

## 1. Company details

Name of entity:	N1 Holdings Limited
ABN:	44 609 268 279
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	16.0% to	1,768,069
Loss from ordinary activities after tax	up	66.0% to	(1,283,940)
Loss for the half-year	up	66.0% to	(1,283,940)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,283,940 (31 December 2018: \$773,259).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(2.33)</u>	<u>(1.66)</u>

## 4. Control gained over entities

Name of entities (or group of entities)	Yizhihao (Shanghai) Business Consulting Co.,Ltd
Date control gained	8 August 2019

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

The above entity was set up in China and is 100% owned by the group. This entity did not commence operations during the reporting period.

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
N1X Capital Pty Ltd	40.00%	40.00%	-	-
Loan 77 Pty Ltd	50.00%	-	-	-
RN2 Pty Ltd	50.00%	-	-	-
1573 Pty Ltd	33.33%	-	-	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	-

N1X Capital Pty Ltd had no activity during the period. \$40 share in capital was invested in N1X Capital Pty Ltd by N1 Venture Pty Ltd.

Loan 77 Pty Ltd had no activity during the period. \$50 share in capital was invested in Loan 77 Pty Ltd by N1 Loans Pty Ltd.

RN2 Pty Ltd had no activity during the period. \$50 share in capital was invested in RN2 Pty Ltd by N1 Holdings Pty Ltd.

1573 Pty Ltd had no activity during the period. \$10 share in capital was invested in 1573 Pty Ltd by N1 Holdings Pty Ltd.

## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

## 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

## 11. Attachments

*Details of attachments (if any):*

The Interim Report of N1 Holdings Limited for the half-year ended 31 December 2019 is attached.

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## 12. Signed



Signed \_\_\_\_\_

Date: 28 February 2020

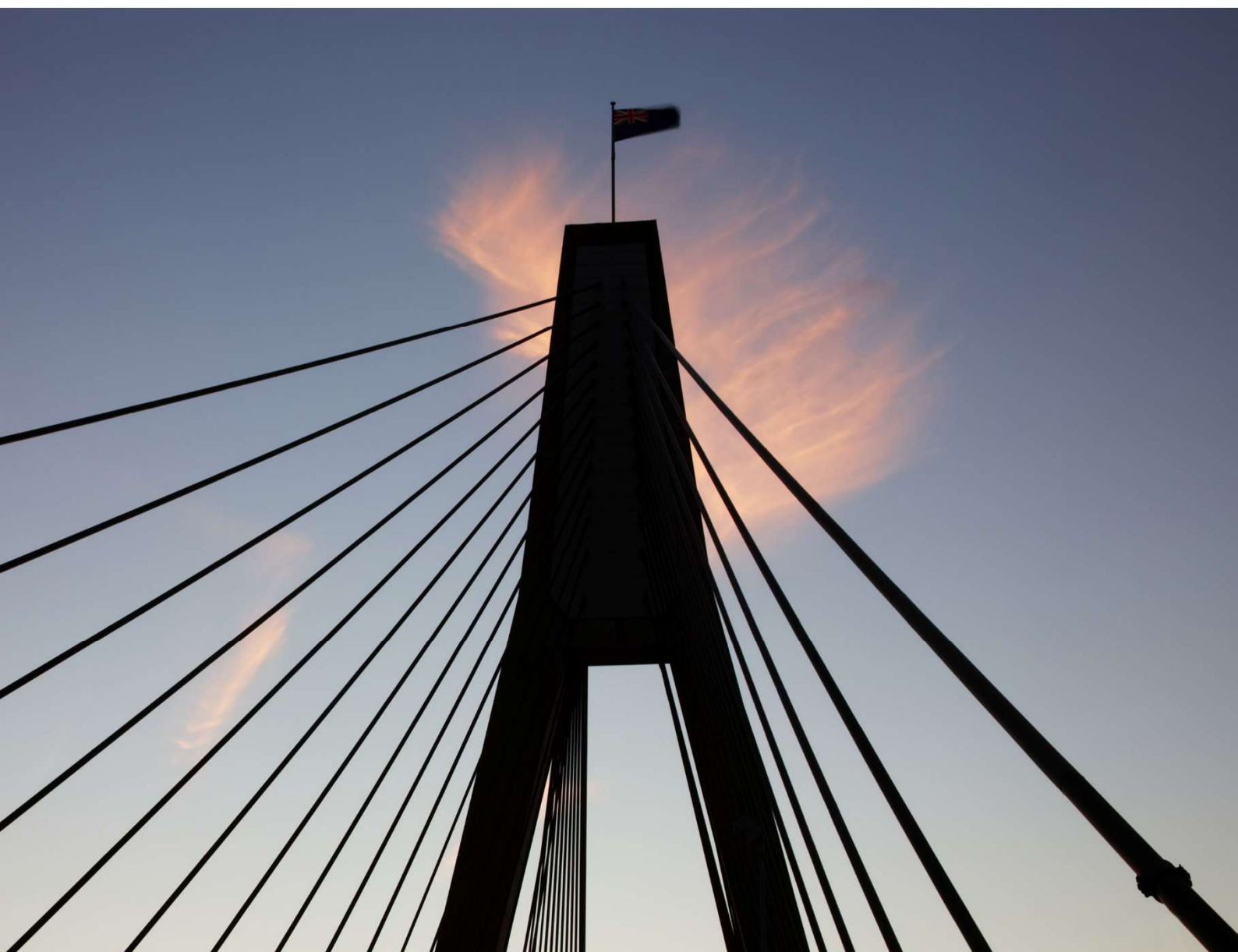


**N1 HOLDINGS LIMITED**

**ACN 609 268 279**

# **HALF-YEAR FINANCIAL REPORT**

31 December 2019



Directors	Ren Hor Wong Executive Chairman, CEO Jia Penny He Executive Director, CFO Paul Jensen Non-Executive Director (appointed 18 November 2019) David Holmes Non-Executive Director
Company secretary	Anand Sundaraj
Registered office	Suite 502, 77 King Street Sydney NSW 2000
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000
Auditor	Crowe Sydney Level 15, 1 O'Connell Street Sydney NSW 2000
Solicitors	Sundaraj & Ker Level 36, 264 George Street Sydney NSW 2000
Stock exchange listing	N1 Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: N1H)
Corporate Governance Statement	N1 Holdings Limited and the board are committed to achieving and demonstrating the standards of corporate governance which are appropriate for an entity of its size and stage of development. N1 Holdings Limited reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council during the financial year ended 30 June 2019 and intends to review its corporate governance practices against the revised 4th edition of these principles and recommendations before 30 June 2020. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement for the period ended 30 June 2019 which can be viewed at: <a href="http://www.n1holdings.com.au/">http://www.n1holdings.com.au/</a>

**N1 Holdings Limited**  
**Contents**  
**31 December 2019**



Directors' report	3
Auditor's independence declaration	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	22
Independent auditor's review report to the members of N1 Holdings Limited	23

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of N1 Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled ('Group' or 'consolidated entity') at the end of, or during, the half-year ended 31 December 2019 ('HY20').

### **Directors**

The following persons were directors of N1 Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Ren Hor Wong (Executive Chairman, CEO, appointed on 24 November 2015);  
Ms Jia Penny He (Executive Director, CFO, appointed on 24 November 2015);  
Mr Tarun Kanji (Non-executive Director, appointed on 18 March 2016 and resigned on 18 November 2019);  
Mr David Holmes (Non-Executive Director, appointed on 7 January 2019); and  
Mr Paul Jensen (Non-executive Director, appointed on 18 November 2019).

### **Company Secretary**

Mr Anand Sundaraj (Company Secretary)

### **Review of operations**

During HY20, the Group generated revenue of \$1,768,069 (HY19: \$2,104,306) and delivered a loss of \$1,283,940 (\$773,259m for HY19).

During HY20, the Group's financial services business continued to be the major revenue generator, accounting for 84.33% of the total revenue of the Group. The commercial lending (including the management fee income from One Lending Fund) revenue was \$1,059,639, this is an increase of 162% over the prior period (HY19: \$403,708). The mortgage broking revenue was \$431,297. The real estate business generated revenue of \$239,314 representing 13.54% of the Group's total revenue. N1 Migration generated \$37,820 in revenue representing 2.14% of the Group's total revenue.

Commercial lending and broking revenue growth in HY2020 was the key revenue driver for the Group, this was offset by a significant decline in residential loan broking revenue. The decline in residential loan broking revenue was caused by the tightening of lending criteria by the major banks and subdued property listings activity.

The Group's commercial lending growth is a testament of the Group's successful execution of its B2B strategy and the transitioning of the business to being a targeted commercial lender. When fully implemented, the board believe this to be a more profitable, higher valued and sustainable business model.

There was a reduction of N1 Realty's revenue to \$239,314 in first half of FY20 (HY19: \$275,081), representing 13% decline in revenue. The decline was due to a subdued property listings activity and increased regulatory compliance requirements in residential lending. The outlook for the N1 Realty business is positive with the improving property market sentiment and activity seen in the December quarter continuing into the second half of the year. The N1 Property Management business remains a consistent source of revenue.

The establishment of One Lending Fund (the Fund) in the second half of FY19 has driven the significant increase in revenue for the Group. Total Funds under management in the One Lending Fund as at 31 December 2019 was \$15,710,000 (FY19: \$6,200,000). The management fee received from the One Lending Fund amounted to \$509,527 (HY19: Nil).

During February 2020, ASIC granted additional authorisations to N1 Venture Pty Limited (the holder of an Australian financial services licence which is used in the N1 Asset Management business). These additional authorisations will permit N1 Asset Management to operate its own wholesale funds (rather than relying on an outsourced trustee). This will permit the Group to expand its financial services and product offerings. It is anticipated that the new authorisations will permit the Group to derive revenue from new sources including recurring revenue activities such as a management and trustee fees from new fund products.

### **New capital raise and borrowings**

During HY20, the Group borrowed \$3,049,808 in aggregate from unrelated entities, with interest rates ranging from a 6% to 10% per annum. The purpose of these borrowings is to provide general working capital and to allow the Company to make commercial loans from its balance sheet. Please refer to Note 11 for further details of these loans.

**Review of Financial Position**

The Group has a net liability position of \$1,067,436 as at 31 December 2019 (net assets: \$233,520 as at 30 June 2019). This was driven by the loss of \$1,283,940 in HY2020.

At 31 December 2019, the Group's current assets were \$8,344,538 and its current liabilities were \$5,593,968.

The non-current assets declined by \$99,063 to \$2,983,347 (\$3,082,410 as at 30 June 2019) and its non-current liabilities increased by \$1,764,255 to \$6,801,353 (\$5,037,098 at 30 June 2019). The increase was largely attributable to increased borrowings from external parties used to fund balance sheet commercial lending and working capital requirements.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Ren Hor Wong  
Executive Chairman and CEO

28 February 2020



28 February 2020

The Board of Directors  
N1 Holdings Limited  
77 King Street  
Sydney NSW 2000

Dear Board Members

## N1 Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of N1 Holdings Limited and its controlled entities.

As lead audit partner for the review of the financial report of N1 Holdings Limited and its controlled entities for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

  
**Crowe Sydney**

**Suwarti Asmono**  
Partner

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

**N1 Holdings Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**



		<b>Consolidated Group</b>	
		<b>31</b>	<b>31</b>
		<b>December</b>	<b>December</b>
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3	1,768,069	2,104,306
Other income	4	72,392	10,130
<b>Expenses</b>			
Consulting and referral fees		(448,455)	(407,553)
Interest expense on lease		(13,967)	-
Employee cost		(1,279,002)	(1,314,631)
IT and technology		(4,998)	(8,309)
Sales and marketing		(91,470)	(46,024)
Rent and utilities		(50,820)	(250,102)
Professional fee		(171,474)	(144,996)
Office and administrative expense		(115,125)	(110,815)
Finance cost		(523,439)	(244,802)
Travel cost		(33,698)	(33,187)
Depreciation and amortisation		(312,623)	(330,986)
Other expense		(96,347)	(13,306)
<b>Loss before income tax benefit</b>		(1,300,957)	(790,275)
Income tax benefit		17,017	17,016
<b>Loss after income tax benefit for the half-year</b>		(1,283,940)	(773,259)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive loss for the half-year</b>		<u>(1,283,940)</u>	<u>(773,259)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(1.57)	(0.95)
Diluted earnings per share		(1.57)	(0.95)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**N1 Holdings Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2019**



<b>Consolidated Group</b>			
<b>31</b>			
<b>Note</b>	<b>December 2019</b>	<b>30 June 2019</b>	
	<b>\$</b>	<b>\$</b>	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,609,009	919,532	
Trade and other receivables	5 618,844	283,585	
Contract assets	6 102,077	91,566	
Other financial assets	422,225	421,507	
Short-term loan receivables	7 4,506,000	2,752,500	
Assets held for sale	-	2,384,525	
Other assets	86,383	54,650	
Total current assets	<u>8,344,538</u>	<u>6,907,865</u>	
<b>Non-current assets</b>			
Trade and other receivables	5 107,887	-	
Contract assets	6 146,896	121,273	
Other financial assets	100,110	-	
Property, plant and equipment	8 780,075	293,354	
Intangible assets	9 1,468,177	1,591,185	
Deferred tax assets	164,474	839,775	
Other assets	215,728	236,823	
Total non-current assets	<u>2,983,347</u>	<u>3,082,410</u>	
<b>Total assets</b>	<b>11,327,885</b>	<b>9,990,275</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10 354,344	409,764	
Trail commission liabilities	3,888	216,248	
Loan and borrowings	11 4,581,410	3,756,602	
Lease liabilities	12 260,588	13,501	
Provisions	13 168,041	150,697	
Deferred income	225,697	172,845	
Total current liabilities	<u>5,593,968</u>	<u>4,719,657</u>	
<b>Non-current liabilities</b>			
Trade and other payables	10 9,163	-	
Trail commission liabilities	5,594	53,483	
Loan and borrowings	11 6,250,936	4,054,140	
Lease liabilities	12 298,245	37,541	
Deferred tax liabilities	164,474	839,775	
Provisions	13 72,941	52,159	
Total non-current liabilities	<u>6,801,353</u>	<u>5,037,098</u>	
<b>Total liabilities</b>	<b>12,395,321</b>	<b>9,756,755</b>	
<b>Net assets/(liabilities)</b>	<b><u>(1,067,436)</u></b>	<b><u>233,520</u></b>	

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**N1 Holdings Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2019**



	<b>Consolidated Group</b>	
	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2019</b>
<b>Note</b>	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Equity</b>		
Issued capital	5,671,077	5,688,093
Reserves	206,524	206,524
Retained earnings	<u>(6,945,037)</u>	<u>(5,661,097)</u>
<b>Total equity/(deficiency)</b>	<u><u>(1,067,436)</u></u>	<u><u>233,520</u></u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**N1 Holdings Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2019**



	Issued capital \$	Option Reserve \$	Retained earnings \$	Total equity \$
<b>Consolidated Group</b>				
Balance at 1 July 2018	5,722,125	206,884	(3,089,757)	2,839,252
Loss after income tax benefit for the half-year	-	-	(773,259)	(773,259)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(773,259)	(773,259)
<i>Transactions with owners in their capacity as owners:</i>				
Recovery of DTA for IPO cost	(17,016)	-	-	(17,016)
Share-based payments	-	50,963	-	50,963
Balance at 31 December 2018	<u>5,705,109</u>	<u>257,847</u>	<u>(3,863,016)</u>	<u>2,099,940</u>
	Issued capital \$	Option Reserve \$	Retained earnings \$	Total deficiency in equity \$
<b>Consolidated Group</b>				
Balance at 1 July 2019	5,688,093	206,524	(5,661,097)	233,520
Loss after income tax benefit for the half-year	-	-	(1,283,940)	(1,283,940)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,283,940)	(1,283,940)
<i>Transactions with owners in their capacity as owners:</i>				
Recovery of DTA for IPO cost	(17,016)	-	-	(17,016)
Balance at 31 December 2019	<u>5,671,077</u>	<u>206,524</u>	<u>(6,945,037)</u>	<u>(1,067,436)</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**N1 Holdings Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2019**



	<b>Consolidated Group</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
<b>Note</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	2,126,559	2,142,627
Payments to suppliers and employees	(2,707,297)	(2,910,051)
Net fund received from/(lent to) customers in commercial lending	(1,753,500)	(1,122,750)
Net fund raised from investors in commercial lending	3,049,808	1,645,829
Net proceeds from disposal of trail book	1,790,887	-
Other Interest received from bank deposit	12,240	6,270
Interest and other finance costs paid	(368,919)	-
Net cash from/(used in) operating activities	<u>2,149,778</u>	<u>(238,075)</u>
<b>Cash flows from investing activities</b>		
Payments for investments	(100,718)	-
Payments for property, plant and equipment	8 (18,787)	(2,908)
Payments for intangibles assets	-	(54,522)
Net cash used in investing activities	<u>(119,505)</u>	<u>(57,430)</u>
<b>Cash flows from financing activities</b>		
Payment of borrowing cost	(147,850)	(112,297)
Repayment of loans	(28,205)	(28,205)
Repayment of lease liabilities and interest expense	(164,741)	(6,402)
Net cash used in financing activities	<u>(340,796)</u>	<u>(146,904)</u>
Net increase/(decrease) in cash and cash equivalents	1,689,477	(442,409)
Cash and cash equivalents at the beginning of the financial half-year	<u>919,532</u>	<u>1,008,874</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,609,009</u></u>	<u><u>566,465</u></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

#### **AASB 16 Leases**

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

#### **Impact of adoption**

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits was \$nil. A reconciliation from lease commitments as reported in prior year financial report to balances of lease liabilities and right of use assets as at 1 July 2019 upon initial application of AASB 16 is as below:

	1 July 2019
Operating lease commitments as at 1 July 2019 (AASB 117)	635,669
True-up of variable lease payment in relation with indexation	72,554
Discount (based on the incremental borrowing rate)	<u>(50,671)</u>
Right of use assets under AASB 16 as at 1 July 2019	<u><u>657,552</u></u>
Lease liabilities -current (under AASB 16)	292,965
Lease liabilities - Non-current (under AASB 16)	<u>364,587</u>
	<u><u>657,552</u></u>

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.765%. The rate is determined by referring to the interest rate of the group's existing loan and for similar terms.

### **Going concern**

The financial statements have been prepared on a going concern basis. The consolidated group incurred a net loss of \$1,283,940 for the half year ended 31 December 2019 (31 December 2018: Loss of \$773,259). As at 31 December 2019, the consolidated group had a net liability position of \$ 1,067,436 (30 June 2019: Net assets \$233,520).

## **Note 1. Significant accounting policies (continued)**

The consolidated group has prepared a cash flow forecast which indicates that the group will be able to settle its liabilities in the foreseeable future. The following strategy will be implemented, with the objective to continue the transitioning of the Group's core operations into a predominantly financial services business.

- Continued pursuit of growth in commercial lending business through balance sheet lending and fund management fee from One Lending Fund.
- The Group will contact all existing lenders to extend the private loans that are approaching their expiry date. Most existing loans have opted to renew or extend as per track record.
- The Group will actively pursue the pipeline of mandated development funding projects and commercial property loans with estimated value \$35m, expected to be drawn down before 30 June 2020.
- The Group will actively pursue new private funding opportunities to fund its expanded commercial lending.
- The Group will proactively manage operational expenditures
- Leverage the existing head office infrastructure. No additional operational costs are needed to achieve the forecast increased revenue in the next 12 months.

## **Note 2. Operating segments**

### *Identification of reportable operating segments*

The Group is organised into four operating segments: financial services, real estate services, migration services and other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

### *Financial services*

This segment refers to the operating activities in the area of financial service business mainly including:

- Mortgage broking
- Commercial loan lending

The Group acts as a mortgage broker that provides its customer with advice and support and receives commission payments on loans originated through its network of customers.

The Group lends the privately raised funds to commercial borrowers and earns a loan fee and interest from those lending activities.

### *Real estate service*

The Group conducts real estate services through N1 Realty Pty Ltd and Sydney Boutique Properties Pty Ltd. The services currently are focused on rental property management and property sales agent service.

### *Migration service*

The Group provides migration services to its customers through N1 Migration Pty Ltd which holds a migration agent licence.

Other segments represent the services provided by the Group other than the above three categories.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.



**Note 2. Operating segments (continued)**

*Operating segment information*

	Financial services \$	Real estate service \$	Migration service \$	Other \$	Total \$
<b>Consolidated Group - 31 December 2019</b>					
<b>Revenue</b>					
Revenue	1,490,936	239,313	37,820	-	1,768,069
Interest income	11,004	1,212	24	-	12,240
Other revenue	3,772	108	-	56,272	60,152
<b>Total revenue</b>	<b>1,505,712</b>	<b>240,633</b>	<b>37,844</b>	<b>56,272</b>	<b>1,840,461</b>
<b>Segment profit/(loss) before D&amp;A, Interest and income tax</b>	(66,010)	96,374	(31,936)	(463,322)	(464,894)
Depreciation and amortisation	(129,055)	(113,796)	-	(69,773)	(312,624)
Interest expenses	(375,312)	(22,854)	(65)	(125,208)	(523,439)
<b>Loss before income tax benefit</b>	<b>(570,377)</b>	<b>(40,276)</b>	<b>(32,001)</b>	<b>(658,303)</b>	<b>(1,300,957)</b>
Income tax benefit					17,017
<b>Loss after income tax benefit</b>					<b>(1,283,940)</b>
<b>Assets</b>					
Total Segment assets	8,689,694	909,164	19,678	1,709,349	11,327,885
<b>Total assets</b>					<b>11,327,885</b>
<b>Liabilities</b>					
Total Segment liabilities	11,247,040	2,902,162	68,457	(1,822,338)	12,395,321
<b>Total liabilities</b>					<b>12,395,321</b>
<b>Consolidated Group - 31 December 2018</b>					
<b>Revenue</b>					
Revenue	1,620,408	275,081	83,817	125,000	2,104,306
Interest income	5,204	-	71	995	6,270
Other revenue	3,831	29	-	-	3,860
<b>Total revenue</b>	<b>1,629,443</b>	<b>275,110</b>	<b>83,888</b>	<b>125,995</b>	<b>2,114,436</b>
<b>Segment profit/(loss) before D&amp;A, Interest and income tax</b>	139,928	(93,928)	20,707	(291,790)	(225,083)
Depreciation and amortisation	(19,986)	(277,021)	-	(33,979)	(330,986)
Interest expenses	(159,615)	(26,759)	-	(47,832)	(234,206)
<b>Profit/(loss) before income tax benefit</b>	<b>(39,673)</b>	<b>(397,708)</b>	<b>20,707</b>	<b>(373,601)</b>	<b>(790,275)</b>
Income tax benefit					17,016
<b>Loss after income tax benefit</b>					<b>(773,259)</b>
<b>Consolidated Group - 30 June 2019</b>					
<b>Assets</b>					
Total Segment assets	6,995,506	1,044,737	53,208	1,896,824	9,990,275
<b>Total assets</b>					<b>9,990,275</b>
<b>Liabilities</b>					
Total Segment liabilities	9,249,051	2,997,457	69,986	(2,559,739)	9,756,755
<b>Total liabilities</b>					<b>9,756,755</b>

**Note 3. Revenue**

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated Group</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Mortgage brokering origination commission	365,817	604,431
Mortgage brokering trail commission	65,480	612,269
Commercial lending fee and interest	1,059,639	403,708
Real estate service	239,314	275,081
Migration service	37,819	83,817
Other service	-	125,000
	<u>1,768,069</u>	<u>2,104,306</u>
<i>Geographical regions</i>		
Australia	<u>1,768,069</u>	<u>2,104,306</u>

*Timing of revenue recognition*

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The analysis of the revenue recognition point is as below:

	Half year ended 31 Dec 2019	Half year ended 31 Dec 2019	Half year ended 31 Dec 2018	Half year ended 31 Dec 2018
	At point in time	Over time	At point in time	Over time
	\$	\$	\$	\$
Mortgage origination commission	365,817	-	604,431	-
Trail commission	65,480	-	612,269	-
Commercial lending fee and interest	724,926	334,713	128,733	274,975
Real Estate service	239,314	-	275,081	-
Migration service	37,819	-	83,817	-
Other service	-	-	125,000	-
	<u>1,433,356</u>	<u>334,713</u>	<u>1,829,331</u>	<u>274,975</u>

**Critical accounting estimates and judgements – expected value of trailing income contract assets**

The group receives trailing commissions from lenders on settled loans over the life of the loan based on the loan book balance outstanding. The group is entitled to the future trailing commissions without having to perform further services and recognise this as a contract asset in accordance with AASB 15. The value of trailing commission is determined by using expected value approach being the sum of probability-weighted amounts for various possible future trailing commission generated from existing loan portfolios as at reporting date in accordance with AASB 15. These calculations require the use of following assumptions which are determined by management with the assistance of external valuation specialist:

- Weighted average loan life (WAL) of 3.7 years
- Loan atrophy rate of 19% p.a.

**Note 4. Other income**

	Consolidated Group 31 December 2019 \$	31 December 2018 \$
Other income	60,152	3,860
Interest income	12,240	6,270
	<u>72,392</u>	<u>10,130</u>

**Note 5. Trade and other receivables**

	Consolidated Group 31 December 2019 \$	30 June 2019 \$
<i>Current assets</i>		
Trade receivables	243,450	-
Commission receivables	129,842	231,015
Agent commission clawback receivable	59,730	52,570
Other receivable	251,282	-
	<u>684,304</u>	<u>283,585</u>
Provision for expected credit loss	(65,460)	-
	<u>(65,460)</u>	<u>-</u>
	<u>618,844</u>	<u>283,585</u>
<i>Non-current assets</i>		
Other receivables	107,887	-

**Note 6. Contract assets**

	Consolidated Group 31 December 2019 \$	30 June 2019 \$
<i>Current assets</i>		
Contract assets - current portion	<u>102,077</u>	<u>91,566</u>
<i>Non-current assets</i>		
Contract assets - non-current portion	<u>146,896</u>	<u>121,273</u>

The contract asset relates to future trailing income recognised as a result of adopting *AASB 15 Revenue from Contracts with Customers*. The contract asset for trailing income is recognised and measured by using expected value approach. The contract asset will only become a financial asset (i.e. a receivable) when the right to the consideration is unconditional. This is expected to be as each month's entitlement to the trailing commission is established when an invoice is raised to the aggregator.

**Note 7. Short-term loan receivables**

	<b>Consolidated Group</b>	
	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2019</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Short-term loan receivables	4,506,000	2,752,500

The short-term loan balance represented the outstanding amounts owed from commercial loan customers.

**Note 8. Property, plant and equipment**

	<b>Consolidated Group</b>	
	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2019</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Office equipment	93,070	74,283
Less: Accumulated depreciation	(62,226)	(55,027)
	30,844	19,256
Motor vehicles	74,329	74,329
Less: Accumulated depreciation	(48,785)	(45,113)
	25,544	29,216
Furniture & Fittings	530,109	530,109
Less: Accumulated depreciation	(310,208)	(285,227)
	219,901	244,882
Office - right-of-use	657,552	-
Less: Accumulated depreciation	(153,766)	-
	503,786	-
	780,075	293,354

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Office Equipment \$	Motor Vehicles \$	Furniture & Fittings \$	Office - Right-of-use \$	Total \$
<b>Consolidated Group</b>					
Balance at 1 July 2019	19,256	29,216	244,882	-	293,354
Additions/Additions per AASB 16 appliance	18,787	-	-	657,552	676,339
Depreciation expense	(7,199)	(3,672)	(24,981)	(153,766)	(189,618)
Balance at 31 December 2019	30,844	25,544	219,901	503,786	780,075

**Note 9. Intangible assets**

	<b>Consolidated Group</b>	
	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2019</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Goodwill	536,216	536,216
Rent roll	2,217,048	2,217,048
Less: Accumulated amortisation	(1,347,629)	(1,240,377)
	869,419	976,671
Website and IT system	328,957	328,957
Less: Accumulated amortisation	(266,415)	(250,659)
	62,542	78,298
	<u>1,468,177</u>	<u>1,591,185</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Rent Roll	Website and IT System	Total
	\$	\$	\$	\$
Balance at 1 July 2019	536,216	976,671	78,298	1,591,185
Amortisation expense	-	(107,252)	(15,756)	(123,008)
Balance at 31 December 2019	<u>536,216</u>	<u>869,419</u>	<u>62,542</u>	<u>1,468,177</u>

**Note 10. Trade and other payables**

	<b>Consolidated Group</b>	
	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2019</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	81,785	103,245
Employee payables	112,481	98,341
Other creditors and accruals	138,862	208,178
Retention payables	21,216	-
	<u>354,344</u>	<u>409,764</u>
<i>Non-current liabilities</i>		
Retention payables	<u>9,163</u>	<u>-</u>

**Note 11. Loan and borrowings**

	Consolidated Group 31 Dec 2019	Consolidated Group 30 Jun 2019
Current		
Bank loan (i)	281,410	56,410
Loan received for commercial lending (ii)	4,000,000	2,820,192
Loan received for corporate purposes (iv)	300,000	880,000
	<u>4,581,410</u>	<u>3,756,602</u>
Non-current		
Bank loan (i)	570,936	824,141
Loan received for commercial lending (ii)	3,500,000	1,630,000
Convertible debt for corporate purposes (iii)	1,370,000	1,370,000
Loan received for corporate purposes (iv)	810,000	230,000
	<u>-</u>	<u>-</u>
	<u>6,250,936</u>	<u>4,054,141</u>

i) The bank loan was borrowed from National Australia Bank and consisted of two loan drawdowns. Drawdown of \$1,000,000 in October 2016: The repayment term of the loan is 5 years expiring 30 November 2021. The interest is 4.765% per annum with principal and interest repayments in accordance with the amended loan agreement. The loan is secured by the Sydney Boutique Property rent roll. The outstanding loan balance as at 31 December 2019 is \$627,346 (30 June 2019: \$655,551).

Drawdown of \$225,000 in November 2017: The repayment term of the loan is 3 years ending on 30 July 2020. The interest is 4.724% per annum with interest repayable in accordance with the loan agreement. The loan is secured by the N1 Realty rent roll. The outstanding loan balance as at 31 December 2019 is \$225,000 (30 June 2019: \$225,000).

ii) Loan received for commercial lending is the funds being raised for commercial loan lending to customers. The loans are unsecured. Key information of these loans are detailed in the table below.

	Repayment term	Drawdown amount	Drawdown date	Balance at 31/12/2019	Interest rate (per annum) %
Private loan batch#1	2 years **	500,000	01/08/2019	500,000	10.00%
Private loan batch#2	2 years **	400,000	01/11/2018	300,000	10.00%
Private loan batch#3	2 years **	400,000	23/11/2018	300,000	10.00%
Private loan batch#4	1 year **	100,000	01/03/2019	100,000	8.00%
Private loan batch#5	2 years **	100,000	01/04/2019	100,000	10.00%
Private loan batch#6	2 years **	400,000	09/05/2019	400,000	10.00%
Private loan batch#7	6 months rolling **	2,000,000	01/10/2019	2,000,000	6.00%
Private loan batch#8	1 year **	100,000	21/10/2019	100,000	8.00%
Private loan batch#9	3 months rolling **	500,000	01/11/2019	500,000	10.00%
Private loan batch#10	2 years **	1,100,000	06/11/2019	1,100,000	10.00%
Private loan batch#11	6 months rolling **	1,000,000	15/11/2019	1,000,000	6.00%
Private loan batch#12	2 years **	200,000	22/11/2019	200,000	10.00%
Private loan batch#13	2 years **	600,000	01/12/2019	600,000	10.00%
Private loan batch#14	2 years **	300,000	01/12/2019	300,000	10.00%
		<u>7,700,000</u>		<u>7,500,000</u>	

\* Principal and Interest \*\* Interest only

**Note 11. Loan and borrowings (continued)**

iii) Convertible debt for corporate purposes

In FY17, the Company issued 1.85 million unlisted convertible notes in exchange for a cost fund of \$370,000. The holders of the convertible notes may choose to convert the notes to shares in the Company at \$0.20 per share at any time before the maturity date, which was extended to 11 May 2021.

The Company and the relevant holders of the Convertible Bonds have agreed to extend the maturity date for the Convertible Bonds by 24 months to 11 May 2021. In addition, the interest rate has been amended from 7% to 10% pa which will take effect on and from the original maturity date, being 12 May 2019.

On 27 September 2017, the Company issued 5 million unlisted unsecured convertible notes with a total value of \$1,000,000. The holders of the convertible notes may choose to convert the notes to shares in the Company at \$0.20 per share at any time before the maturity date, which was extended to 26 September 2021.

iv) Loan from other lenders consists of seven loans from non-related parties. The first loan has a principal amount of \$180,000. The repayment term is 2 years and extended to 5 years in FY20 and the interest rate is 10% per annum in accordance with the loan agreement. The second loan has a principal amount of \$200,000. The repayment term is 2 years and extended to 4 years in FY20 and the interest rate is 10% per annum in accordance with the loan agreement. The third loan has a principal amount of \$200,000. The repayment term is 2 years and extended to 4 years in FY20 and the interest rate is 10% per annum in accordance with the loan agreement. The fourth loan has a principal amount of \$200,000. The repayment term is 1 year and the interest rate is 8% per annum in accordance with the loan agreement. The fifth loan has a principal amount of \$130,000. The repayment term is 2 years and the interest rate is 10% per annum in accordance with the loan agreement. The sixth loan has a principal amount of \$100,000. The repayment term is 1 year and the interest rate is 8% per annum in accordance with the loan agreement. The seventh loan has a principal amount of \$100,000. The repayment term is 2 years and the interest rate is 10% per annum in accordance with the loan agreement.

**Note 12. Lease liabilities**

	<b>Consolidated Group</b>	
	<b>31</b>	<b>30 June</b>
	<b>December</b>	<b>2019</b>
	<b>2019</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability - office	246,798	-
Lease liability - motor vehicles	13,790	13,501
	<u>260,588</u>	<u>13,501</u>
<i>Non-current liabilities</i>		
Lease liability - office	267,673	-
Lease liability - motor vehicles	30,572	37,541
	<u>298,245</u>	<u>37,541</u>

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.765%. The rate is determined by referring to the interest rate of the group's existing loan and for similar terms.

### **Note 13. Provisions**

	<b>Consolidated Group</b>	
	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
<i>Current liabilities</i>		
Employee provision	76,607	79,693
Refund liabilities	91,434	71,004
	<u>168,041</u>	<u>150,697</u>
<i>Non-current liabilities</i>		
Employee provision	<u>72,941</u>	<u>52,159</u>

Provision for clawback has been reclassified as refund liabilities under AASB 15.

### **Note 14. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

### **Note 15. Contingent liabilities**

There are no contingent liabilities or contingent assets as at 31 December 2019 (30 June 2019: nil).

### **Note 16. Related party transactions**

#### *Parent entity*

N1 Holdings Limited is the parent entity.

#### *Subsidiaries*

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group 31 December 2019 (%)	Ownership interest held by the Group 30 June 2019 (%)
N1 Loans Pty Ltd (i)	Australia	100%	100%
N1 Migration Pty Ltd (ii)	Australia	100%	100%
N1 Realty Pty Ltd (iii)	Australia	100%	100%
N1 Project Pty Ltd (iv)	Australia	100%	100%
N1 Venture Pty Ltd (v)	Australia	100%	100%
Sydney Boutique Property Pty Ltd (vi)	Australia	100%	100%
N1 Franchise Pty Ltd (vii)	Australia	100%	100%
Yizhihao (Shanghai) Business Consulting Co.,Ltd (viii)	China	100%	-

(i) N1 Loans was incorporated on 25 February 2010 and was initially owned by Mr Ren Hor Wong. Upon the completion of the IPO on 18 March 2016, the company became fully owned by the Company.

(ii) N1 Migration Pty Ltd was incorporated on 14 September 2015 and is fully owned by the Group since 11 April 2016.



**Note 16. Related party transactions (continued)**

- (iii) N1 Realty was incorporated on 3 May 2016 and, since then, it has been fully owned by the Group.
- (iv) N1 Project was incorporated on 9 December 2016 and, since then, it has been fully owned by the Group.
- (v) N1 Venture was incorporated on 19 November 2014 and was acquired on 1 September 2016, since then it has been fully owned by the Group.
- (vi) Sydney Boutique Property Pty Ltd was acquired on 21 October 2016. It has been fully owned by the Group since acquisition.
- (vii) TACQ International Pty Ltd was incorporated on 21 July 2017 and renamed to N1 Franchise Pty Ltd on 5 March 2018, it has been fully owned by the group since incorporation.
- (vii) Yizhihao (Shanghai) Business Consulting Co.,Ltd (viii) was incorporated on 8 August 2019, it has been fully owned by the group since incorporation.

*Transactions with related parties*

*Transactions with other related parties:*

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with other related parties:

The following transactions occurred with related parties:

	<b>Consolidated Group</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Purchases of services/goods from other related parties		
N1 Consultants Group Sdn Bhd - Malaysia	72,612	69,409

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 17. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Ren Hor Wong  
Executive Chairman and CEO

28 February 2020

## Independent Auditor's Review Report to the Members of N1 Holdings Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of N1 Holdings Limited (the Company and its controlled entities (the Group)), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of N1 Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of N1 Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

  
**Crowe Sydney**

  
**Suwarti Asmono**  
Partner

Dated at Sydney this 28<sup>th</sup> day of February 2020