011 Annual General Meeting, the Company did not engage in any lending activity during this reporting period.

The Company's activities since closure of all loan books has been limited to the servicing and amortising of its loan books with the sole objective of distributing all surplus funds to the shareholders.

### 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 financial report for the year ended 30 June 2018 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 28% to \$3.5 million from \$2.8 million at 30 June 2018.

This Company remains focused 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:

	30 June 2018	30 June 2017	30 June 2016
Disbursement Funding	1%	3%	5%
Personal Injury	3%	10%	23%
Matrimonial	89%	78%	65%
Inheritance Funding	7%	9%	7%

# Ask Funding Limited

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## Directors' Report For the year ended 30 June 2018

### Directors' Report (continued)

#### Impairment of Loans and Advances

Impairment and recovery costs of \$1.0 million incurred during the period represent a decrease from the previous corresponding period of \$2.5 million.

The Net Loan Book at the 30 June 2018 was \$3.5 million made up of loan contracts split into the following product types and values:

Injury Loan - 6 contracts totalling \$105,804

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

Disbursement Funding Loans - 2 contracts with a total value of \$31,427

Matrimonial Funding Loans - 2 contracts with a total value of \$3,146,000

Impairment in respect of these loans continues to be determined on an individual case by case basis after taking into account 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 FY16 Annual Report (page 8) reference was made to a Single Matrimonial Loan in Western Australia (security held Mortgage and Guarantees from borrower and related parties) with a net carrying value at 30 June 2016 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 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 and a judgment was handed down on 12 February 2018.

The net carrying value of this loan as at 30 June 2017 was \$2.0 million, however after reviewing the judgment handed down on 12 February 2018, the company determined to increase the net carrying value to \$2.8 million.

The judgment is now the subject of an appeal and a cross appeal filed by the various parties to the proceedings and on present indications, it appears that it is likely that the appeal and cross appeal will not be heard until 2019.

The net carrying value of this loan as at 30 June 2018 was \$2.8 million and this figure remains the current net carrying value.

# Ask Funding Limited

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## Directors' Report For the year ended 30 June 2018

### 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 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'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 the second half of the 2019 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.

On 19 June 2018 the company notified the Australian Stock Exchange (ASX) that it wished to be removed from the official list of the ASX as:

- Its shares are not often traded and there is little liquidity;
- the share registry is highly concentrated; and
- in the board's view, the costs associated with remaining listed on the ASX outweigh the benefits.

#### Review of financial performance and position

Operating Profit after tax

The results for the year ended 30 June 2018 attributable to the members of the Company are:

	<b>30 June 2018 \$</b>	<b>30 June 2017 \$</b>
Revenue (net interest and fee income)	2,011,527	1,836,847
Expenses, excluding impairment and loan recovery expenses	(394,911)	(439,026)
Impairment of loans and advances	(859,776)	(2,369,601)
Loan recovery expenses	(182,025)	(146,583)
Profit / (Loss) before income tax	<u>574,815</u>	<u>(1,118,363)</u>
Income tax expense	-	-
Profit / (Loss) attributable to members	<u><u>574,815</u></u>	<u><u>(1,118,363)</u></u>

# Ask Funding Limited

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## Directors' Report For the year ended 30 June 2018

### Directors' Report (continued)

#### Review of financial performance and position (continued)

The net profit for the period is \$574,815 in comparison to the net loss of \$1,118,363 for the previous corresponding period. Profit per share is \$0.88 cents.

#### Profit from Operations

Gross interest earnings have increased to \$1,921,353. Gross interest margins per product and fee income, which reflects account servicing and reassessment fees, have increased compared to \$1,707,400 in 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.

The impairment of loans and advances expense has decreased to \$859,776 from \$2,369,601 in the previous corresponding period.

#### Financial Position

Total assets have increased by 16% since 30 June 2017 to a total of \$3,991,914. Net tangible assets are 0.60 cents per share.

At 30 June 2018, the Company's liabilities include trade payables of \$60,229. The Directors are satisfied that the Company will have sufficient cash resources to settle its liabilities as and when they fall due.

#### Cashflows

Cash outflows from operations for the year ended 30 June 2018 have decreased to \$255,204 compared to \$497,053 in the previous corresponding period. The significant increase in interest and fees received and decrease in other assets has been partially offset by the increase in non-cash adjustment.

The cash inflow from investing activities for the period of \$161,630 has decreased compared to \$119,639 in the previous corresponding period reflecting the closure of all loan books.

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.

During the year, the Company announced a share buy-back for share valued at less than \$500 which are considered to be less than marketable parcels. The buy-back price was 6.03 cents per share. This resulted in an outflow of cash for the Company purchasing 625,496 shares for \$37,718.

#### Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year other than those already disclosed in this report.

**Ask Funding Limited**  
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**Directors' Report**  
**For the year ended 30 June 2018**

**Directors' Report (continued)**

**After balance date events**

On 9<sup>th</sup> August 2018, the Company announced on Australian Securities Exchange (ASX) a Notice of Extraordinary General Meeting of the Shareholders of Ask Funding Limited to be held on 12 September 2018 to approve the Company's removal from the official list of the ASX. It is in the Board's view the company has a highly concentrate Share register held by 2 entities and it will save significant costs to the Company by Delisting.

As at the 23 August 2018, a further share buy-back of 2,177,670 shares has occurred which has reduced the Company's Contribution Equity by \$132,838.

Otherwise, no transactions or events of a material and unusual nature has arisen, which in the opinion of the directors of the Company is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

**Likely developments and expected results of operations**

The Company will continue to service and amortise its loan book with the sole objective of returning surplus funds to shareholders. The Company will continue to manage the run-off of the remaining loan book.

The continued run-off of all loan books as referred to above will result in the contraction of the loan book and the revenue of the business will decline over time consistent with this contraction.

**Environmental regulation**

The Company's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

**Information on directors and company secretary**

**Mr Gabriel Radzynski** BA (Hons), MCom (Chairman and Non-Executive Director)

***Experience and special responsibilities***

Gabriel is the founder and Managing Director of Sandon Capital Pty Ltd, a boutique investment management and advisory firm. He is the portfolio manager of funds managed by Sandon Capital. Gabriel is an Executive Director of Mercantile Investment Company Limited. Gabriel also holds directorships in ASK Funding Ltd, Future Generation Investment Fund Limited and IPE Ltd.

**Mr Russell Templeton** LLB (Independent Non-Executive Director)

***Experience and special responsibilities***

Mr Templeton has been in practice as a lawyer for over thirty five years, has extensive commercial and litigation experience and has also been involved with a network of legal practitioners; owned licensed commercial agencies; and been consultant to and then Chief Operating Officer and Chief Executive Officer of Collection House Limited, an ASX listed debt portfolio manager.

Mercantile Investment Company Ltd (MVT)  
Ask Funding (ASK)

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**Directors' Report**  
**For the year ended 30 June 2018**

**Directors' Report (continued)**

**Information on directors and company secretary (continued)**

**Mr James Chirnside** (Independent Non-Executive Director)

***Experience and special responsibilities***

James has worked in financial markets for 32 years mostly as an equities fund manager across a broad range of markets and sectors. As a fund manager, he was mainly focused in emerging and frontier markets. In addition, he has also been a proprietary metals trader, derivatives broker, and fund promoter in Sydney, Hong Kong, London, and Melbourne.

James studied for a Bachelor's degree in Business Administration at Edith Cowan University in Perth.

Public Company Directorships;  
Dart Mining NL (DTM)  
Cadence Capital Ltd (CDM)  
WAM Capital Ltd (WAM)

**Company Secretary**

**Mark Licciardo** B Bus(Acc), GradDip CSP, FGIA, FCIS, FAICD (Company Secretary)

***Experience and special responsibilities***

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons, Mark Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, Ensogo Limited and Mobilicom Limited as well as several other public and private companies.

	<b>Directors' Meeting</b>	
	Number Eligible to Attend	Number Attended
Gabriel Radzyminski	3	3
Russell Templeton	3	3
James Chirnside	3	3
<b>Total Meetings Held</b>	<b>3</b>	<b>3</b>

# Ask Funding Limited

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## Directors' Report For the year ended 30 June 2018

### Audited Remuneration report

The Company has no employees, other than the three Non-executive Directors. The Company Secretary is remunerated under a service agreement with Mertons Corporate Services Pty Ltd.

#### *Nature and amounts of remuneration*

The Directors do not receive any other benefits or remuneration, other than Directors' fees and statutory superannuation other than as disclosed below. The remuneration of the directors is not linked to the performance of the Company.

Where specialist services beyond the normal expectations of a Non-Executive Director are provided to the Company, payment will be made on a normal commercial basis.

Details of the remuneration of the directors and key management personnel of the Company (as defined in AASB 124 Related Party Disclosures) are set out in the following tables:

	Short Term Employee Benefits Cash salary and fees \$	Post- Employment Benefit Superannuation \$	Total \$
<b>30 June 2018</b>			
Gabriel Radzyninski	-	-	-
Russell Templeton*	40,000	-	40,000
James Chirnside**	18,068	-	18,068
	<u>58,068</u>	<u>-</u>	<u>58,068</u>
<b>30 June 2017</b>			
Gabriel Radzyninski	-	-	-
Russell Templeton	40,000	-	40,000
James Chirnside	31,618	-	31,618
	<u>71,618</u>	<u>-</u>	<u>71,618</u>

\*Amount paid to Russell Templeton excludes GST invoiced to the Company.

\*\* Amount paid James Chirnside excluding GST invoiced to the Company.

The Company has no employees other than Non-Executive Directors and therefore does not have a remuneration policy for employees. The Directors are the only people considered to be key management personnel of the Company.

# Ask Funding Limited

ABN 22 094 503 385

## Directors' Report For the year ended 30 June 2018

### Audited Remuneration report (continued)

Number of Shares held directly, indirectly or beneficially by Key Management Personnel, or by entities to which they were related at the date of this report, were:

	Balance 1 July 2017	Net Acquisition/ (Disposal)	Balance 30 June 2018
	\$	\$	\$
<b>2018</b>			
<b>Shares</b>			
Gabriel Radzysinski	-	-	-
Russell Templeton	-	-	-
James Chirnside	-	-	-

### *This is the end of the Audited Remuneration Report*

### Indemnification and insurance of officers and auditors

During or since the end of the financial year, the Company has not given an indemnity or entered into a agreement to indemnify, or paid or agreed to pay insurance premiums.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of premium paid.

### Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company.

### Non-Audit Services

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 13 did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Profession and Ethical Standards Board.

### 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 10.

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



Gabriel Radzynski  
Chairman

Sydney  
24 August 2018

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

In relation to the independent auditor for the year ended 30 June 2018, 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.



S M WHIDDETT  
Partner



PITCHER PARTNERS  
Sydney

24 August 2018

# Ask Funding Limited

ABN 22 094 503 385

## Statement of Comprehensive Income For the year ended 30 June 2018

	Notes	30 June 2018 \$	30 June 2017 \$
Interest income		1,921,353	1,707,400
<b>Total interest income</b>		<u>1,921,353</u>	<u>1,707,400</u>
Fee Income		61,102	58,023
Other Income		29,072	71,424
<b>Total Income</b>		<u><b>2,011,527</b></u>	<u><b>1,836,847</b></u>
<b>Expenses</b>			
Employee benefits expense		(128,068)	(150,396)
Impairment of loans and advances	7	(859,776)	(2,369,601)
Loan recovery expenses		(182,025)	(146,583)
IT expenses		(4,434)	(1,651)
Accounting		(113,261)	(105,191)
Audit Fees	13	(50,395)	(55,888)
Insurance		(1,143)	(3,773)
Share Expenses		(21,661)	(28,863)
Telecommunication		(2,234)	(4,817)
General and administrative expenses		(73,715)	(88,447)
<b>Total Expenses</b>		<u><b>(1,436,712)</b></u>	<u><b>(2,955,210)</b></u>
<b>Profit / (Loss) before income tax</b>		<b>574,815</b>	<b>(1,118,363)</b>
Income tax expense		-	-
<b>Profit / (Loss) for the year</b>		<u><b>574,815</b></u>	<u><b>(1,118,363)</b></u>
<b>Other comprehensive income</b>		-	-
Other comprehensive income for the year			
<b>Total comprehensive profit / (loss) for the year</b>		<u><b>574,815</b></u>	<u><b>(1,118,363)</b></u>
<b>Basic and diluted loss per share (cents per share)</b>	12	<u><u><b>0.88</b></u></u>	<u><u><b>(1.70)</b></u></u>

The accompanying notes form part of these financial statements.

# Ask Funding Limited

ABN 22 094 503 385

## Statement of Financial Position As at 30 June 2018

	Notes	30 June 2018 \$	30 June 2017 \$
<b>Assets</b>			
Cash and cash equivalents		409,778	541,070
Net loans and advances	7	3,533,231	2,844,938
Other assets	8	48,905	60,335
<b>Total assets</b>		<b>3,991,914</b>	<b>3,446,343</b>
<b>Liabilities</b>			
Trade and other payables	9	60,229	51,755
<b>Total liabilities</b>		<b>60,229</b>	<b>51,755</b>
<b>Net assets</b>		<b>3,931,685</b>	<b>3,394,588</b>
<b>Equity</b>			
Contributed equity		17,258,126	17,295,845
Reserves		30,065	30,065
Retained losses		(13,356,506)	(13,931,322)
<b>Total equity</b>		<b>3,931,685</b>	<b>3,394,588</b>
<b>Net tangible asset per share (cents per share)</b>		<b>6.0</b>	<b>5.1</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 year ended 30 June 2018

	Contributed Equity \$	Profits Reserve \$	Accumulated losses \$	Total Equity \$
<b>Balance at 1 July 2016</b>	17,295,845	30,065	(12,812,959)	4,512,951
Loss for the year attributable to the owners of the Company	-	-	(1,118,363)	(1,118,363)
<b>Balance at 30 June 2017</b>	<b>17,295,845</b>	<b>30,065</b>	<b>(13,931,322)</b>	<b>3,394,588</b>
<b>Balance at 1 July 2017</b>	17,295,845	30,065	(13,931,322)	3,394,588
Profit for the year attributable to the owners of the Company	-	-	<b>574,815</b>	<b>574,815</b>
Share buyback	<b>(37,718)</b>	-	-	<b>(37,718)</b>
<b>Balance at 30 June 2018</b>	<b>17,258,127</b>	<b>30,065</b>	<b>(13,356,507)</b>	<b>3,931,685</b>

The accompanying notes form part of these financial statements.

**Ask Funding Limited**  
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**Statement of Cash Flows**  
**For the year ended 30 June 2018**

	Notes	30 June 2018 \$	30 June 2017 \$
<b>Cash flows from operating activities</b>			
Interest and fees received		301,778	94,546
Interest paid		-	-
Payments to suppliers and employees		(556,982)	(591,599)
<b>Net cash used in operating activities</b>	14	<u>(255,204)</u>	<u>(497,053)</u>
<b>Cash flows from investing activities</b>			
Loans repaid by clients		161,630	119,639
<b>Net cash inflow from investing activities</b>		<u>161,630</u>	<u>119,639</u>
<b>Cash flows from financing activities</b>			
Share buyback		(37,718)	-
<b>Net cash outflows from financing activities</b>		<u>(37,178)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(131,292)</b>	<b>(377,414)</b>
Cash and cash equivalents at the beginning of the year		541,070	918,484
<b>Cash and cash equivalents at end of the year</b>		<u><b>409,778</b></u>	<u><b>541,070</b></u>

The accompanying notes form part of these financial statements.

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

### 1. Reporting Entity

Ask Funding Limited ("the Company") is a company domiciled in Australia. The Company is a for-profit entity. The nature of the operations and principal activities of the Company are described in the Directors' Report.

The annual financial statements of the Company as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at Level 5, 139 Macquarie Street, Sydney NSW.

### 2. Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASB's') adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards ("IFRS's") adopted by the International Accounting Standards Board ("IASB").

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

These financial statements were approved by the Board of Directors on 24 August 2018.

The financial statements for the year ended 30 June 2018 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 Directors that this run-off should be conducted in an orderly manner so as to maximise the return to shareholders.

# Ask Funding Limited

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## Notes to the Financial Statements For the year ended 30 June 2018

### 2. Statement of Compliance (continued)

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

In preparing the year-end financial statements on an on-going concern basis, the recoverability of the Company's loans receivable is dependent on realising these loans from the sale of properties encumbered in favour of the Company and/or settlement of litigation occurring within the timeframe and at values used in assessing the recoverable amount of loans receivable at 30 June 2018.

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 30 June 2018.

Ask Funding Limited, being a listed entity, has the ability to secure alternative means of funding to ensure the orderly realisation of assets.

#### (ii) Basis of measurement

The financial statements have been prepared on a historical cost basis, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

#### (iii) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

### 3. Significant accounting policies

#### a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, at call deposits with banks or financial institutions and term deposits maturing within three months or less.

#### b) Revenue, Fee Income and Other Income

Interest income is recognised in the statement of comprehensive income for all financial instruments on an accrual basis. Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Fee income, including account servicing and reassessment fees are recognised as the related services are performed.

Notwithstanding the fact that Company policy is to determine all fees received by reference to reimbursement of actual costs, for accounting purposes ascertainable fees received are recognised as interest income under the effective interest rate method.

#### c) Other receivables and trade payables

The carrying value of other receivables and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

#### d) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

### 3. Significant accounting policies (continued)

#### e) Financial instruments

##### (i) *Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cashflows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Loans and advances*

Loans and advances are measured at amortised cost using the effective interest method less any impairment losses.

The amortised cost is the amount at which a financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment.

##### (ii) *Non- derivative financial liabilities*

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: interest-bearing loans and borrowings, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

#### f) Impairment

##### (i) *Financial Assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

### 3. Significant accounting policies (continued)

#### f) Impairment (continued)

##### (i) *Financial Assets (continued)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in profit and loss. Any cumulative loss in respect of an available-for-sale financial asset previously recognised in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

##### (ii) *Impairment of Loans and Advances*

All loans are subject to continuous management review to assess whether there is any objective evidence that any loan or group of loans is impaired.

The impairment loss is measured as the difference between the carrying amount of the loan or advance, including the security held and the expected future cash flows.

##### *Specific provision*

Impairment losses on loans and advances are determined on a case by case basis. Each borrower is subjected to a regular and intensive assessment for the identification and quantification of impairment. Following this assessment, if there is evidence that a loan or advance is impaired, then a specific impairment is raised. Any subsequent write-offs are then made against the specific provision for unrecoverable loans.

##### (iii) *Non-financial assets*

The carrying amount of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

### 3. Significant accounting policies (continued)

#### f) Impairment (continued)

##### (iii) *Non-financial assets (continued)*

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss has decreased or no longer exists and if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### g) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset when a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax asset and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### h) Earnings per Share (EPS)

Basic earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by dividing the operating profit after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

#### i) Issued Capital

Ordinary shares are classified as equity. Issued capital is recognised at value of the consideration received by the Company. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### j) Profits reserve

The profits reserve is made up of amounts transferred from current period earnings and prior period retained earnings carried forward that are preserved for future dividend payments.

## Ask Funding Limited

ABN 22 094 503 385

### Notes to the Financial Statements For the year ended 30 June 2018

#### 3. Significant accounting policies (continued)

##### k) Dividends

Dividends are recognised when declared during the financial year.

##### l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### m) Critical accounting estimates and judgements

The preparation of financial statements in conformity with AASB's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a GST inclusive basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

##### o) New and amended accounting policies adopted

Given that an alternate basis has been used in the preparation of the financial statements, the Company has considered new standards but none have resulted in a change to the basis of preparation.

##### p) Comparative figures

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current period.

##### q) Rounding of amounts

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

#### 4. Critical accounting and estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management discussed with the Board the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

### 4. Critical accounting and estimates and judgements (continued)

#### *(a) Impairment of loans and advances and other receivables*

The Company continually assesses whether loans and advances and other receivables are impaired in accordance with the accounting policies in note 1. Provisions for impairment are raised where there is objective evidence of impairment and full recovery is considered doubtful. These calculations may involve an estimate of the litigation risk, the settlement proceeds and underlying asset values in order to determine the estimate of the recoverable amount. The Company's credit risk exposure is detailed in note 5(b).

#### *(b) Basis of preparation*

These financial statements have been prepared using an orderly realisation of assets and settlement of liabilities basis (refer note 2(i)). Given the uncertainty in valuing assets and liabilities on a basis other than going concern, it is likely that the value of assets and liabilities included in these financial statements may differ from actual results.

### 5. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework.

The Board of Directors is also responsible for risk management policies which are established to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The key objective of these policies is to mitigate these risks, reduce volatility on financial performance, to ensure sufficient liquidity is maintained at all times to meet the Company's obligations and execute the Company's operational strategy whilst optimising investment return for shareholders.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

There have been no significant changes in the types of financial risks the Company is exposed to since the prior year.

#### **a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's financial position through fluctuations in the fair value or future cashflows of financial instruments.

##### *(i) Foreign exchange risk*

The Company has no exposure to foreign exchange risk as at 30 June 2018.

##### *(ii) Interest rate risk*

Interest rate risk is the risk to earnings from the margin between different yield curves arising from movements in the absolute levels of interest rates and the volatility of interest rates. Cash flow interest rate risk arises from financial instruments with a floating interest rate whereas fair value interest rate risk arises from fixed interest rate financial instruments.

# Ask Funding Limited

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## Notes to the Financial Statements For the year ended 30 June 2018

### 5. Financial Risk Management (continued)

#### a) Market risk (continued)

##### (iii) Interest rate risk (continued)

Loans and advances are issued by the Company at fixed interest rates and are at amortised cost, so therefore do not expose the entity to cash flow interest rate risk or to fair value interest rate risk.

As at the reporting date, the Company had the following variable rate financial instruments outstanding:

	<b>Floating interest rate \$</b>	<b>Total \$</b>
<b>2018</b>		
<b>Financial assets</b>		
Cash and cash equivalents	409,778	409,778
<b>Total financial assets exposure</b>	<u><b>409,778</b></u>	<u><b>409,778</b></u>
<b>2017</b>		
<b>Financial assets</b>		
Cash and cash equivalents	541,070	541,070
<b>Total financial assets exposure</b>	<u><b>541,070</b></u>	<u><b>541,070</b></u>

#### b) Credit risk

Credit risk is the risk of financial loss if a debtor or other counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk arose predominately from loans and advances. This credit risk is managed by the Company's lending model under which monies were advanced against the anticipation of a specified future event with the loan risks and credit assessment fundamentally related to the outcome of that specified event and with repayment sourced from the resultant agreed or judicially determined settlement outcome and proceeds. The principal amount advanced were limited to a maximum of 30% of the lower range of the expected settlement outcome, which was calculated through a known formula and methodology utilised within the judicial system.

The Matrimonial and Inheritance Funding products however were subject to market and economic conditions as the settlement outcome of the underlying matters were linked to existing assets such as property, shares and businesses and therefore in order to repay the loan or advance these assets must either be sold or refinanced. In the current market, the reduction in asset values and the tighter refinancing criteria applied by traditional financiers led to an increased credit risk on these particular loans and advances. The Company closed the Matrimonial and Inheritance Funding loan books to new advances in the 30 June 2011 financial year.

The Company closed the Personal Injury loan books to new advances in August 2011 and closed the Disbursement Funding loan book to new advances in January 2012.

The Company has credit risk exposures are discussed in the Directors' Report under Impairment of Loans and Advances.

# Ask Funding Limited

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## Notes to the Financial Statements For the year ended 30 June 2018

### 5. Financial Risk Management (continued)

#### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due because of the lack of liquid assets or access to adequate capital and debt facilities on acceptable terms. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient funds available on a timely basis to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation, where such funds include a defined surplus of cash. To manage this risk, management continuously monitors forecast and actual cash flows.

### 6. 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. It has no reportable business or geographic segments.

### 7. Net Loans and Advances

	30 June 2018	30 June 2017
	\$	\$
<b>Net loans and advances</b>		
Family Law	5,680,189	5,151,190
Disbursement Funding	150,916	233,294
Personal Injury	2,821,713	2,812,073
Other	1,269,239	1,029,067
Provision for impairment	(6,388,826)	(6,380,686)
<b>Total</b>	<b>3,533,231</b>	<b>2,844,938</b>

These financial assets are classified as loans and receivables and are measured at amortised cost using the effective interest method. All loans and advances are over 150 days due.

#### (a) Provision for Impairment

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

	30 June 2018	30 June 2017
	\$	\$
<b>Specific provision</b>		
Opening balance	6,380,686	4,919,139
Charge to operating profit	859,776	2,369,601
Write-offs	(851,636)	(908,054)
Closing balance	<b>6,388,826</b>	<b>6,380,686</b>
<b>Closing Balance</b>	<b>6,388,826</b>	<b>6,380,686</b>

# Ask Funding Limited

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## Notes to the Financial Statements For the year ended 30 June 2018

### 7. Net Loans and Advances (continued)

#### (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.

#### (c) Security

The Company generally has the following collateral over loans and advances, including past due and impaired loans:

- Caveats placed on property, with a right to take mortgage granted by the borrower on the majority of family law funding and inheritance funding loans and advances.
- Mortgages, both registered and unregistered over property on a number of family law loans and advances.
- Guarantees from law firms and each of its constituent partners in a personal capacity that indemnifies Ask Funding Limited for full repayment of principal and capitalised interest, on disbursement funding loans.
- Personal Injury advances are made primarily on an unsecured non-recourse basis. However the repayment of these loans is effected via an Irrevocable Instruction from the borrower to his/her lawyer's trust account which established a charge in favour of the Company over settlement proceeds. No funds are advanced unless the Irrevocable Instruction is acknowledged by the borrower's lawyer.

	30 June 2018 \$	30 June 2017 \$
<b>8. Other assets</b>		
Prepayment	48,905	60,335
	<u>48,905</u>	<u>60,335</u>
<b>9. Trade and other payables</b>		
Payable and other accrued expense	60,228	51,755
	<u>60,228</u>	<u>51,755</u>

### 10. Income tax expense

#### a) Numerical reconciliation between income tax expense and pre-tax accounting profit

Profit / (Loss) before tax	574,815	(1,118,363)
Tax at the Australian tax rate of 30%	172,445	(335,509)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Recognition of previously unrecognised deferred tax assets	(961)	428,350
Current year losses for which no deferred tax asset was recognised	(171,484)	(92,841)
	<u>-</u>	<u>-</u>

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

10. Income tax expense (continued)	30 June 2018 \$	30 June 2017 \$
<b>b) Deferred tax asset not brought to account</b>		
Unused tax losses for which no deferred tax asset has been recognised	15,026,025	15,597,637
Deductible temporary differences	6,413,906	6,408,236
	<hr/> <b>21,439,931</b>	<hr/> <b>22,005,873</b>
Potential tax benefit @30%	6,431,979	6,601,762

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

Unused tax losses do not have an expiry date.

## 11. Capital and Reserves

Share capital	30 June 2018 \$	30 June 2017 \$
Fully paid ordinary shares	65,330,019	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.

During the year, the Company announced a share buy-back for share valued at less than \$500 which are considered to be less than marketable parcels. The buy-back price was 6.03 cents per share. This resulted in the Company purchasing 625,496 shares for \$37,718.

### (b) Capital Risk Management

The Directors' current objective in managing the Company's capital is to act in the best interests of stakeholders, which is to run-off the Company's loan book in an orderly manner and maximise the net return to shareholders. The Directors have consequently prepared the financial statements on an orderly realisation of assets and settlement of liabilities basis as set out in note 2(i).

### (c) 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.

### (d) Dividends

No dividends have been paid for this financial year.

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

### 11. Capital and Reserves (continued)

#### (e) Dividend franking credits

	30 June 2018 \$	30 June 2017 \$
Franking credit available for subsequent financial year at 30%	<u>3,288,808</u>	<u>3,288,808</u>

### 12. Earnings per share

Profit after income tax used in the calculation of basic and diluted earnings per share	<u>574,815</u>	<u>(1,118,363)</u>
	<b>No. shares</b>	<b>No. shares</b>
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	<u>65,330,019</u>	<u>65,955,515</u>
Basic earnings per share (cents per share)	0.88	(1.70)

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

### 13. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor and its related practices:

	30 June 2018 \$	30 June 2017 \$
<b>Audit services</b>		
Agreed fees for audit and review of financial reports:		
- Pitcher Partners	<u>50,395</u>	<u>54,552</u>
	<u>50,395</u>	<u>54,552</u>
<b>Non audit services</b>		
Other assurance services – Grant Thornton	<u>-</u>	<u>1,336</u>
	<u>50,395</u>	<u>55,888</u>

# Ask Funding Limited

ABN 22 094 503 385

## Notes to the Financial Statements For the year ended 30 June 2018

<b>14. Cash flow information</b>	<b>30 June 2018 \$</b>	<b>30 June 2017 \$</b>
<b>Reconciliation of Cash Flow from operating activities with profit after income tax</b>		
Profit/(Loss) for the year	574,815	(1,118,363)
<i>Adjustments for non-cash items:</i>		
Impairment of loans and advances	859,776	2,369,601
Interest income	(1,921,353)	(1,697,868)
Fee income and other income	228,602	(37,138)
<b>Change in operating assets and liabilities</b>		
Decrease in other assets	11,430	16,841
(Increase) / decrease in trade and other payables	(8,474)	(30,126)
<b>Net cash used in operating activities</b>	<u>(255,204)</u>	<u>(497,053)</u>

### 15. Key management personnel compensation and 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 year, the Company engaged Sandon Capital Pty Limited ("Sandon"), an entity associated with Gabriel Radzyminski 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 2018.

### 16. Contingencies

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

### 17. Events Occurring after the Balance Sheet Date

On 9<sup>th</sup> August 2018, the Company announced on Australian Securities Exchange (ASX) a Notice of Extraordinary General Meeting of the Shareholders of Ask Funding Limited to be held on 12 September 2018 to approve the Company's removal from the official list of the ASX. It is in the Board's view the company has a highly concentrate Share register held by 2 entities and it will save significant costs to the Company by Delisting.

As at the 23 August 2018, a further share buy-back of 2,177,670 shares has occurred which has reduced the Company's Contribution Equity by \$132,838.

There have been no other events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2018.

## **Ask Funding Limited**

ABN 22 094 503 385

### **Directors' Declaration For the year ended 30 June 2018**

#### Directors' Declaration

In accordance with a resolution of the Directors of Ask Funding Limited, the Directors of the Company declare that:

- a) the financial statements and notes, as set out on pages 11 to 27 and the remuneration report in the directors report as set out on pages 7 to 8 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards which is stated in accounting policy Note 3 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b) in the Director's 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  
Chairman

24 August 2018

**Independent Auditor's Report  
to the Members of Ask Funding Limited  
ABN 22 094 503 385**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Ask Funding Limited "the Company", which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Ask Funding Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Emphasis of matter – Basis of preparation*

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 year ended 30 June 2018 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 a period of time.

**Independent Auditor’s Report  
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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 carrying values of loans receivable at 30 June 2018. 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 at the amounts recorded in the financial statements at 30 June 2018.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. We have communicated the key audit matters to the Board of Directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Board of Directors. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Valuation, Existence and Recoverability of Loans and Advances</b>	
<b>Refer to Note 7: Net Loans and Advances</b>	
<p>We focused our audit effort on the valuation, existence and recoverability of the Company’s past due Loans and Advances (“Loans”) as they are its largest asset and most significant driver of results.</p> <p>As the Company is in the process of orderly realisation of assets, the determination of the recoverability of these loans and thus their carrying value is a matter which requires significant judgement from the Board and involves complexities such as the assessment of collateral and the enforcement of its realisation.</p> <p>We therefore identified the valuation, existence and recoverability of loans as a significant risk requiring special audit consideration.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of the Company’s loan receivable assessment and recovery processes;</li> <li>▪ Testing a sample of loans by sighting the contracts and correspondence to establish their existence;</li> <li>▪ Reviewing the correspondence between management and its legal advisors to understand the status of loan recovery actions, potential recourse and likely time frames and steps taken and required to be taken to realise the carrying value of the loan book;</li> <li>▪ Reviewing management and independent parties’ assessment of the recoverable value of assets provided as loan collateral;</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company’s Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor’s report thereon.

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

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

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

*Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

**Independent Auditor's Report  
to the Members of Ask Funding Limited  
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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 7 to 8 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Ask Funding Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**S M Whiddett**  
Partner

24 August 2018



**Pitcher Partners**  
Sydney

## Ask Funding Limited

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### ASX Additional Information For the year ended 30 June 2018

#### ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

#### Substantial ordinary shareholders shareholding

The following have advised that they are a substantial shareholder of Ask Funding Limited (ASX: AFK). The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders	No. of shares	% of total
Mercantile OFM Pty Ltd	47,313,945	72.42
Wilson Asset Management Group	7,706,561*	11.68

\*based on the last substantial share notice

#### Restricted Securities

All ordinary shares are quoted on the ASX and there are no shares subject to escrow or other regulated restrictions.

#### Voting Rights

The voting rights attaching to each class of equity securities are set out below:

##### (a) Ordinary Shares

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

##### (b) Options

Options do not carry a right to vote

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**ASX Additional Information**  
For the year ended 30 June 2018

**Distribution of shareholders (as at 15 August 2018)**

Category	No. of shareholders
1-1,000	23
1,001- 5,000	11
5,001-,10,000	2
10,001-100,000	21
100,001 and over	22
	<u>79</u>

The number of shareholdings held in less than marketable parcels is 42.

**Twenty largest shareholders - Ordinary shares (as at 15 August 2018)**

	Number of ordinary shares held	Percentage of issued capital held
Mercantile OFM Pty Ltd	28,963,193	44.33
Mercantile OFM Pty Ltd	9,910,681	15.17
HSBC Custody Nominees (Australia) Limited	8,635,667	13.22
Mercantile OFM Pty Ltd	8,440,071	12.92
Treasure Island Hire Boat Company Pty Ltd <Staff Super Fund Account>	2,000,000	3.06
Mr Bernard Joseph Fitzsimon & Ms Diane Therese Neve <Fitzsimon Family A/C>	1,277,508	1.96
BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	1,123,202	1.72
Mr Ashok Kumar Chotai & Mr Neeshith Kumar Chotai & Mr Sanjay Kumar Chotai <The Cb Super Fund A/C>	750,000	1.15
BT Portfolio Services Limited <Ms Meredyth Anne Sauer A/C>	694,000	1.06
Serlett Pty Ltd <Diligent Inv Superfund A/C>	300,000	0.46
BNP Paribas Nominees Pty Ltd Hub 24 Custoidan Ser Ltd DRP	300,000	0.46
Mr Anthony Shi	268,803	0.41
BT Portfolio Services Limited <Dr Trevor W Sauer A/C>	250,000	0.38
Mr John Cregan	234,375	0.36
Mr Steven Andrew Green	220,000	0.31
Mr Leo Diniotis	200,000	0.31
Mr John Michael Kozik	200,000	0.31
Mr Perry Zeus	158,400	0.24
Mr Mark Douglas Stanton <Stanton Super Fund A/C>	145,890	0.22
Ms Alison Irving	129,137	0.20
Mr John Cregan <Seagan Super Fund A/C>	124,700	0.19
Skinnsco Pty Ltd	115,000	0.18
<b>Top 20 holders of ordinary Fully Paid Shares</b>	<u><b>64,440,627</b></u>	<u><b>98.64</b></u>
Total remaining holders balance	889,392	1.36

## **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 Gabriel Radzynski - Chairman and Non-Executive Director  
Mr Russell E Templeton - Independent 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  
Level 12, 680 George Street, Sydney, NSW 2000  
Telephone 1300 554 474  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Corporate Governance Statement  
For the year ended 30 June 2018**

This statement outlines the main corporate governance practices in place throughout the financial year which comply with the ASX Corporate Council recommendations unless otherwise stated.

**The Board of Directors**

The Board operates in accordance with the broad principles set out in its charter. The charter details the Board's composition and responsibilities and establishes those functions which are delegated to management.

**Role of the Board**

The Board's primary role is the creation and protection of sustainable shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including:

- charting the corporate strategy and financial objectives of the Company and ensuring appropriate resources are available for their implementation;
- monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
- monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- ensuring the preparation of accurate financial reports and statements;
- reporting to shareholders and the investment community on the performance and state of the Company; and
- reviewing on a regular and continuing basis:
  - executive remuneration;
  - executive succession planning; and
  - executive development activities.

As advised to the Market on 31 August 2012, since the Board membership consisted of only three persons, the Committee process was suspended after 31 August 2012 with all matters formerly considered by committees being dealt with by the full Board.

The Board has formally delegated responsibility for the day to day operation and administration of the Company and the implementation of the corporate strategy to the Chairman. These delegations are reviewed on a periodic basis as required.

**Composition of the Board**

The charter states that the Board membership is determined using the following principles:

- a majority of independent directors;
- a mix of directors from different backgrounds with an appropriate range of skills and experience who are able to competently deal with current and emerging business issues;
- a sufficient number of directors to serve on various committees without overburdening the directors or making it difficult to fully discharge their responsibilities;
- directors who have the time available to undertake the responsibilities and can effectively review, challenge and critique the performance of management; and
- the Chair must be an independent director who is appointed by the majority of the other directors.

**Board members**

Details of the members of the Board, their experience, expertise, qualifications, period of office and their independence status are set out in the Directors' Report under the heading of Directors.

Appropriate checks are undertaken prior to appointing a person a Director or putting forward to Shareholders a candidate for election as a Director. Relevant information on Directors are in the Notice of Meeting and/or Annual Report.

At the date of signing the Directors' Report, there were three non-executive directors, all of whom have no relationship adversely affecting independence.

The Company has a written agreement with each director and senior executive setting out the terms of their appointment.

**Chair and Managing Director**

The Chair is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions with external advisors and consultants retained by the Company. The Board is responsible for management of the day to day activities of the Company and implementation of the corporate strategy, financial objectives and policies.

# Ask Funding Limited

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## Corporate Governance Statement For the year ended 30 June 2018

### Induction

The Company has an informal process to educate new directors about the nature of the business, financial position, current issues, corporate strategy and the expectations of the Company concerning performance of directors. This process enables them to actively participate in Board decision making as soon as possible.

### Performance assessment

An assessment of the collective performance of the Board and that of individual directors and of the committees has not been undertaken since August 2010 and, as a consequence of the run-off strategy adopted by the Company and its business, it is not anticipated that such assessment will be performed in the coming year. The Company does not have any senior executives.

The Board is also responsible for undertaking an annual assessment of the Company Secretary. The Company Secretary is accountable directly to the Board, through the Chair.

### Independent professional advice

Each director has the right, in connection with their duties and responsibilities, to seek independent professional advice from a suitably qualified adviser at the Company's expense. The director must obtain the Chair's approval of the fee payable for the advice before proceeding with the consultation.

### Conflict of interests

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company, in accordance with the Board Charter.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the Item is considered

### Board committees

The Board previously established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. However as advised to the Market on 31 August 2013, the Committee process was suspended after 31 August 2013 with all matters formerly considered by committees being dealt with by the full Board.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate.

### External auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence and the performance of the external auditor is reviewed annually.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' report under the heading of "Non-audit services". It is the policy of the external auditors to provide an annual declaration of their independence to the Company.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### Corporate reporting

The Directors made the following declarations to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with the relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

### Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

# Ask Funding Limited

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## Corporate Governance Statement For the year ended 30 June 2018

### Code of Conduct

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that all personnel of the Company act, at all times, with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. The Code requires employees who are aware of unethical practices within the Company or breaches of the Code to report these using the procedure outlined within the Code. All reports remain anonymous.

The Code of Conduct is set out in the Employee Handbook and is discussed with each new employee as a part of their induction training.

### Trading in general Company securities by directors and employees

The Company has established a Share Trading Policy which has been fully endorsed by the Board and applies to all directors and employees. This policy is regularly reviewed and updated as necessary to ensure it reflects the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

The key elements of the Company's Share Trading Policy are:

- the prohibition from trading in the Company's securities:
  - while in possession of unpublished price-sensitive information concerning the Company;
  - during specified "trading blackout" periods; and
  - for short term speculative gains;
- the prohibition from entering into transactions in financial products which operate to limit the economic risk of both vested or unvested holdings in the Company's securities including, without limitation, any hedging or similar arrangement in respect of unvested entitlements or restricted entitlements held or granted under any equity based remuneration scheme; and
- the prohibition from entering into any stock lending or similar arrangement in relation to holdings of the Company's securities by directors and senior executives.

Directors and senior executives are asked to sign an annual declaration confirming their compliance with the policy.

### Communication with shareholders

The Company has a policy on information disclosure that focuses on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. This policy also includes the arrangements the Company has in place to promote communicate with shareholders and encourage effective participation at general meetings.

The Board has nominated the Company Secretary as being responsible for communications with the Australian Securities Exchange (ASX) and media. This includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the relevant parties.

The Board encourages full participation of shareholders at general meetings of the Company to ensure a high level of accountability and identification with the Company's strategy and goals.

The Company's registrar, Link Market Services, provides the option for shareholders to receive and send communications electronically.

Given the size of the Board and the nature of the Company's operations it does not have a Diversity Policy in place nor a Board skills matrix.