

# THE AGENCY

**THE AGENCY GROUP AUSTRALIA LTD**

ABN 52 118 913 232

and its controlled entities

## **APPENDIX 4E**

Preliminary Final Report

30 June 2020

## Corporate directory

### Current Directors

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

### Company Secretary

Mr Stuart Usher

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### Auditors

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Level 3, 216 St Georges Terrace  
PERTH WA 6000

Telephone: +61 (0)8 9226 4500

### Solicitors

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Perth WA 6000

### Share Registry

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NEDLANDS WA 6009

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### Securities Exchange

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**Contents**

■ Company Update .....	1
■ Results for announcement to the Market .....	5
■ Consolidated statement of profit or loss and other comprehensive income .....	8
■ Consolidated statement of financial position .....	9
■ Consolidated statement of changes in equity .....	10
■ Consolidated statement of cash flows.....	11
■ Notes to the Appendix 4E preliminary final report.....	12

**Company Update**

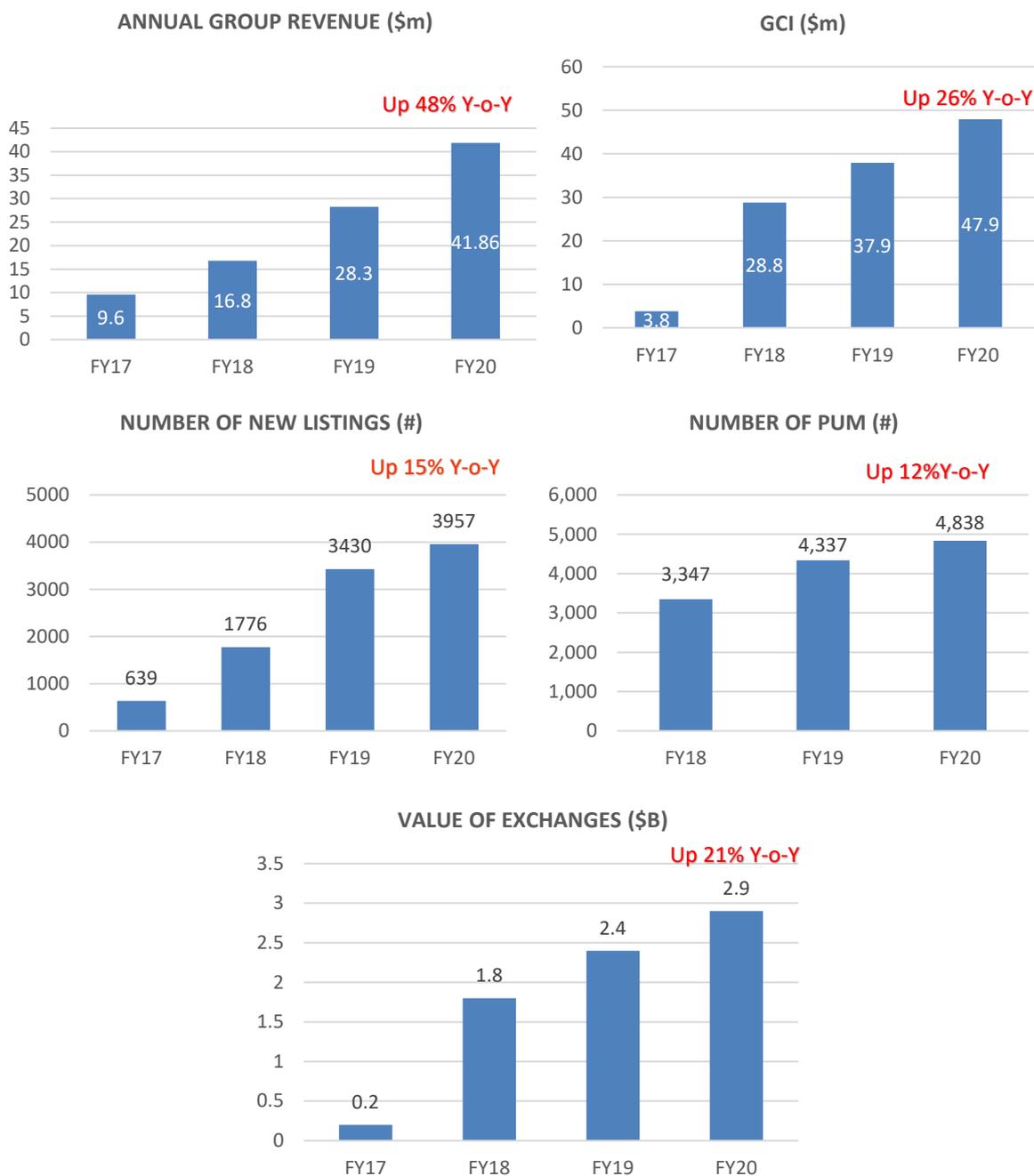
**1. Operating and financial review**

1.1. Nature of Operations Principal Activities

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

1.2. Operations Review

a. **Key Metrics**



## Company Update

All key metrics increased during the year across our businesses as demonstrated above, reinforcing the sustained growth the business has been able to achieve year on year for the past three years. This is despite the impact of the COVID-19 pandemic and resultant impact from restrictions on the real estate sector nationally during the latter part of the March and June Quarters 2020. The Agency delivered strong operating results for FY2020 including its first full year EBITDA profit since inception.

For FY2020, the Group reported Annual Group Revenue of \$41.86 million, a 48% increase year-on-year (FY2019<sup>1</sup>: \$28.34 million), which further highlights the effectiveness of the Company's model.

The increase in revenue was primarily due to a 26% increase year-on-year in Combined Gross Commission Income to \$47.9 million (FY19: \$38 million). This figure was bolstered by 3,153 sales (up from 2,419 sales for FY19) and \$2.9 billion worth of property sold across the combined group for the FY2020 (FY19: \$2.5 billion).

Property management continues to grow with The Agency reporting a record total of 4,838 Properties Under Management as at 30 June 2020, up 12% on the prior corresponding period, generating ≈\$9 million revenue annually.

The company also witnessed growth in its Mortgage Solutions Australia (**MSA**) business with home loan approvals for FY2020 up 11% year-on-year from \$124.2 million to \$137.4 million.

As at 30th June, The Agency was comprised of a combined 283 sales agents (East Coast: 142, West Coast: 141), with average Gross Commission Income (GCI) increasing by over 20% over the past twelve months. The Agency's model of allowing our high-quality agents to focus on sales and providing support is being demonstrated by the year-on-year increase in GCI.

The Agency will be looking to boost agent numbers in the coming quarters. Based on the company's existing platform and cost structure, which is largely fixed, any future recruitment will directly contribute to EBITDA performance.

The Agency Group reported cash receipts of \$42.53 million for the FY2020, a 42% year-on-year increase (FY2019: \$29.93 million).

Pleasingly, The Agency rebounded in June across key metrics as COVID-19 restrictions eased in major markets. Results delivered in June are now flowing through with a strong sales pipeline into Q3 2020.

Please see below table highlighting year-on-year growth across key metrics:

The Agency Group	FY20	FY19	% Change
<b>Revenue (\$M)</b>	41.86	28.3	<b>+48%</b>
<b>EBITDA (\$M)</b>	2.66	(4.25)	<b>+161%</b>
<b>EBITDA - pre AASB16 (\$M)</b>	0.71	(4.25)	<b>+116%</b>
<b>GCI (\$M)</b>	47.92	37.97	<b>+26%</b>
<b>PUM</b>	4,838	4,337	<b>+12%</b>
<b>Home Loan Approvals (MSA) (\$M)</b>	137.4	124.2	<b>+11%</b>

### 1.3. Financial Review

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

The Agency continued its growth during FY2020 delivering three quarters of positive EBITDA as well as positive cash flow, a first for the company. For FY2020, the Group recorded EBITDA profit of approximately \$2.66 million. EBITDA was calculated as provided below:

<sup>1</sup> Note: FY19 reflects six months of operating results of Top Level Pty Ltd

## Company Update

EBITDA calculation	2020 \$	2019 \$
Loss before tax	(10,357,057)	(9,255,448)
Interest income	(17,988)	(12,958)
Depreciation and amortisation	6,038,609	2,266,548
Impairment	5,230,330	1,378,379
Interest and finance costs	1,769,193	1,242,675
Share-based payments	-	133,663
<b>EBITDA</b>	<b>2,663,087</b>	<b>(4,247,141)</b>
AASB16 <i>Leases</i> impact	(1,951,373)	-
<b>EBITDA (pre-AASB16 <i>Leases</i> impact)</b>	<b>711,714</b>	<b>(4,247,141)</b>

EBITDA was \$2.66 million. Pre-adoption of the new AASB16 *Leases* standard, which was applied during FY2020, EBITDA profit for the year came to \$711,714 which compares to an EBITDA loss of \$4.25 million for FY2019, a \$4.96 million turnaround.

The Group's revenue for the year ended 30 June 2020 was recorded at \$41.86 million as compared with the previous year ended 30 June 2019 which recorded \$28.34 million.

The net assets of the Group have increased from 30 June 2019 by \$2.58 million to \$11.61 million at 30 June 2020 (2019: \$9.03 million).

The Group incurred a net loss before tax for the year of \$10.36 million (2019: \$9.26 million loss). It is important to note that this was primarily impacted by depreciation and amortisation (\$6.04 million) and impairment of goodwill (\$5.23 million).

The Board has taken a conservative view on the review of its goodwill on historical acquisitions and believed it was appropriate to impair by \$5.23 million for FY2020, in light of market uncertainty as a result of COVID.

As at 30 June 2020, the Group's cash and cash equivalents increased from 30 June 2019 by \$126,843 to \$2.72 million at 30 June 2020 (2019: \$2.60 million).

	Appendix 4E \$'000s
<b>Cash at bank</b> (reference 4E Note 4.1)	<b>2,724</b>
<i>Cash classified as</i>	
■ Cash on deposits	482
■ Cash on deposit with funder plus bank guarantees	770
■ Convertible Note funds	1,000
Reporting in the 30 June 2020 Appendix 4C	4,976

Government incentives and related grants have been received during the last quarter of the year and were used to also support employee sales agents in Perth. These have been included in operational cash flows.

**Company Update**

## 1.4. Future Developments, Prospects and Business Strategies

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

To this end, the Group is currently finalising arrangements to bring bank debt down to a manageable level.

The Company continues to work proactively with its primary bank debt provider and other parties regarding a resolution of its current financing facility on or before 30 September 2020.

The Agency is active in pursuing a range of strategic partnerships and JV opportunities it believes will drive agent recruitment and sales revenue in the coming reporting periods.

There remain significant intangible assets off the balance sheet, these include the rent roll and the Mortgage Book. These assets contribute an annuity income to the business in excess of \$10 million per annum. Total estimated market asset value of the rent roll and loan book is approx. \$27 million.

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

**Results for announcement to the Market  
for the year ended 30 June 2020**

<b>1</b>	<b>REPORTING PERIOD (item 1)</b>	
	■ Report for the financial year ended:	30 June 2020
	■ Previous corresponding period is the year months ended:	30 June 2019

<b>2</b>	<b>RESULTS FOR ANNOUNCEMENT TO THE MARKET</b>	<b>Movement</b>	<b>Percentage %</b>	<b>Amount \$</b>
	■ Increase in revenues from ordinary activities (item 2.1)	↑	47.72 to	41,861,521
	■ Increase in loss from ordinary activities after tax attributable to members (item 2.2)	↑	15.77 to	(9,065,338)
	■ Increase in loss after tax attributable to members (item 2.3)	↑	15.77 to	(9,065,338)
	a. Dividends (item 2.4)			
			<b>Amount per Security ¢</b>	<b>Franked amount per security %</b>
	■ Interim dividend		nil	n/a
	■ Final dividend		nil	n/a
	■ Record date for determining entitlements to the dividend (item 2.5)	n/a		
	b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to Company Update on page 1 of this Preliminary Final Report.			

<b>3</b>	<b>PRELIMINARY FINAL REPORT</b>
	a. Statement of comprehensive income (item 3): Refer to Consolidated statement of profit or loss and other comprehensive income on page 8
	b. Statement of financial position (item 4): Refer to Consolidated statement of financial position on page 9
	c. Statement of cash flows (item 5): Refer to Consolidated statement of cash flows on page 11
	d. Statement of changes in equity (item 6): Refer to Consolidated statement of changes in equity on page 10

<b>4</b>	<b>DIVIDENDS (item 7) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS (item 14.2)</b>
	Nil.
	a. Details of dividend or distribution reinvestment plans in operation are described below (item 8): Not applicable

**Results for announcement to the Market  
for the year ended 30 June 2020**

5 RATIOS	Current period	Previous corresponding period
a. Financial Information relating to 5b and 5c:	\$	\$
Earnings for the period attributable to owners of the parent	(9,065,338)	(7,830,605)
Net assets	11,611,345	9,031,007
Less: Intangible assets (including net deferred tax balances) and right of use Assets	(31,770,901)	(34,368,355)
Net tangible assets	(20,159,556)	(25,337,348)
	No.	No.
Fully paid ordinary shares	298,954,431	103,810,047
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	251,793,328	61,610,752
	¢	¢
b. Net tangible assets backing per share (cents) (item 9):	(6.743)	(24.407)
c. Earnings per share attributable to owners of the parent (cents) (item 14.1):	(3.600)	(12.710)
The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group. During the 2020 financial year the Group had 102,181,760 unissued shares under option which are anti-dilutive.		
<b>6 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 10)</b>		
a. Control gained over entities		
■ Name of entities (item 10.1)	Nil	
■ Date(s) of gain of control (item 10.2)		
b. Loss of control of entities		
■ Name of entities (item 10.1)	Nil	
■ Date(s) of loss of control (item 10.2)	N/A	
c. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 10.3).	Nil	
d. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	Nil	
<b>7 DETAILS OF ASSOCIATES AND JOINT VENTURE: (item 11)</b>		
■ Name of entities (item 11.1)	Nil	
■ Percentage holding in each of these entities (item 11.2)	n/a	
	Current period	Previous corresponding Period
	\$	\$
■ Aggregate share of profits (losses) of these entities (item 11.3)	N/A	N/A

**Results for announcement to the Market  
for the year ended 30 June 2020**

**8** Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position. (item 12):

Refer to commentary update accompanying this 4E

**9** The financial information provided in the Appendix 4E is based on the preliminary final report (attached), which has been prepared in accordance with Australian Accounting Standards (item 13)

**10** **A COMMENTARY ON THE RESULTS FOR THE PERIOD** (item 14)

Refer to Company Update on page 1 .

**11** The preliminary final report has been prepared based on the 30 June 2020 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s.302 of the *Corporations Act 2001* (Cth). (item 15)

**Consolidated statement of profit or loss and other comprehensive income**

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<i>Continuing operations</i>			
Revenue	1.1	41,861,521	28,337,806
Other income	1.2	1,012,487	177,891
		42,874,008	28,515,697
Advertising and promotion expenses		(1,242,399)	(670,123)
Computers and information technology expenses		(1,330,334)	(1,006,107)
Consultancy fees		(1,918,495)	(1,195,372)
Depreciation and amortisation		(6,038,609)	(2,266,548)
Impairment	2.1	(5,230,330)	(1,378,379)
Interest and finance costs		(1,769,193)	(1,242,675)
Legal and professional fees		(998,384)	(1,907,502)
Occupancy costs		(984,139)	(2,178,362)
Salaries and employment costs	2.2	(31,070,020)	(24,024,002)
Share-based payments expense	7	-	(133,663)
Other expenses		(2,649,162)	(1,768,412)
Loss before tax		(10,357,057)	(9,255,448)
Income tax expense	3.1	1,291,719	1,424,843
<b>Net loss for the year</b>		<b>(9,065,338)</b>	<b>(7,830,605)</b>
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss:		-	-
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>(9,065,338)</b>	<b>(7,830,605)</b>

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

**Consolidated statement of financial position**

as at 30 June 2020

	Note	2020 \$	2019 \$
<i>Current assets</i>			
Cash and cash equivalents	4.1	2,724,142	2,597,299
Trade and other receivables	4.2.1	4,601,222	4,079,873
Financial assets	4.3.1	1,000,000	-
Other current assets	4.4.1	550,476	413,492
<b>Total current assets</b>		<b>8,875,840</b>	<b>7,090,664</b>
<i>Non-current assets</i>			
Trade and other receivables	4.2.2	269,655	282,772
Financial assets	4.3.2	770,388	1,142,387
Property, plant, and equipment	5.1	2,039,814	2,577,550
Right of use asset	5.2.1	4,645,320	-
Intangible assets	5.3	30,376,355	39,036,212
<b>Total non-current assets</b>		<b>38,101,532</b>	<b>43,038,921</b>
<b>Total assets</b>		<b>46,977,372</b>	<b>50,129,585</b>
<i>Current liabilities</i>			
Trade and other payables	4.5.1	9,773,152	13,555,575
Borrowings	4.6.1	13,843,235	21,126,603
Provisions	5.4.1	2,286,835	1,112,833
Leases	5.2.2	1,979,900	-
<b>Total current liabilities</b>		<b>27,883,122</b>	<b>35,795,011</b>
<i>Non-current liabilities</i>			
Trade and other payables	4.5.2	-	35,308
Provisions	5.4.2	337,054	600,402
Leases	5.2.2	3,895,077	-
Deferred tax liabilities	3.3	3,250,774	4,667,857
<b>Total non-current liabilities</b>		<b>7,482,905</b>	<b>5,303,567</b>
<b>Total liabilities</b>		<b>35,366,027</b>	<b>41,098,578</b>
<b>Net assets</b>		<b>11,611,345</b>	<b>9,031,007</b>
<i>Equity</i>			
Issued capital	6.1.1	39,395,942	27,765,049
Reserves	6.3	928,715	583,426
Accumulated losses		(28,713,312)	(19,317,468)
<b>Total equity</b>		<b>11,611,345</b>	<b>9,031,007</b>

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

**Consolidated statement of changes in equity**

for the year ended 30 June 2020

	Note	Contributed equity \$	Accumulated Losses \$	Options Reserve \$	Total equity \$
<i>Balance at 1 July 2018</i>		11,480,382	(11,486,863)	566,430	559,949
Loss for the year attributable owners of the parent		-	(7,830,605)	-	(7,830,605)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-
Total comprehensive income for the year attributable owners of the parent		-	(7,830,605)	-	(7,830,605)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the year (net of costs)	6.1.1	16,284,667	-	-	16,284,667
Options granted during the year	6.2	-	-	16,996	16,996
Balance at 30 June 2019		27,765,049	(19,317,468)	583,426	9,031,007
<i>Balance at 1 July 2019</i>		27,765,049	(19,317,468)	583,426	9,031,007
Change in accounting policy – effect of AASB 16 Leases		-	(330,506)	-	(330,506)
Restated total equity at the beginning of the financial year		27,765,049	(19,647,974)	583,426	8,700,501
Loss for the year attributable owners of the parent		-	(9,065,338)	-	(9,065,338)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-
Total comprehensive income for the year attributable owners of the parent		-	(9,065,338)	-	(9,065,338)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the year (net of costs)	6.1.1	11,630,893	-	-	11,630,893
Share-based payments during the year	6.2	-	-	345,289	345,289
Balance at 30 June 2020		39,395,942	(28,713,312)	928,715	11,611,345

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

**Consolidated statement of cash flows**

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		42,529,458	29,931,578
Payments to suppliers and employees		(40,821,013)	(34,970,655)
Interest received		17,988	12,958
Finance costs		(1,391,729)	(1,405,068)
<b>Net cash used in operating activities</b>		<b>334,704</b>	<b>(6,431,187)</b>
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment		(282,527)	(241,107)
Advancement of bank guarantee		(481,498)	(600,000)
Return of bank guarantee		346,078	-
Purchase of intangibles		(192,758)	-
Deferred purchase consideration paid		(15,000)	(75,000)
Purchase of subsidiary, net of cash acquired		-	594,258
<b>Net cash used in investing activities</b>		<b>(625,705)</b>	<b>(321,849)</b>
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		5,611,773	8,400,000
Share issue costs		(397,861)	(277,200)
Repayments of borrowings		(2,731,516)	(44,352)
Proceeds from borrowings		-	250,000
Leases payments		(2,064,552)	-
<b>Net cash provided by financing activities</b>		<b>417,844</b>	<b>8,328,448</b>
<b>Net increase in cash and cash equivalents held</b>		<b>126,843</b>	<b>1,575,412</b>
Cash and cash equivalents at the beginning of the year		2,597,299	1,021,887
<b>Cash and cash equivalents at the end of the year</b>	4.1	<b>2,724,142</b>	<b>2,597,299</b>

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

**Notes to the Appendix 4E preliminary final report**  
for the year ended 30 June 2020

Note	1	Revenue and other income	Note	2020	2019
				\$	\$
<b>1.1</b>		<b>Revenue</b>			
		Commissions		27,523,456	18,430,266
		Fees		5,056,193	4,919,575
		Management fees		9,281,872	4,987,965
				41,861,521	28,337,806
<b>1.2</b>		<b>Other Income</b>			
		Interest income		17,988	12,958
		Other income		994,499	164,933
				1,012,487	177,891
<b>Note</b>	<b>2</b>	<b>Loss before income tax</b>		<b>2020</b>	<b>2019</b>
				\$	\$
The following significant revenue and expense items are relevant in explaining the financial performance:					
<b>2.1</b>		<b>Impairment:</b>			
		■ Doubtful debts (recovered) / expense		(74,050)	208,728
		■ Impairment of goodwill and other intangibles		5,304,380	1,169,651
				5,230,330	1,378,379
<b>2.2</b>		<b>Salaries and employment costs</b>		<b>2020</b>	<b>2019</b>
				\$	\$
		■ Commissions		19,558,045	14,062,716
		■ Director fees		535,980	484,000
		■ Salary and wages		8,475,768	6,353,731
		■ Superannuation		1,369,231	1,567,847
		■ Other employment related costs		2,210,996	1,555,708
		■ Government grants received in connection with employment costs		(1,080,000)	-
				31,070,020	24,024,002

Notes to the Appendix 4E preliminary final report

for the year ended 30 June 2020

Note	3	Income tax	Note	2020 \$	2019 \$
<b>3.1</b>		<b>Income tax benefit</b>			
		Current tax		(1,291,719)	(1,424,843)
				(1,291,719)	(1,424,843)
<b>3.2</b>		<b>Deferred tax assets</b>			
		Employee benefits		465,221	365,843
		Accrued expenses		918,680	795,960
		Provisions		52,397	41,250
		AASB16 Leases - Lease Liability		154,253	-
		Other		141,261	-
				1,731,812	1,203,053
		Set-off deferred tax liabilities	3.3	(1,731,812)	(1,203,053)
		Net deferred tax assets		-	-
<b>3.3</b>		<b>Deferred tax liabilities</b>			
		Intangible Asset - Rent Roll		4,875,336	5,870,910
		Accrued income		107,250	-
				4,982,586	5,870,910
		Set-off deferred tax assets	3.2	(1,731,812)	(1,203,053)
		Net deferred tax liabilities		3,250,774	4,667,857

Note 4 Financial assets and financial liabilities

Note	4	Financial assets and financial liabilities		2020 \$	2019 \$
<b>4.1</b>		<b>Cash and cash equivalents</b>			
		Cash at bank		2,724,142	2,597,299
				2,724,142	2,597,299
<b>4.2</b>		<b>Trade and other receivables</b>			
<b>4.2.1</b>		<b>Current</b>			
		Trade debtors		3,528,812	3,189,133
		Recoverable commissions/wages		876,861	871,650
		Provision for non-recovery of trade debtor and commissions/wages		(190,534)	(258,728)
		Other receivables		386,083	277,818
				4,601,222	4,079,873
<b>4.2.2</b>		<b>Non-current</b>			
		Receivables		269,655	282,772
				269,655	282,772

**Notes to the Appendix 4E preliminary final report**  
for the year ended 30 June 2020**Note 4 Financial assets and financial liabilities (cont.)**

		2020	2019
		\$	\$
<b>4.3</b>	<b>Financial assets</b>		
4.3.1	<b>Current</b>		
	Restricted cash	1,000,000	-
		1,000,000	-
4.3.2	<b>Non-current</b>		
	Bank guarantees and restricted cash	770,388	1,085,476
	Financial assets carried at FVOCI – Listed shares	-	56,911
		770,388	1,142,387
<b>4.4</b>	<b>Other assets</b>		
4.4.1	<b>Current</b>		
	Prepayments	7,636	397,285
	Other deposits	542,840	16,207
		550,476	413,492
<b>4.5</b>	<b>Trade and other payables</b>		
4.5.1	<b>Current</b>		
	<i>Unsecured</i>		
	Trade payables	2,483,388	4,179,473
	Employees' remuneration – commissions payable	1,869,045	1,177,955
	Payroll tax	1,152,496	1,121,583
	Superannuation – employees	401,358	577,520
	Sundry creditors and accrued expenses	843,601	2,017,403
	Lease incentive	-	719,158
	GST and PAYG payable	2,916,649	3,255,827
	Retention payable	-	506,656
	Other	106,615	-
		9,773,152	13,555,575
4.5.2	<b>Non-current</b>		
	Other	-	35,308
		-	35,308
<b>4.6</b>	<b>Borrowings</b>		
4.6.1	<b>Current</b>		
	Loans	750,000	1,350,000
	Bank loans	12,093,235	12,593,235
	Shareholder loans	-	7,157,366
	Convertible note	1,000,000	-
	Other	-	26,002
		13,843,235	21,126,603

Notes to the Appendix 4E preliminary final report

for the year ended 30 June 2020

**Note 5 Non-financial assets and financial liabilities**

**5.1 Property, plant, and equipment**

	2020 \$	2019 \$
Plant and equipment – at cost	1,187,451	1,150,163
Accumulated depreciation	(614,867)	(467,186)
	572,584	682,977
Leasehold improvements – at cost	3,407,145	3,317,312
Accumulated amortisation	(1,939,915)	(1,422,739)
	1,467,230	1,894,573
Total plant and equipment	2,039,814	2,577,550

**5.2 Leases**

	2020 \$	2019 <sup>#</sup> \$
<b>5.2.1 Right of use assets</b>		
Properties	3,500,419	-
Printing equipment	1,144,901	-
	4,645,320	-
<b>5.2.2 Lease liabilities</b>		
Current	1,979,900	-
Non-current	3,895,077	-
	5,874,977	-

<sup>#</sup> In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings.

**5.3 Intangible assets**

	2020 \$	2019 \$
Goodwill	17,077,617	17,849,242
Impairment charge	(5,304,380)	(771,625)
	11,773,237	17,077,617
Rent Roll	24,348,146	24,026,310
Accumulated amortisation	(5,930,600)	(2,067,715)
	18,417,546	21,958,595
Others	381,968	194,664
Accumulated amortisation and impairment	(196,396)	(194,664)
	185,572	-
Total intangibles	30,376,355	39,036,212

5.3.1 At 30 June 2020, management performed an impairment assessment on goodwill which resulted in an impairment loss of (5,304,380) on the Group's Top Level Real Estate Sales Business

**Notes to the Appendix 4E preliminary final report**  
for the year ended 30 June 2020**Note 5 Non-financial assets and financial liabilities (cont.)**

5.4 Provisions	2020	2019
	\$	\$
5.4.1 <i>Current</i>		
Employee entitlements	1,228,979	752,815
Future fund referrals	1,057,856	360,018
	2,286,835	1,112,833
5.4.2 <i>Non-current</i>		
Employee entitlements	61,377	329,638
Make good provisions	165,000	150,000
Future fund referrals	110,677	120,764
	337,054	600,402

**Note 6 Equity**

6.1 Issued capital	Note	2020	2019	2020	2019
		No.	No.	\$	\$
Fully paid ordinary shares at no par value		298,954,431	103,810,047	39,395,942	27,765,049
6.1.1 Ordinary shares		2020 No.	2019 No.	2020 \$	2019 \$
At the beginning of the year		103,810,047	683,793,034	27,765,049	11,480,382
Shares issued during the year:					
■ Bonus issue of shares		-	410,275,820	-	-
<i>Sub-total</i>			1,094,068,854		-
■ Effect of share consolidation 30:1		-	(1,057,598,807)		-
■ Shares after consolidation		-	36,470,047		-
■ Acquisition of Top Level Pty Ltd		-	35,000,000		7,566,667
■ Acquisition of Vicus Residential Pty Ltd		-	2,666,667		453,333
■ Lead manager shares		-	840,000		252,000
■ Issued for cash		85,913,817	28,000,000	5,584,398	8,400,000
■ Share-settled payments		107,008,316	833,333	6,955,540	116,667
■ Conversion of performance shares		2,222,251	-	-	-
Transaction costs relating to share issues			-	(909,045)	(504,000)
At reporting date		298,954,431	103,810,047	39,395,942	27,765,049

Notes to the consolidated financial statements

for the year ended 30 June 2020

**Note 6 Equity (cont.)**

6.2 Options	2020	2019	2020	2019
	No.	No.	\$	\$
Options	102,181,760	5,588,912	928,715	583,426
At the beginning of the year	5,588,912	186,742,739	583,426	566,430
Options issued/(lapsed) during the year:				
■ Effect of share consolidation 30:1	-	(180,517,958)	-	-
■ Options after consolidation	-	6,224,781	-	-
■ Expiry of options	-	(969,202)	-	-
■ Issued to director	-	333,333	-	16,996
■ Attaching options pursuant to Placement	8,461,539	-	-	-
■ Attaching options pursuant to the Entitlement Issue	79,440,194	-	-	-
■ Lead Managers options	12,899,074	-	258,192	-
■ Repayment of Kalonda debt	714,286	-	14,297	-
■ Financing costs in respect to the convertible note options 6.2.1	-	-	72,800	-
■ Expiry of options	(4,922,245)	-	-	-
At reporting date	102,181,760	5,588,912	928,715	583,426

6.2.1 During the year, 2,000,000 options were granted as part of the convertible note. These options were not issued until subsequent to year end.

**6.3 Reserves**

	2020	2019
	\$	\$
Share-based payment reserve	928,715	583,426
	928,715	583,426

**Note 7 Share-based payments**

**7.1 Share-based payments:**

	2020	2019
	\$	\$
■ Recognised as Share-based payment expense	-	133,663
Gross share-based payments	-	133,663



# THE AGENCY