



The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000
By E-Lodgement

31 January 2019

IBN Group Limited Update

iBuyNew Group Limited (**ASX: IBN**) ("**Company**") provides an update for the second quarter ("**Q2 FY19**"). The Company continues to operate iBuyNew.com.au, a leading Australian online new property marketplace, ("**iBuyNew**") and Nyko Property, a property research and advisory services firm ("**Nyko**") in conjunction with the assets of Indo-Pacific Property Group ("**IPG**").

Q2 FY19 Key Highlights

- \$0.92m in Gross Revenue from Exchange and Settlements¹ a 59.73% decrease from \$2.26m in Q2 FY18, being the "Prior Comparable Period" ("**PCP**"). This was an improvement against Q1 FY19 which recorded \$0.89m in Gross Revenue.
- Average commissions generated across the group also increased with an average commission of \$33.31k per sale, an improvement against Q1 FY19 from \$32.45k per sale;
- 21 new property sales, a decrease of 47.50% from 40 sales in PCP Q2 FY18;
- \$0.70m in Commissions Generated², a 49.64% decrease from \$1.39m from the PCP Q2 FY18;
- \$17.73m generated in TTV a 38.52% decrease from \$28.84m in PCP Q2 FY18;
- 18 active reservations at the end of Q2 FY19;
- The Company's future gross commissions receivable book is valued at c. \$5.10m at 31 December 2018 (subject to settlement);
- The cost cutting program announced by the Company in October 2018 has started to contribute to the reduction in cash used in operating activities, with the full benefits expected to be felt in H2 FY19;
- Staff costs were 9% lower and administration and corporate costs 20% lower than Q1 FY19.

¹ "**Gross Revenue from Exchange and Settlements**" comprises both upfront exchange income plus settlement income from past property sales. It does not include any future settlement income commissions owed but not yet paid.

² "**Commissions Generated**" refers to the commissions payable on properties sold during the period and includes an amount paid immediately upon contract exchange ("**exchange income**") and an amount expected to be payable in the future when the property is completed, and the contract is settled ("**settlement income**")

Company Results *	Q2 FY19	Q2 FY18	% Difference
TTV	\$17.73m	\$28.84m	(38.52%)
Average TTV per Sale	\$0.84m	\$0.72m	16.67%
Sales	21	40	(47.5%)
Commissions Generated ¹	\$0.70m	\$1.39m	(49.64%)
Average Commissions Generated per Sale	\$0.033m	\$0.035m	(5.71%)
Gross Revenue from Exchange and Settlements ²	\$0.92m	\$2.26m	(59.29%)
Company Results *	H1 FY19	H1 FY18	% Difference
TTV	\$30.24m	\$46.81M	(35.40%)
Sales	47	72	(34.72%)
Commissions Generated ¹	\$1.54m	\$2.34m	(34.19%)
Gross Revenue from Exchange and Settlements ²	\$1.83m	\$3.04m	(39.80%)

*Results are on an unaudited basis

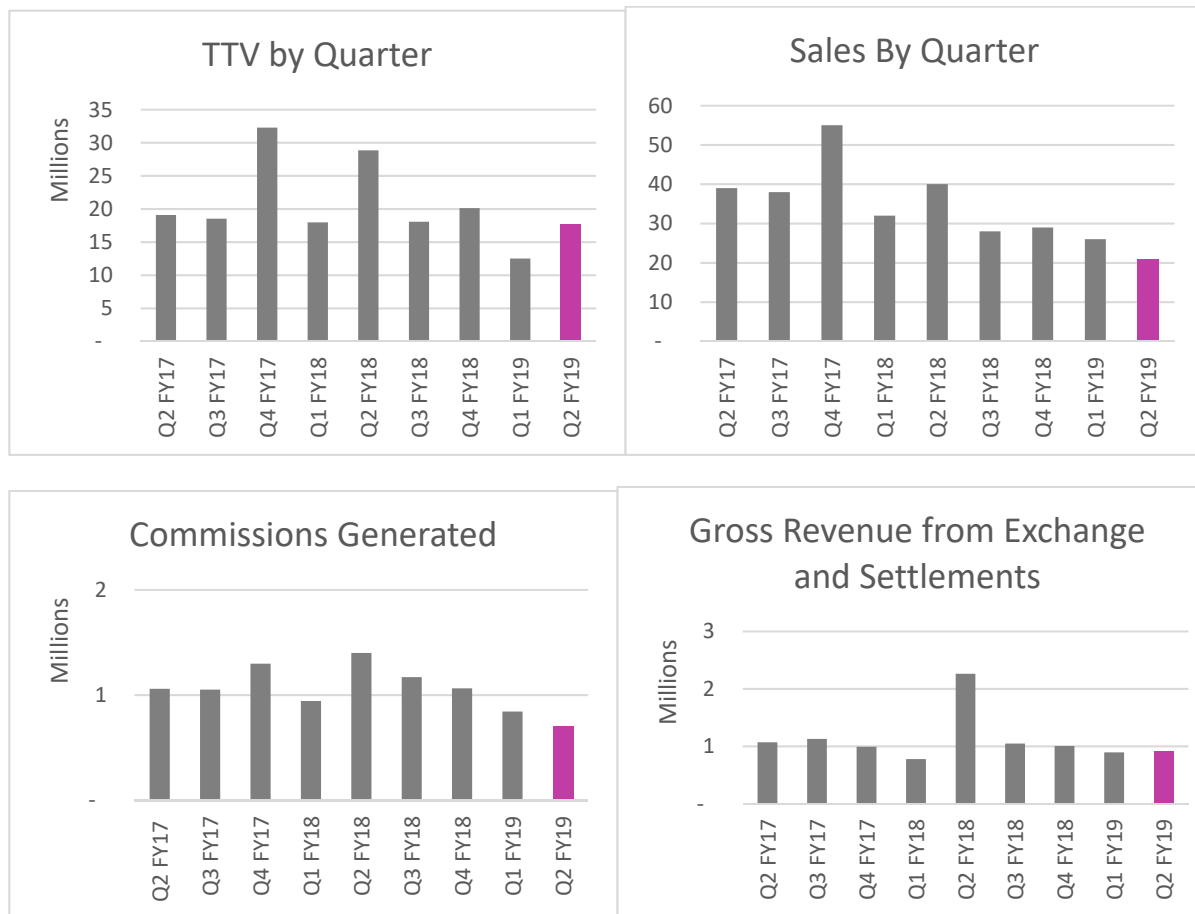
Operational Update

Given the ongoing market challenges and restrictions in the lending environment felt over the last 12 months, Q2 FY 19 was a period of consolidation for the Group. Following the appointment of Bill Nikolouzakakis as CEO and Warren McCarthy as Non-Executive Chairman in late Q1 FY19, David Scott was appointed as General Manager in October 2018 which has further bolstered the management team.

As announced on 8th October, the Company completed a review of its strategic priorities with material cost rationalisation initiatives identified and a clear plan implemented to reduce the Company's direct operating base. The cost reduction program has commenced and all unprofitable/non-key business units will have been removed by the end of February. Navigating through tougher than expected market conditions, the management team is focused on increasing sales across our B2B and B2C businesses that will provide the highest return on its marketing investment. Following David's appointment, the sales team has been re-invigorated with the appointment of new staff.

CEO Bill Nikolouzakakis said "While results have been disappointing for Q2 FY19, it's somewhat reflective of new home sales which have continued to lose momentum since July 2017. With the changes to the Group's management team and a regeneration of the sales team, we anticipate H2 FY19 to show improved results across our key metrics. This has already become evident with a higher number of active reservations recorded at the end of the quarter than against comparable periods.

While continued improvements in sales are expected, we are also closely monitoring costs and have increased our initial \$500,000 cost cutting program announced in October to bring the company in-line with current market conditions. The majority of the savings will be made by divesting of assets and business units across the Group which are not performing."



Group Update

On 15 January 2019, the Company announced the restructure of its existing debt and entered into a \$2,450,000 senior secured loan facility. The facility consists of two tranches:

- Tranche 1: \$1,950,000 made up of a combination of new lenders and \$600,000 of Company's current Convertible bond holders rolling into the secured loan facility; and
- Tranche 2: \$500,000 on arms' length terms with entities associated with non-executive director Stephen Quantrill, namely McRae Investments Pty Ltd. Tranche 2 of the facility will be drawn down at the election of IBN against settlement income payable to McRae in relation to Indo Pacific property sales.

The facility attracts an interest rate of 18 percent per annum accruing on a daily basis with a minimum repayment term of 6 months and a maximum of 12 months from the first advance date. The facility is a first ranking secured loan facility against the Company and Group's future settlements book including the NSW rent roll.

The funds will be used to retire historical debt including \$250,000 debt obligations owing to Mark Mendel and nominees (the vendors of Find Solutions Australia ("the iBuyNew business")) and the repayment of \$500,000 to existing convertible note bonds in conjunction with working capital to complete the strategic initiatives announced on the 8th October 2018.



ENDS

Further enquiries:

Bill Nikolouzakis

CEO

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About IBN

iBuyNew Group Limited operates iBuyNew.com.au and Nyko Property. iBuyNew and Nyko operate a leading Australian online marketplace and a research and advisory firm that helps buyers find, compare and buy new property.

iBuyNew.com.au is where Australians go to buy new property. The platform allows prospective buyers to compare, reserve and buy from more than 7,990 listings across 310 developments. Nyko focuses on new property distribution to B2B/corporate partners through research reports and its advisory services. Together, the businesses distribute new property sales across B2C and B2B channels across Australia.

The Company has a highly experienced board and management team that has a history in technology, corporate finance and sales, which it applies to increase the growth and profitability of its investments. The board is committed to providing management with the assistance and contacts required, in order to take their businesses to the next level.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

iBuyNew Group Limited

ABN

20 108 958 274

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,229	2,528
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs and/or direct costs	(557)	(1,071)
(c) advertising and marketing	(143)	(422)
(d) leased assets	(1)	(2)
(e) staff costs *	Wages (383) Consultant Fees (70) Directors Fees (19)	Wages (841) Consultant Fees (166) Directors Fees (30)
(f) administration and corporate costs **	(233)	(580)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(41)	(90)
1.6 Income taxes paid / refunded	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(218)	(673)

* staff costs include termination payments

**administration and corporate costs' relate to all other operating costs except for those listed from (a) to (e)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(2)	(10)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets (bank guarantee)	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) *	83	50
2.6	Net cash from / (used in) investing activities	81	(40)

* Trust account Movement for the Quarter.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(4)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(250)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(2)	(254)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	427	1,175
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(218)	(673)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	81	40
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	(254)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter*	288	288

* The cash balance includes \$163,503 restricted cash held on trust.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	288	288
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	288	288

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

25

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

\$5,000 for directorship services to entities partially controlled by Calvin Ng
\$8,250 for consulting & directorship services to entities controlled by Warren McCarthy
\$2,750 for directorship services to an associated entity of Stephen Quantrill
\$8,800 for property management and premises for an associated entity of Stephen Quantrill

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
250	250
-	-
1,100	1,100

8.1 Loan facilities

8.2 General Other Creditor

8.3 Convertible notes

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

KEY TERMS OF THE LOAN FACILITY (8.1):

- **Lenders:** FSA vendors (i.e. Mr Mark Mendel and Marshe Nominees Pty Ltd) (**FSA Vendors**).
- **Borrowers:** FSA.
- **Loan Facility:** An aggregate amount of up to \$1,000,000, consisting of two equal payments, the first deferred cash payment and second deferred cash payment.
- **Drawdown:** Available in two \$500,000 tranches on 31 December 2016 and 1 May 2017 equivalent to the first deferred cash payment and the second deferred cash payment, respectively.
- **Repayment:** On or before the final maturity date, 31 December 2017 (unless extended by mutual agreement in writing between the parties), FSA must repay all outstanding amounts and pay all interests, fees and other money payable to the FSA Vendors under or in connection with the facility agreement and the specific security deed.
- **Interest:** 8% per annum calculated daily until repaid.
- **Guarantee:** Provided by the Company and is unconditional.
- **Representations and warranties:** The facility agreement is subject to a range of standard form representations and warranties provided by the Company and FSA.

During Q4 FY 2017, the Loan Facility was reduced from \$1,000,000 to \$500,000 as a result of the FSA Vendors taking up \$500,000 of new shares under the Company's Rights Issue (\$500,000 owed under the Loan Facility was set off against the subscription amount for new shares under the Rights Issue).

During Q4 FY 2018, the Loan Facility was reduced from \$500,000 to \$250,000 as a result of the payment of \$250,000 on 1 April 2018 as part of the second deferred cash payment for the acquisition of Find Solutions Australia.

The final deferred cash payment of \$250,000 was paid on the 16th January 2019.

KEY TERMS OF THE CONVERTIBLE NOTES (8.3):

- 75,000,005 convertible notes were issued at \$0.018 per note (**Convertible Notes**).
- Interest rate is 10% per annum, accrued daily and paid monthly in arrears.
- The Convertible Notes are repayable at a maturity date of 24 months from the date of issue.
- Each Convertible Note may be redeemed or converted to the Company's shares at any time prior to the maturity date at an initial conversion price of \$0.018 per Share, subject to further adjustments in certain circumstances as described in the "*Convertible Note Deed Poll*".
- The Convertible Notes will be unsecured and will constitute direct, unsubordinated and unconditional obligations of the Company.
- The holders of Convertible Notes will have no rights to vote on any matter except for matters affecting the rights under the Convertible Notes.
- The holders of Convertible Notes have no rights to participate in any dividend declared or other distribution by the Company.

During Q2 FY 2018, the Convertible Notes were restructured with noteholders holding 61,111,115 Convertible Notes agreeing to vary the terms as follows.

- The Convertible Notes were extended for an additional 12 months with a new maturity date of 36 months from the date of issue, being 30 September 2019 unless redeemed or converted earlier.
- Each Convertible Note may be redeemed or converted to the Company's shares at any time prior to the maturity date at an initial conversion price of \$0.009 per Share, subject to further adjustments in certain circumstances as described in the "*Convertible Note Deed Poll*".

During Q1 FY 2019, the Convertible Note was reduced from \$1,350,000 to \$1,100,000 as a result of the payment of \$250,000 on 28 September 2018 at maturity.

Repayment of \$500,000 to noteholders was made on the 24th January 2019.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs and / or direct costs*	400
9.3	Advertising and marketing	230
9.4	Leased assets	1
9.5	Staff costs **	420
9.6	Administration and corporate costs	450
	Sub Total	1,501
9.7	Interest expense	110
	Tax payments	90
	Loan Repayment	750
9.8	Total estimated cash outflows	2,451

The Group expects c. \$820k in settlement commission during Q3 FY19. These commissions are based on construction timelines provided by Developers and are contingent on actual settlements.

*Direct costs include commissions paid to sales agents and external referral fees based on forecast exchanges and settlements during Q3 FY19. These payments are contingent on actual exchanges & settlements.

** Staff Costs includes direct salary and wages and director fees.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: 31/01/2019

Print name: Aliceson Rourke

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.