



## AUSNET REAL ESTATE SERVICES PTY LTD

ABN 37 093 805 675

And its Controlled Entities

## Annual Report 2015



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**ABN 37 093 805 675**  
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**Annual Report 2015**

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**Directors**

**Jonathan Adams**

Chairman (Resigned 30 October 2015)

**Paul Niardone**

Executive Director (Appointed 15 February 2016)

**Robin Lees**

Non Executive Director (Resigned 28 February 2016)

**Philip Re**

Non Executive Director

**Patrick Thaung**

Non Executive Director (Appointed 14 January 2015)

**Company Secretary**

**Philip Re**

**Chief Executive Officer**

**Paul Niardone**

**Registered Office and  
Principal Place of Business**

254 Scarborough Beach Road  
Doubleview WA 6018

**Solicitors**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan St  
Perth WA 6000

Borrello Legal Pty Ltd  
PO Box 304  
Joondalup WA 6919

Mills Oakley  
Level 2, 225 St. Georges Terrace  
Perth WA 6000

**Bankers**

Westpac Banking Corporation  
109 St. George's Terrace  
Perth WA 6000

**Auditors**

Bentleys Audit & Corporate (WA) Pty Ltd  
PO Box 7775  
Cloisters Square  
Perth WA 6850

# AUSNET REAL ESTATE SERVICES PTY LTD

ABN 37 093 805 675

## And its Controlled Entities Annual Report 2015

### DIRECTORS REPORT

Your Directors present their report on Ausnet Real Estate Services Pty Ltd (“the Company”), and its controlled entities for the financial year ended 30 June 2015.

#### Directors

The names of Directors in office at any time during or since the end of the financial year are:

- Jonathan Adams (Resigned 30 October 2015)
- Paul Nairdone (Appointed 15 February 2016)
- Robin Lees (Resigned effective 28 February 2016)
- Philip Re
- Patrick Thaug (appointed 14 January 2015)

Directors have been in office since the start of the financial year unless otherwise stated.

#### Principal Activities

The principal activities of the consolidated entity during the course of the financial year were providing real estate and financial services to members and non-members, including:

- Mortgage Origination Services
- Settlement Agent Services
- Financial Planning Services
- Training, Member Services and Events

Other Activities:

- Ongoing monitoring and review of past investments such as the Opportunity Fund (Property Investment) and Barry Barr and Associates.
- The Board and management have also invested in reshaping and developing a new model to drive more business and profitability into our core businesses.

As mentioned in the 2014 Annual Report, the Board made the strategic decision to establish a direct channel to market to increase referral business to its core business units (Mortgages, Settlements and Financial Planning). The membership division was a cost centre and the referral rates were slowly decreasing as the value proposition was weakening and structural barriers making it more difficult to implement.

The Board decided to develop our own channel to market and create a Real Estate Business unit that referred clients directly to the other Ausnet companies.

The effect of this was twofold:

The membership group was separated from Ausnet and merged with the Prominent Agent Network.

Ausnet invested in the creation of The Agency – our own unique real estate model and Ausnet Property Investment Strategies (APIS).

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### **DIRECTORS REPORT (Continued)**

#### **Dividends Paid or Recommended**

The Directors do not recommend the payment of a dividend for the 2014/2015 financial year. A dividend was not paid for the 2013/2014 financial year.

We do note that BBA Management Pty Ltd paid dividends during the 2015 year of \$40,000 (2014: \$33,000). These were paid to shareholders of that entity, for which Ausnet Real Estate Services Pty Ltd held a 51.1% of shares prior to sale of the BBA Group. Any reference to dividends within this report refers to these dividends. As these are subsidiary dividends, they have been reversed from the accounts and do not make up any part of consolidated revenue for the group.

#### **Financial Summary**

From a Financial stand point 2015 was a difficult year in real estate with REIWA quoting a decrease in activity of approximately 10%, against this our loan book grew 9%. The size of the loan book at 30 June 2015 was approximately \$1.3b. The amount submitted to the Board for investment in the Agency and new business units was only slightly higher than the budget presented and signed off. A decision was also made to build the infrastructure for national growth and roll out.

The Board also agreed to clean up the balance sheet of other past investments and expensed all costs associated with the establishment of The Agency, in preparation for a possible listing.

The total impairments and depreciation cost was \$466,745.

The Directors and the auditor consider the business to be a viable going concern. Possible working capital or liquidity measures have been maintained as well as the continual loan book growth.

On 1 August 2014, the board made the decision for Westvalley Corporation Pty Ltd to dispose of a portion of its loan book asset in relation to Kalgoorlie loans. These funds totalling \$406,296 were received in August and September 2014.

On 25 May 2015, the Group sold its 51% share of the BBA Group for \$200,000. The BBA Group included BBA Management Pty Ltd, BBA Mortgage Solutions Pty Ltd and Barry Barr & Associates Pty Ltd. The sale realised a book loss of \$28,952 which was recognised in the accounts of the parent for the 2015 financial year.

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### DIRECTORS REPORT (Continued)

#### After Balance Date Events

On 14 December 2015, Namibian Copper NL (NCO) announced that it had signed a non-binding term sheet with Ausnet Real Estate Services Pty Ltd (Ausnet) to acquire 100% of the issued capital of Ausnet (Ausnet Shares). In consideration for the sale of Ausnet Shares to NCO, at Settlement NCO will:

- (a) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of fully paid ordinary shares in NCO (NCO Shares) at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO Shares (Consideration Shares)
- (b) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of NCO performance shares at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO performance shares (Performance Shares), in the following tranches:
  - (i) Tranche 1 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares); and
  - (ii) Tranche 2 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares).
- (c) issue to Richmond Advisory (post Rights Issue and pre-Consolidation) 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 in consideration for introduction and consulting services.

On and from issue, NCO Shares issued as consideration shall rank equally with the then NCO Shares on issue, other than for any restrictions imposed in accordance with the ASX Listing Rules or voluntary escrow agreements.

The Performance Shares vest on the following terms:

- (a) Tranche 1 – Upon achieving a 10% growth in the Mortgage and Finance business loan book within 18 months of Settlement (First milestone); and
- (b) Tranche 2 – Upon achieving a 20 day VWAP on the ASX which equals or exceeds 3 times the re-quotation price \$0.03, at any time within 24 months of Settlement (Second milestone).

The acquisition is subject to a number of conditions being satisfied, including:

- (a) NCO will undertake a 3:2 Rights Issue to NCO Shares at an issue price of \$0.001 per NCO Share to raise approximately \$518,000 (before costs) to all current shareholders (Rights Issue). As at the date of this report, NCO has successfully completed its rights issue and raised \$518,291 (before costs);
- (b) completion of due diligence by NCO on Ausnet;
- (c) completion of due diligence by Ausnet on NCO;
- (d) if required by the ASX Listing Rules, NCO obtaining and Independent Expert's Report confirming that the acquisition is "fair and reasonable" and in the best interests of shareholders;
- (e) Consolidation of the NCO's capital at a predefined conversion ratio of ten existing shares to one consolidated share after the Rights Issue;

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#### **DIRECTORS REPORT (Continued)**

- (f) NCO, on a best endeavours basis, conducting the Principal Raising and lodging a Prospectus with ASIC and ASX in respect of the Principal Raising;
- (g) NCO obtaining all necessary shareholder and regulatory approvals pursuant to the Corporations Act 2001, the ASX Listing Rules or any other law, as well as third party approvals or consents to give effect to the matters set out in the Terms Sheet to allow NCO to lawfully complete the Acquisition;
- (h) NCO receiving a letter from the ASX confirming that the ASX will re-admit NCO to the Official List of the ASX, on conditions acceptable to NCO and Ausnet (acting reasonably);
- (i) Cancellation of the existing performance rights currently on issue by NCO on or before Settlement of the Acquisition; and
- (j) NCO completing changes to the Board.

The Acquisition remains conditional on satisfaction (or waiver) of the above conditions precedent and as such the ability of NCO to complete is not certain.

For further details and information please refer to the NCO ASX Announcement on 14 December 2015.

Apart from the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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### DIRECTORS REPORT (Continued)

#### Information on Directors

##### **Jonathan Adams – Chairman**

Jonathan Adams commenced in real estate in 1987 as co-owner of Mair & Co, North Perth, a new office that quickly grew to a staff of 12. In 1990, he acquired D.M. Burke & Associates, changing the name to Woodville Properties in 1992. In 2004, Jon sold his interest in Woodville Property and in 2008 became a Partner in Beaufort Realty after a period consulting to the industry and working with Ausnet executives to position the company to meet growth and profit objectives.

##### **Paul Niardone – Executive Director (Appointed 29 January 2016)**

Paul was the Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in WA.

He has experience in marketing and strategic planning for clients in both Government and the private sector. With a degree in Politics and Industrial Relations, he started his career in the Department of Cabinet and Parliamentary Services.

After 5 years in government he was appointed inaugural Manager of the Peel Region Business Enterprise Centre, and was then appointed as the first Marketing Manager for the entire Enterprise Centre Network comprising 36 centres throughout WA.

Paul's marketing skills were recognised by Westpac in its decision to appoint him as one of the first Business Banking Managers in Australia without a banking background. He administered seven bank branches and within 12 months his portfolio grew by 70% with an asset base of more than \$25 million.

Paul co-authored and produced a publication "A Guide to Buying a Business" which is currently still being sold.

He is recognised as a strategic planner, developing lateral solutions to business and management issues and advising many corporations. He has lectured at universities and conducts in-house corporate planning and marketing sessions. His career to date has provided him with a unique opportunity to gain experience, insights and contacts in a wide range of industries at the CEO and Board level.

He has sat on the boards of a number of public and private companies and not for profit organisations.

##### **Robin Lees – Non Executive Director**

Robin's background has been banking, stockbroking and in local building society executive management, until 1989 when he opened First National's office in Victoria Park. Shortly after he joined forces with Ray Grogan and traded as Park First National. In 1998, they bought the business of Porter Matthews Belmont, in conjunction with joint principal, Wayne Wickham and formed an alliance with Porter Matthews Commercial, creating 'The Porter Matthews Group of Independent Real Estate Agents'.

##### **Philip Re – Non Executive Director**

Phil is a Chartered Accountant, Chartered Secretary and a Member of the Institute of Company Directors. In recent years he has been involved as a Director and Company Secretary for a number of public companies involving transactions in mining exploration and



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**DIRECTORS REPORT (Continued)**

production and the renewable energy industry. Phil is a Director of Regency Partners which is a Chartered Accounting and Corporate Advisory business. He has been involved in raising capital for various ASX listed Companies and Unlisted Property Syndicates. Phil is one of the founders of the charity organisation 'The Better Life Foundation WA', where he currently acts as Chairman.

**Patrick Thaug – Non Executive Director (Appointed 14 January 2015)**

Patrick joined Borrello Legal as a Principal in June 2013, bringing with him significant property, commercial and leasing experience gained working in large law firms in Perth, Sydney and London.

For more than 17 years, Patrick has been practicing solely in Property and Commercial Law, with particular specialisation in commercial property sales and disposals, business acquisitions, developments, due diligence, joint ventures, leasing (commercial, retail and industrial), shareholders agreements and general contract law. Patrick also possesses substantial knowledge and experience in liquor licensing, intellectual property, wine law and environmental law.

Patrick has been involved in the acquisition, sale or leasing of most major shopping centres in Perth as well as several CBD buildings and industrial sites. In addition, he has presented at numerous Law Society, LegalWise, Property Council of Australia and Australian Property Institute seminars on property law, leasing and commercial law issues.

Patrick sits on the Divisional Council of the Australian Property Institute (WA Division) and also tutors and lectures at UWA Law School. He is also on the board of ToyBox International, a children's charity.

Patrick's clients have come to rely on his sound legal skills, as well as his commercial approach, to achieve realistic and practical goals in their businesses.

**Directors' Interests in Shares**

As at the date of this report, the interests of the Directors in shares of ARESL are:

<i>Director</i>	<i>Ordinary Shares</i>
Jonathan Adams	9,687,544
Robin Lees	2,770,592
Philip Re	2,175,496
Patrick Thaug	550,000

**Details of Directors' Remuneration for the year ended 30 June 2015**

The Company's Directors' remuneration is disclosed in Note 6 to the Financial Statements.

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**DIRECTORS REPORT (Continued)**

**Employment Contracts of Senior Executives**

The employment conditions of the senior management are formalised in contracts of employment.

**Meetings of Directors**

During the financial year, meetings of Directors were held and the attendance by each Director was as follows:

Director	Board Meetings	
	Number eligible to attend	Number attended
Jonathan Adams	2	2
Robin Lees	2	2
Philip Re	2	2
Patrick Thaung	2	1

A number of informal meetings of Directors were held during the year, mainly for planning and update purposes with Directors participating in various meetings with executives and external contacts during the financial year.

**Indemnifying Officers or Auditor**

During or since the end of the financial year, the Company paid a premium 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. The amount of the premium (goods and services tax inclusive) was \$2,140 (2014 \$2,336).

**Auditor's Independence Declaration**

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 10 of the Financial Report.

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



**Paul Niardone**  
**Director and CEO**

Dated this 31st day of March 2016

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

[bentleys.com.au](http://bentleys.com.au)

To The Board of Directors

### **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit director for the audit of the financial statements of Ausnet Real Estate Services Pty Ltd for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**MARK DELAURENTIS CA**  
**Director**

Dated at Perth this 31<sup>st</sup> day of March 2016

# AUSNET REAL ESTATE SERVICES PTY LTD

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

	Note	2015 \$	2014 \$
Revenue from continuing operations	2	5,282,399	5,990,743
Other income	2	406,296	-
Less Expenses			
Salaries & employee benefits expenses		(4,579,456)	(4,459,411)
Depreciation and Amortisation		(95,215)	(46,640)
Profit/(loss) on disposal of assets		(10,620)	(26,618)
Loss on disposal of subsidiary	12	(28,952)	-
Consultancy Fees		(165,759)	(101,278)
Advertising & Promotion expenses		(122,605)	(171,786)
Events & Functions		(15,317)	(72,240)
Legal, Professional & Valuation fees		(254,057)	(67,049)
Mortgage Solutions Australia Incentive Scheme		(529)	(39,327)
Landmark Settlements – fees for conveyancing		(232,027)	(208,836)
Rent & Outgoings		(277,399)	(271,419)
Other expenses		(612,063)	(445,634)
Impairment Costs	12	(200,000)	(100,000)
Impairment of loan to Joint Venture entity		(171,530)	-
<b>Net Profit / (loss) before income tax</b>		<b>(1,076,834)</b>	<b>(19,495)</b>
Income tax (expense) / benefit	5	194,898	(56,332)
<b>Profit / (loss) from continuing operations</b>		<b>(881,936)</b>	<b>(75,827)</b>
<b>Other comprehensive income</b>			
Derecognition of non-controlling interest on disposal of subsidiary		(183,022)	-
<b>Total comprehensive income / (loss) for the year</b>		<b>(1,064,958)</b>	<b>(75,827)</b>
<b>Profit / (loss) is attributable to:</b>			
Equity holders of Ausnet Real Estate Services Pty Ltd		(882,301)	(52,197)
Non-Controlling interest		365	(23,630)
		<b>(881,936)</b>	<b>(75,827)</b>
<b>Total comprehensive income is attributable to:</b>			
Equity holders of Ausnet Real Estate Services Pty Ltd		(882,301)	(52,197)
Non-Controlling interest		(182,657)	(23,630)
		<b>(1,064,958)</b>	<b>(75,827)</b>

*The accompanying notes form part of these financial statements*

# AUSNET REAL ESTATE SERVICES PTY LTD

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### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	293,009	476,198
Trade and other receivables	9	287,623	593,145
Current Tax Assets	15	81,797	81,797
<b>Total Current Assets</b>		<b>662,429</b>	<b>1,151,140</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	10	154,360	223,071
Intangible Assets	11	10,000	261,983
Investments	12	-	200,000
Deferred Tax Asset	13	311,490	116,592
<b>Total Non Current Assets</b>		<b>475,850</b>	<b>801,646</b>
<b>Total Assets</b>		<b>1,138,279</b>	<b>1,952,786</b>
<b>Current Liabilities</b>			
Trade and Other Payables	14	1,076,750	924,831
Borrowings	16	11,463	7,633
Provisions	17	446,486	393,635
<b>Total Current Liabilities</b>		<b>1,534,699</b>	<b>1,326,099</b>
<b>Non Current Liabilities</b>			
Borrowings	16	14,378	13,553
Provisions	18	91,313	53,063
<b>Total Non Current Liabilities</b>		<b>105,691</b>	<b>66,616</b>
<b>Total Liabilities</b>		<b>1,640,390</b>	<b>1,392,715</b>
<b>Net Assets/(Liabilities)</b>		<b>(502,111)</b>	<b>560,071</b>
<b>Equity</b>			
Contributed Equity	19	1,599,086	1,596,310
Non-controlling Interests		-	182,657
Accumulated Losses		(2,101,197)	(1,218,896)
<b>Total Equity/(Net Deficiency)</b>		<b>(502,111)</b>	<b>560,071</b>

*The accompanying notes form part of these financial statements*

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**And its Controlled Entities****Annual Report 2015****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>CONSOLIDATED</b>	<b>Contributed Equity</b>	<b>Accumulated Losses</b>	<b>Non- controlling Interests</b>	<b>Total</b>
Balance 1 July 2014	1,596,310	(1,218,896)	182,657	560,071
Profit / (Loss) for the year	-	(882,301)	365	(881,936)
Other comprehensive income	-	-	(183,022)	(183,022)
Total comprehensive income for the period	-	(882,301)	(182,657)	(1,064,958)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions	2,776	-	-	2,776
Dividends paid to equity holders	-	-	-	-
Balance 30 June 2015	1,599,086	(2,101,197)	-	(502,111)
Balance 1 July 2013	1,576,784	(1,150,553)	206,287	632,518
Profit / (Loss) for the year	-	(52,197)	(23,630)	(75,827)
Total comprehensive income for the period	-	(52,197)	(23,630)	(75,827)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions	19,526	-	-	19,526
Dividends paid to equity holders	-	(16,146)	-	(16,146)
Balance 30 June 2014	1,596,310	(1,218,896)	182,657	560,071

*The accompanying notes form part of these financial statements*

# AUSNET REAL ESTATE SERVICES PTY LTD

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#### CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated Entity	
		2015	2014
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		5,522,060	5,948,168
Payments to suppliers and employees		(6,162,213)	(5,895,124)
Interest received		422	955
Interest paid		(31,571)	-
Income tax paid		-	4,826
<b>Net cash inflows/(outflows) from operating activities</b>	7	(671,302)	58,825
<b>Cash flows from investing activities</b>			
Payments for Property Plant and Equipment		(22,642)	(27,426)
Payments for intangibles		(10,000)	-
Proceeds from sale of loan book		406,296	-
Dividends received		20,432	-
Net cash inflow from disposal of subsidiary		94,670	-
<b>Net cash outflows from investing activities</b>		488,756	(27,426)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,776	19,526
Dividends paid		-	(16,144)
Repayments of borrowings		(3,420)	-
Net Proceeds from borrowings		-	17,735
<b>Net cash inflows from financing activities</b>		(644)	21,117
<b>Net increase in cash held</b>		(183,190)	52,516
<b>Cash at the beginning of financial year</b>		476,198	423,682
<b>Cash at the end of financial year</b>	8	293,008	476,198

*The accompanying notes form part of these financial statements*

# AUSNET REAL ESTATE SERVICES PTY LTD

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### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Basis of preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report covers Ausnet Real Estate Services Pty Ltd and controlled entities ("the Group"). Ausnet Real Estate Services Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian dollars which is the Group's functional and presentation currency.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of these statements are presented below.

##### b) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and liabilities in the normal course of business.

The Group has incurred a loss for the year ended 30 June 2015 of \$881,936 (2014: loss of \$75,827) and experienced net cash outflows from operating activities of \$671,302 (2014: cash inflows of \$58,825). There was a working capital deficit of \$872,270 at 30 June 2015 (30 June 2014: \$174,959).

These conditions indicate there is a material uncertainty as to whether the Group can continue as a going concern for a period of at least 12 months from the date of this financial report.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

This includes the assumption that the Group is acquired by Nambian Copper NL and all conditions precedent achieved. As part of the transaction Namibian Copper NL (NCO) has signed a non-binding term sheet with Ausnet Real Estate Services Pty Ltd (Ausnet) to acquire 100% of the issued capital of Ausnet (Ausnet Shares). In consideration for the sale of Ausnet Shares to NCO, at Settlement NCO will:

- (a) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of fully paid ordinary shares in NCO (NCO Shares) at the Re-quotations Price of AUD\$0.03 being 133,333,333 NCO Shares (Consideration Shares)



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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

- (b) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of NCO performance shares at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO performance shares (Performance Shares), in the following tranches:
  - (i) Tranche 1 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares); and
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- (c) issue to Richmond Advisory (post Rights Issue and pre-Consolidation) 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 in consideration for introduction and consulting services.

On and from issue, NCO Shares issued as consideration shall rank equally with the then NCO Shares on issue, other than for any restrictions imposed in accordance with the ASX Listing Rules or voluntary escrow agreements.

As at the date of this report, NCO has successfully completed a rights issue and raised \$518,291 (before costs).

In addition to the above activities, NCO intends to undertake a further capital raising of approximately \$3m to \$3.5m through an IPO within the next 3-6 months.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group not achieve the matters set out above, there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

**c) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausnet Real Estate Services Pty Ltd ("Group") as at 30 June 2015 and the results of all subsidiaries for the year then ended. Ausnet Real Estate Services Pty Ltd and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(v)). Investments in subsidiaries are accounted for at cost in the individual financial statements of Ausnet Real Estate Services Pty Ltd.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively.

#### d) Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets relating to temporary differences and unused tax losses are recognised only 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.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### d) Income Tax (continued)

Current tax assets and liabilities are offset where 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 assets and liabilities are 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.

##### *Tax consolidation*

Ausnet Real Estate Services Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2010. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

##### e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

##### f) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

##### g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:  
Settlement Fee Income – on settlement of real estate transaction.

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#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upfront commissions for Mortgage Origination – on approval of finance to clients and settlement of real estate transaction.

Trail commissions – on receipt.

Real Estate Commissions – upon settlement and/or sale of property is unconditional

Training Seminars and Functions – on date function is held.

Interest Revenue – on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend Revenue – when it is received.

All revenue is stated net of the amounts of goods and services tax (GST).

##### **h) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it 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 the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

##### **i) Property, Plant and Equipment**

Plant and equipment are measured on the cost basis.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

##### **Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on either a straight line basis or diminishing balance basis, whichever is considered most appropriate, over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the remaining term of the lease.

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#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Leasehold Improvements (over term of lease)	
Office furniture and fittings	10%
Office equipment	25%
Motor vehicle	25%

##### j) Intangible assets

###### *(i) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

###### *(ii) Trail Book intangible assets*

Trial book contracts and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trail book and licences over their estimated useful lives, which vary from 5 to 8 years.

The property management rights are expected to have a finite life and are therefore amortised over their useful lives which has been estimated at 7 years. The investment is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the rent roll over its estimated useful lives, which has been estimated at 7 years based on comparable market evidence.

##### k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### l) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

##### m) Non Current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determine the accounting treatment of the item. The categories and various treatments are:

- held to maturity, measured at amortised cost;
- held for trading, measured at fair value with unrealised gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

##### n) Critical accounting estimates and critical judgements in applying accounting policies

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

##### **Key Estimate – Impairment**

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised at the end of the reporting period.

##### **Key Estimate – Taxation**

Balances disclosed in the financial statements and the notes thereto, that are related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

##### **Critical judgement – Recognition of trailing commission revenue & trailing commission expense**

The Group receives trailing commissions from lenders on loans they have settled that were originated by the Group. The trailing commissions are received over the life of the loans based on the individual loan balance outstanding. The Group also makes trailing commission payments to brokers based on the individual loan balance outstanding.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As disclosed in Note 1(g), revenue from trailing commission on receipt. The directors considered the detailed criteria for the recognition of revenue from the rendering of services set out in AASB 118 'Revenue', in particular whether the recognition of revenue on the trail satisfied the probability requirements. The directors determined that at the contract level, the Group cannot reliably determine the likelihood of that individual remaining with the Group or the period that they will continue for, resulting in revenue only being recognised upon receipt.

Trailing commission expenditure is recognised on the same basis as trailing commission revenue and is recognised upon receipt of trailing commission revenue.

#### **o) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

#### **p) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement within no more than 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

#### **q) Trade payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **r) Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

##### s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

##### t) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

##### u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting date.

##### v) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**w) Financial Risk Management**

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Currency risk*

The Group does not have any foreign currency exposures.

*Interest rate risk*

The Group are exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

*Other market price risk*

The group does not carry any equity price risk and does not enter into commodity contracts.

# AUSNET REAL ESTATE SERVICES PTY LTD

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#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

###### w) Financial Risk Management (continued)

###### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks and any loans made to external parties are secured under contracts and charges over relevant assets, for which the Board evaluate credit risk to be minimal.

###### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

###### x) Adoption of new and revised standards

In the year ended 30 June 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

# AUSNET REAL ESTATE SERVICES PTY LTD

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#### NOTE 2: REVENUE

	Consolidated Entity	
	2015	2014
	\$	\$
Revenue from continuing operations:		
Membership fees	46,309	148,300
Commissions	2,318,090	2,202,470
Management fees	36,000	-
Trailer Fees	1,871,214	2,426,811
Settlement fees and recoverable expenses	792,292	1,103,899
Real estate	102,820	-
Training and seminars	10,498	47,560
Interest received	422	955
Other income	104,754	60,748
<b>Total Revenue</b>	<b>5,282,399</b>	<b>5,990,743</b>
<b>Other income</b>		
Sale of loan book	406,296	-

#### NOTE 3: PROFIT / (LOSS) FROM CONTINUING OPERATIONS

Profit / (loss) from continuing operations before income tax has been determined after:

Depreciation of: plant and equipment	(45,215)	(42,278)
Impairment of: intangibles	(50,000)	(4,362)
Profit/(loss) on disposal of assets	(10,620)	(26,618)
Impairment of: investments	(200,000)	(100,000)
Provisions: Employee entitlements	(101,657)	(38,289)
Impairment of loan to Joint Venture entity	(171,530)	-

#### NOTE 4: AUDITORS' REMUNERATION

	Consolidated Entity	
	2015	2014
	\$	\$
Remuneration of the auditors of the Company and their related practices for:		
- audit and review of the financial report	16,000	15,000
- taxation and other services	8,000	-
	<u>24,000</u>	<u>15,000</u>

# AUSNET REAL ESTATE SERVICES PTY LTD

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### NOTE 5: INCOME TAX EXPENSE / (BENEFIT)

	Consolidated Entity	
	2015	2014
	\$	\$
<b>(a) Income tax expense / (benefit)</b>		
Current tax	-	16,887
Under/(over) provision – prior year	(30,000)	-
Deferred tax	(164,898)	39,445
	<u>(194,898)</u>	<u>56,332</u>
<b>(b) The Prima facie tax on operating profit/ (loss) at 30%</b>	(323,050)	(5,848)
Tax effect of permanent differences:		
Non Deductible Expenses	18,721	3,250
Movement in deferred taxes as a consequence of amortisation	-	(1,294)
Income tax benefit in respect of current year losses	139,431	(10,206)
Tax offset for timing differences	-	70,430
Income tax expense/(benefit)	<u>(164,898)</u>	<u>56,332</u>
Under/(over) provision for income tax in prior year	(30,000)	-
Income tax expense/(benefit)	<u>(194,898)</u>	<u>56,332</u>
<b>(c) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	1,649,250	1,284,067
Potential tax benefit @ 30%	<u>494,775</u>	<u>385,220</u>

The benefit for tax losses will only be obtained if:

- The Company and consolidated entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- The Company and the consolidated entity continue to comply with the conditions for deductibility imposed by Law; and
- No changes in tax legislation adversely affect the ability of the Company and consolidated entity to realise these benefits.

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#### NOTE 6: KEY MANAGEMENT PERSONNEL

##### (a) The Company's Key Management Personnel Remuneration – Consolidated Entity

	Employee Benefits			Post Employment Benefits	
	Salary / Contract payments	Bonus	Directors Fees	Superannuation	Total
	\$	\$	\$	\$	\$
<b>2015</b>					
Jonathan Adams	-	-	26,088	2,478	28,566
Paul Niardone	262,850	-	-	18,783	281,633
Robin Lees	-	-	13,044	1,239	14,283
Philip Re	-	-	15,000	-	15,000
Patrick Thaung	-	-	5,500	-	5,500
	262,850	-	59,632	22,500	344,982
<b>2014</b>					
Jonathan Adams	-	-	26,088	2,413	28,501
Paul Niardone	244,531	-	-	17,775	262,306
Robin Lees	-	-	13,044	1,207	14,251
Philip Re	6,721	-	15,000	-	21,721
	251,252	-	54,132	21,395	326,779

- (i) The total paid to Regency Corporate Pty Ltd, a company associated with Phillip Re, for the company's secretarial requirements during the 2015 year was \$15,210 (2014 \$6,721).
- (ii) The total paid to P & T Thaung Family Trust, a trust associated with Patrick Thaung, for directors fee during the 2015 year was \$5,500 (2014 \$nil).

##### (b) Shareholding

Number of shares held by the Key Management Personnel:

	Number 30/6/14	Movement	Number 30/6/15
Jonathan Adams	6,458,363	-	6,458,363
Paul Niardone	5,065,186	-	5,065,186
Robin Lees	2,770,592	-	2,770,592
Philip Re	1,581,159	69,337	1,650,496
Patrick Thaung	-	-	-
	15,875,300	69,337	15,944,637

# AUSNET REAL ESTATE SERVICES PTY LTD

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### NOTE 7: RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated Entity	
	2015	2014
	\$	\$
Operating Profit/(Loss) after tax	(881,936)	(75,827)
Non Operating Cash Items		
Impairment of intangible assets	50,000	4,362
Impairment of other financial assets	200,000	100,000
Depreciation	45,215	42,278
Loss on sale of subsidiary	28,952	-
Loss on disposal of assets	10,620	26,618
Disposal of loan book	(406,296)	-
Dividends received	(20,432)	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	264,585	(41,620)
Decrease in deferred tax asset	(194,898)	39,445
Increase/(decrease) in current tax liability	-	21,713
Decrease in payables	128,714	(43,293)
Increase/(decrease) in provisions	104,174	(14,851)
Cash flow from operating activities	<b>(671,302)</b>	<b>58,825</b>

### NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	293,009	476,198
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### NOTE 9: TRADE AND OTHER RECEIVABLES

Trade debtors	20,296	76,892
Prepaid expenses	13,115	77,138
Commissions receivable	238,787	421,538
Other receivables	15,425	17,577
	<b>287,623</b>	<b>593,145</b>

### NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements – at cost	54,399	59,749
Accumulated depreciation	(50,374)	(50,729)
Net Book Value	<b>4,025</b>	<b>9,020</b>
Plant and equipment – at cost	523,597	654,163
Accumulated depreciation	(373,262)	(440,112)
Net Book Value	<b>150,335</b>	<b>214,051</b>
<b>Total Property Plant &amp; Equipment</b>	<b>154,360</b>	<b>223,071</b>

# AUSNET REAL ESTATE SERVICES PTY LTD

ABN 37 093 805 675

## And its Controlled Entities

### Annual Report 2015

#### NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

##### Movement reconciliation

	Consolidated Entity	
	2015	2014
	\$	\$
Balance at the beginning of the year	223,071	237,910
Additions	30,717	27,439
Disposals	(10,621)	-
Disposal of subsidiary	(43,592)	-
Depreciation	(45,215)	(42,278)
<b>Net Book Value at end of year</b>	<b>154,360</b>	<b>223,071</b>

#### NOTE 11: INTANGIBLES

Goodwill	-	248,683
Other intangible assets	10,000	13,300
	<b>10,000</b>	<b>261,983</b>

##### Movement reconciliation - Goodwill

Balance at the beginning of the year	248,683	248,683
Amortisation charge	(50,000)	-
Disposal of subsidiary	(198,683)	-
<b>Net Book Value at end of year</b>	<b>-</b>	<b>248,683</b>

##### Movement reconciliation – Other intangible assets

Balance at the beginning of the year	13,300	17,662
Additions	10,000	-
Amortisation Charge	-	(4,362)
Disposal of subsidiary	(13,300)	-
<b>Net Book Value at end of year</b>	<b>10,000</b>	<b>13,300</b>

##### Movement reconciliation – Total

Balance at the beginning of the year	261,983	266,345
Additions	10,000	-
Amortisation Charge	(50,000)	(4,362)
Disposal of subsidiary	(211,983)	-
<b>Net Book Value at end of year</b>	<b>10,000</b>	<b>261,983</b>

##### Amortisation charge

Please refer to Note 1 j) Intangible Assets for further details

##### Impairment charge

Please refer to Note 1 e) Impairment of Assets for further details

# AUSNET REAL ESTATE SERVICES PTY LTD

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#### NOTE 12: INVESTMENTS

	Consolidated Entity	
	2015	2014
	\$	\$
<b>Other Financial Assets</b>		
Other Financial Assets – at cost	300,000	300,000
Impairment Provision	(300,000)	(100,000)
Total Other Financial Assets	-	200,000
<b>Movement reconciliation – Other Financial Assets</b>		
Balance at the beginning of the year	200,000	300,000
Impairment charge	(200,000)	(100,000)
Net Book Value at end of year	-	200,000

#### INVESTMENT IN CONTROLLED ENTITIES

Name	Principal Activities	Ownership Interest		Carrying Amount of investment	
		2015	2014	2015	2014
		%	%	\$	\$
Jelina Holdings Pty Ltd	Settlement Agent	100	100	2	2
Westvalley Corporation Pty Ltd	Mortgage Broker	100	100	2	2
Ausnet Asset Management Pty Ltd	- not trading -	100	100	1	1
Ausnet Real Estate Network Pty Ltd	Member Network	100	100	1	1
Ausnet Financial Planning Services Pty Ltd	Financial Planner	100	100	2	2
Ausnet Financial Services Pty Ltd	Investment	100	100	1	1
Vision Capital Management Ltd	Single Responsible Entity	100	100	11	11
BBA Management Pty Ltd (i)	Mortgage Broker	-	51	-	242,214
Ausnet Property Investment Fund Pty Ltd	Corporate Trustee	100	100	1	1
Ausnet Opportunity Fund	Investment	55	55	110,000	110,000
Empur Pty Ltd (ii)	Property Investment strategies	50	50	-	-
				110,021	352,235

All the above entities are incorporated in Australia and eliminated on consolidation.

- (i) On 22 May 2015 the Company sold its subsidiary BBA Management Pty Ltd for \$200,000 which resulted in a net loss of \$28,952.
- (ii) The company has a 50% interest in a joint venture entity trading under the name Ausnet Property Investment Strategies.



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#### NOTE 13: DEFERRED TAX ASSET

	Consolidated Entity	
	2015	2014
	\$	\$
Deferred Tax on Temporary Differences	311,490	116,592
The balance comprises temporary differences in relation to the following amounts recognised in the statement of comprehensive income:		
<b>Deferred Tax Assets</b>		
Employee benefits	161,340	136,214
Accrued expenses	131,786	127,518
Investments	90,000	-
Total deferred tax assets	383,126	263,732
<b>Deferred Tax Liabilities</b>		
Accrued income	(71,636)	(126,461)
Prepaid expenses	-	(16,658)
Others	-	(4,021)
Total deferred tax liabilities	(71,636)	(147,140)
<b>Net deferred tax assets</b>	<b>311,490</b>	<b>116,592</b>
<b>Movement Reconciliation</b>		
Opening balance at 1 July	116,592	156,037
De-recognition of previously recognised tax losses	-	-
Recognition of temporary differences	194,898	(39,445)
	311,490	116,592

#### NOTE 14: TRADE AND OTHER PAYABLES

Trade creditors	114,531	95,278
Employees' remuneration – commissions payable	218,224	320,062
Superannuation – employees	30,339	18,409
Sundry creditors and accrued expenses	206,763	123,067
GST and PAYG payables	506,893	368,015
	1,076,750	924,831

#### NOTE 15: CURRENT TAX ASSETS

Corporate Tax Refunds	81,797	81,797
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#### Consolidated Entity

2015                      2014

\$                              \$

#### NOTE 16: BORROWINGS

##### Current

Loans	13,390	9,593
Less: Unexpired interest	(1,927)	(1,960)
	<u>11,463</u>	<u>7,633</u>

##### Non-current

Loans	15,666	14,866
Less: Unexpired interest	(1,288)	(1,313)
	<u>14,378</u>	<u>13,553</u>

#### NOTE 17: CURRENT PROVISIONS

Employee entitlements	<u>446,486</u>	<u>393,635</u>
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#### NOTE 18: NON CURRENT PROVISIONS

Employee entitlements	<u>91,313</u>	<u>53,063</u>
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#### NOTE 19: CONTRIBUTED EQUITY

64,298,753 (2014: 64,229,416) fully paid ordinary shares	1,599,086	1,596,310
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##### Ordinary Shares

At the beginning of the reporting period	1,596,310	1,576,784
Shares issued during the year for cash	2,776	19,526
At reporting date	<u>1,599,086</u>	<u>1,596,310</u>

#### NOTE 20: DIVIDENDS

Dividends paid – non-controlling interest	<u>19,560</u>	<u>16,146</u>
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Franking credits available for the subsequent financial year (a)	<u>771,610</u>	<u>771,610</u>
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(a) The franking credits noted here are the total of credits available to the wholly owned group of Ausnet Real Estate Services Pty Ltd and do not include credits of partly owned subsidiaries.

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**NOTE 21: RELATED PARTY INFORMATION**

The names of each person holding the office of Key Management Personnel of Ausnet Real Estate Services Pty Ltd during the financial year were:

Jonathan Adams – Director/Chairman	Robin Lees - Director
Philip Re – Director/Secretary	Patrick Thaug - Director
Paul Niardone – Chief Executive Officer	

**(a) Remuneration and Retirement Benefits**

Information on remuneration and retirement benefits of Directors is disclosed in note 7.

**(b) Shareholder Sales**

69,337 shares were sold during the year via the company to Phillip Re, held either by direct ownership or via related entities. Refer to Note 6.

**(c) Other Transactions of Directors and Director-Related Entities**

All transactions of Directors and Director-related entities are based on normal commercial terms and conditions.

**NOTE 22: CAPITAL AND LEASING COMMITMENTS**

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Lease Commitments:</b>		
Future operating lease commitments for properties occupied by the Group not provided for in the financial statements and payable:		
Within one year	70,700	141,400
One year or later and no later than five years	-	70,700
	<u>70,700</u>	<u>212,100</u>

**NOTE 23: AFTER BALANCE DATE EVENTS**

On 14 December 2015, Namibian Copper NL (NCO) announced that it had signed a non-binding term sheet with Ausnet Real Estate Services Pty Ltd (Ausnet) to acquire 100% of the issued capital of Ausnet (Ausnet Shares). In consideration for the sale of Ausnet Shares to NCO, at Settlement NCO will:

- (a) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of fully paid ordinary shares in NCO (NCO Shares) at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO Shares (Consideration Shares)
- (b) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of NCO performance shares at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO performance shares (Performance Shares), in the following tranches:
  - (i) Tranche 1 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares); and
  - (ii) Tranche 2 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares).

# AUSNET REAL ESTATE SERVICES PTY LTD

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- (c) issue to Richmond Advisory (post Rights Issue and pre-Consolidation) 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 in consideration for introduction and consulting services.

On and from issue, NCO Shares issued as consideration shall rank equally with the then NCO Shares on issue, other than for any restrictions imposed in accordance with the ASX Listing Rules or voluntary escrow agreements.

The Performance Shares vest on the following terms:

- (a) Tranche 1 – Upon achieving a 10% growth in the Mortgage and Finance business loan book within 18 months of Settlement (First milestone); and
- (b) Tranche 2 – Upon achieving a 20 day VWAP on the ASX which equals or exceeds 3 times the re-quotation price \$0.03, at any time within 24 months of Settlement (Second milestone).

The acquisition is subject to a number of conditions being satisfied, including:

- (a) NCO will undertake a 3:2 Rights Issue to NCO Shares at an issue price of \$0.001 per NCO Share to raise approximately \$518,000 (before costs) to all current shareholders (Rights Issue). As at the date of this report, NCO has successfully completed its rights issue and raised \$518,291 (before costs);
- (b) completion of due diligence by NCO on Ausnet;
- (c) completion of due diligence by Ausnet on NCO;
- (d) if required by the ASX Listing Rules, NCO obtaining an Independent Expert's Report confirming that the acquisition is "fair and reasonable" and in the best interests of shareholders;
- (e) Consolidation of the NCO's capital at a predefined conversion ratio of ten existing shares to one consolidated share after the Rights Issue;
- (f) NCO, on a best endeavours basis, conducting the Principal Raising and lodging a Prospectus with ASIC and ASX in respect of the Principal Raising;
- (g) NCO obtaining all necessary shareholder and regulatory approvals pursuant to the Corporations Act 2001, the ASX Listing Rules or any other law, as well as third party approvals or consents to give effect to the matters set out in the Terms Sheet to allow NCO to lawfully complete the Acquisition;
- (h) NCO receiving a letter from the ASX confirming that the ASX will re-admit NCO to the Official List of the ASX, on conditions acceptable to NCO and Ausnet (acting reasonably);
- (i) Cancellation of the existing performance rights currently on issue by NCO on or before Settlement of the Acquisition; and
- (j) NCO completing changes to the Board.

The Acquisition remains conditional on satisfaction (or waiver) of the above conditions precedent and as such the ability of NCO to complete is not certain.

For further details and information please refer to the NCO ASX Announcement on 14 December 2015.

Apart from the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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**NOTE 24: PARENT ENTITY DISCLOSURES**

As at and throughout the financial year 30 June 2015 the parent entity of the Group was Ausnet Real Estate Services Pty Ltd.

	<b>Consolidated Entity</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Results of parent entity</b>		
Profit for the period	20,242	52,581
Total comprehensive income for the period	20,242	52,581
<b>Financial position of parent entity at year end</b>		
Current assets	40,453	54,951
Total assets	176,351	725,457
Current liabilities	420,782	217,529
Total liabilities	454,087	1,026,209
<b>Net Assets</b>	(277,736)	(300,752)
<b>Total equity of the parent entity comprising of:</b>		
Share capital	1,599,086	1,596,312
Retained profits / (Accumulated losses)	(1,876,822)	(1,897,064)
<b>Total equity</b>	(277,736)	(300,752)

**NOTE 25: CONTINGENT LIABILITIES**

The company had no contingent liabilities as at 30 June 2015.

# AUSNET REAL ESTATE SERVICES PTY LTD

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#### DIRECTORS' DECLARATION

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Ausnet Real Estate Services Pty Ltd;
- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) (a) of the Corporations Act 2001.

On behalf of the directors



**Paul Niardone**  
**Director and CEO**

**Dated this 31st day of March 2016**

## Independent Auditor's Report

### To the Members of Ausnet Real Estate Services Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Ausnet Real Estate Services Pty Ltd ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Bentleys Audit & Corporate  
(WA) Pty Ltd

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

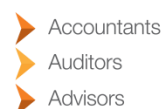
T +61 8 9226 4500

F +61 8 9226 4300

[bentleys.com.au](http://bentleys.com.au)



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Accountants

Auditors

Advisors

# Independent Auditor's Report

To the Members of Ausnet Real Estate Services Pty Ltd (Continued)



## Auditor's Independence Declaration

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

## Opinion

In our opinion, the financial report of Ausnet Real Estate Services Pty Ltd is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

## Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of \$881,936. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting obligations under the requirements of the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

**BENTLEYS**  
Chartered Accountants

**MARK DELAURENTIS CA**  
Director

Dated at Perth this 31<sup>st</sup> day of March 2016