

n1

N1 HOLDINGS LIMITED

ACN 609 268 279

Annual Report for the year ended

30 June 2016

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Corporate Directory

Directors

Ren Hor Wong Executive Chairman, CEO
Jia Penny He Executive Director, CFO
Tarun Kanji Non-Executive Director

Company Secretary

Anand Sundaraj

Auditors

Crowe Horwath Sydney
Level 15, 1 O'Connell Street
Sydney NSW 2000

Notice of Annual General Meeting

Annual General Meeting of N1 Holdings Limited will be held at:

Whittens McKeough & Sundaraj Pty Ltd
Level 29, 201 Elizabeth Street
Sydney NSW 2000

Time: 10:00 am
Date: 25 November 2016

Stock Listing

N1 Holdings Limited is listed on Australian Securities Exchange (ASX) under the code N1H.

Corporate Office

Suite 502, 77 King Street
Sydney NSW 2000

Solicitors

Whittens McKeough & Sundaraj Pty Ltd
Level 29, 201 Elizabeth Street
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Corporate Governance Statement

N1 Holdings Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. N1 Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2016 corporate governance statement reflects the corporate governance practices in place since listed. The 2016 corporate governance statement was approved by the board on 18 March 2016. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at: <http://www.n1holdings.com.au/>

Chairman's Letter



Dear fellow shareholder,

It is with great pleasure that I welcome you to the N1 Holdings Limited (**Company**) Annual Report for the financial year ended 2016 (**FY16**), our first as an ASX listed company.

It has been a busy six months since our initial public offering (**IPO**) and your board and management team (Management) have been working diligently at growing the business and working to build shareholder value.

Our Chinese language online comparison website for mortgage and car loan products, www.chengdai.com.au (**Chengdai**), has been in operation for 12 months and has already gained significant traction with the Chinese-speaking customer community. The key to Chengdai's success is that we have brought products such as home and car loans to borrowers in their native language. We will continue to develop this product for other languages.

There are more than one million Chinese-speaking residents in Australia and we intend to further develop Chengdai to target investors in Mandarin-speaking communities in Sydney, Melbourne and Brisbane. The benefit of Chengdai is that it brings value and convenience to clients 24/7 without geographical restrictions.

We recently launched Loanrobot.com.au (**LoanRobot**), a website that compares a range of mortgage offerings and interest rates as well as calculates borrowing capacity. Targeting English-speaking Australians, LoanRobot was developed in response to customer demand and following the success of Chengdai. We receive more than 20% of our enquiries for mortgage broking via Chengdai and now LoanRobot will ensure that the Company's English speaking customers can also compare a range of mortgage providers and rates for suitability before speaking with an N1 Loans accredited mortgage broker.

During FY2016, we were encouraged by growth in our loan book from \$395 million to \$561 million, which represents a growth of 42%. While to date the majority of our business has come from Sydney-based clients, we are working to build similar growth from other Australia major cities with a focus on Melbourne, Brisbane and the Gold Coast.

Over the past few months, we have announced a number of key partnerships. In March 2016, we expanded our agreement with 1300HomeLoan to increase the number of leads being referred across different states in Australia. We are currently achieving an overall conversation rate about 30%. This has allowed us to expand aggressively into Victoria and Queensland with new offices now opened and operational.



We have also signed a referral agreement with buyers' agent Dream Design Property, one of Australia's fastest growing full service property investment firms. This has significantly strengthened our mortgage loan pipeline. Additionally, we entered into a commercial agreement with ASX-listed Ensurance Ltd (ASX: ENA) for the supply of general insurance products to the Company's customers via a white-labelled IT platform. This partnership is significant as it extends the range of insurance products offered across the Company's growing customer base.

We are excited to be opening N1 Realty's first office in Chatswood, Sydney this October. Demand from N1 Loans's customers for quality investment properties has accelerated the move into its own real estate business, and the Company will now have a supply of properties for sale that it will match with qualified investors that have come through the N1 Loans mortgage broking business unit.

Subsequent to the end of the financial year, the Company entered into two important transactions that will imminently add value to the Company's bottom line. We signed an agreement to acquire a prestigious North Shore real estate business, Sydney Boutique Property, which will expand the Company's footprint into real estate management and sales. We also acquired an existing \$80 million loan book with recurring trail income of approximately \$132,000 per annum bringing the Company's total loan book to over \$646 million. The acquisitions represent another example of the successful implementation of our diversification and growth strategy.

We will continue our diversified financial product offering which includes business loans, investment loans, insurance and financial planning. We also see opportunities via select acquisitions that will enhance company growth.

In the year ahead, shareholders can expect to see growth coming from multiple cities and revenue streams as we focus on growing and developing our people, products and business. I would like to take this opportunity to thank our Shareholders for their support in our first few months of listing and look forward to an exciting year ahead.

Yours sincerely,

Ren Hor Wong
Executive Chairman and Chief Executive Officer

29 September 2016
Sydney

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Awards Achieved in FY2016



Better Business Awards 2016
Customer Service of The Year (Office)
Finalist



Australian Broking Awards 2016
Best Independent Office
(More Than 5 Brokers)
Finalist



Australian Mortgage Awards 2016
Broker of the Year-Commercial
Ren Hor Wong
Finalist



Australian Mortgage Awards 2016
Brokerage of the Year
Diversification
Finalist



Australian Mortgage Awards 2016
Brokerage of the Year (≥6 staff)
Independent
Finalist



Australian Mortgage Awards 2016
Most Effective Internet Presence
Finalist



The Adviser
Australia's Top 25 Brokerages 2016



Finsure & LoanKit Award
Top Broker Business
(More than 5 brokers)



HKABA
NSW Chapter Business Awards
Finalist



MFAA excellence awards NSW/ACT
Finance Broker Business Award
6+ Loan Writers
Finalist

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Directors' Report

The directors of the Company (**Directors**) present their report on the consolidated entity consisting of the Company and its controlled entities (**Group**) for the financial year ended 30 June 2016 (**Directors' Report**). The information in the Chairman's Letter forms part of this Directors' Report and is to be read in conjunction with the following information:

Directors

The following persons were directors of N1 Holdings Limited during or since the end of the financial year up to the date of this report:

Mr Ren Hor Wong (Executive Chairman, CEO, appointed 24 November 2015);

Ms Jia Penny He (Executive Director, CFO, appointed 24 November 2015); and

Mr Tarun Kanji (Non-executive Director, appointed 18 March 2016).

Company Secretary

Mr Anand Sundaraj (Company Secretary, appointed 24 November 2015)

Information relating to Directors and Company Secretary

Mr Ren Hor Wong (Executive Chairman, CEO)

Qualifications, experience and special responsibilities

Mr Wong is the founder, Executive Chairman and Chief Executive Officer of the Company.

Mr Wong has been responsible for developing the Company's business strategy and expanding its business into Asia Pacific.

Prior to establishing the Company, Mr Wong had, over a span of 6 years, applied his entrepreneurial and management skills in industries ranging from courier services, printing services and real estate. He has previously founded and successfully exited various businesses including Copiko Printing, Sydneymove.com.au and Packers Unpackers.

Mr Wong is a licensed mortgage broker and fluent in both spoken and written Mandarin and Cantonese.

Mr Wong conducts regular seminars and provides topical discussions across Asia in relation to Australian property investments and financing. Mr Wong has also published multiple guides and learner books for release in China.

Mr Wong holds a Bachelor of Engineering with Honours from University of New South Wales.

Interest in shares and options in the Company (**Shares** and **Options**, respectively)

50,000,000 Shares

Directorships held in other listed entities during the three years prior to the current year

None

Ms Jia Penny He (Executive Director, CFO)

Qualifications, experience and special responsibilities

Ms He is a Certified Practising Accountant and a licenced financial adviser. She has over 10 years combined industry experience in accounting, financial planning and mortgage broking.

Ms He joined the Group in May 2014 as the Accounting and Tax Adviser and Principal Financial Planner. Ms He was subsequently appointed as the Company's Chief Financial Officer. Her current role within the Company includes all financial management, tax and reporting functions of the business.

Prior to joining the Company, Ms He served as an executive for Cabot Square Chartered Accountants from July 2006 to May 2014.

Ms He holds a Master of Accounting degree from Macquarie University and is also an ATO registered tax agent holding a Public Practice Certificate.

Interest in Shares and Options

250,000 Shares and 750,000 Options

Directorships held in other listed entities during the three years prior to the current year

None

Mr Tarun Kanji (Non-Executive Director)

Qualifications, experience and special responsibilities

Mr Kanji has nearly 25 years corporate and consulting experience spanning the US, Europe, Asia, Australia and New Zealand. After completing a Commerce Degree at Auckland University he spent over 10 years with international accounting firms spanning corporate advisory, valuation, finance, litigation support, recovery and audit disciplines in New Zealand and Europe. Thereafter Mr Kanji held a number of senior executive roles over 10 years with Fosters Group.

The roles covered a range of disciplines including finance (as a CFO), commercial management, business development, mergers & acquisitions, governance, and strategic development roles.

Mr Kanji is currently the independent chairman of Tomizone Limited (ASX:TOM). In addition, Mr Kanhi currently is involved in a number of internationally focused ventures which includes the commercial globalisation of an evolutionary search technology software company, focused on the US and Asian markets. He has held and holds a range of governance roles:

- Former Founding Chairman - Bank of India, (New Zealand) Limited (a subsidiary of the Bank of India)
- Member - Portfolio Governance Authority (a committee of New Zealand's department of Inland Revenue)
- Chairman - Noske-Kaeser Rail & Vehicles New Zealand Limited
- Independent Director - FairWay Resolution Limited (a New Zealand Crown-owned company)

Mr Kanji is a Fellow of The NZ Institute of Chartered Accountants Australia and New Zealand as well as a member of the New Zealand Institute of Directors, Certified Practicing Accountant of Australia, New Zealand Institute of Directors, Australian Institute of Directors and New Zealand Asian Leaders.

Interest in Shares and Options

1,000,000 Options

Directorships held in other listed entities during the three years prior to the current year

Independent Chairman – Tomizone Limited (ASX: TOM)

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Mr Anand Sundaraj (Company Secretary)

Qualifications, experience and special responsibilities

Mr Sundaraj is a principal of Whittens McKeough & Sundaraj, a commercial law firm based in Sydney. Prior to joining Whittens, Mr Sundaraj worked at international law firms Allen & Overy, King & Wood Mallesons and Herbert Smith Freehills, as well as for global investment bank Credit Suisse.

Mr Sundaraj specialises in providing legal advice on mergers & acquisitions and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including ASX Listing Rules compliance.

Mr Sundaraj is currently the company secretary of Catapult Group International Limited (ASX:CAT), Tomizone Limited (ASX:TOM), Disruptive Investment Group Limited (ASX:DVI), Reddam House (operator of independent, co-educational, non-denominational schools) and Lille Fro Foundation (an Australian-based charity which operates in India).

Mr Sundaraj holds a Bachelor of Laws (with Honours) and a Bachelor of Science from Monash University and is admitted as a solicitor of the Supreme Courts of New South Wales and Victoria.

Interest in Shares and Options 10,000 Shares

Directorships held in other listed entities during the three years prior to the current year None

Dividends paid or recommended

Dividends paid or declared for payment during the financial year are \$nil (2015: \$nil).

Changes in state of affairs

On 10 March 2016, N1 Holdings Limited issued 50,000,000 shares to Mr Ren Hor Wong and 6,043,750 to convertible noteholders in exchange for 100% of the issued capital of N1 Loans Pty Ltd.

On 18 March 2016 N1 Holdings Limited issued 25,000,000 ordinary shares at \$0.20 each to new Shareholders who subscribed shares through the IPO of the company.

Principal Activities

The principal activities of the Group during the financial year was the provision of mortgage broking services to customers.

Review of operations

There were no significant changes in the nature of the Group's principal activities during the financial year.

Review of operating results

During FY16, the Group generated revenue of \$3.39m (FY15: \$4.02m) delivering a net loss of \$1.30m (compared with a net profit of \$0.56m for FY15).

The Company listed on ASX on 18 March 2016 and most of the expenses incurred post-IPO which have contributed to the growth of business are yet to be evident on the Group's financial results. This is due to the fact that the Company's post-IPO operational period accounts for a single quarter and that revenue receipt lead time of three months is common across the mortgage broking industry.

Historically, the Company has engaged a number of contractors whose remuneration was based on commission

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to act as consultants. Since undertaking the IPO, the Group has initiated a transition into engaging consultants as full-time employees – this is referred to as the “PAYG consultant” model. The Group’s reduction in revenue during FY16 is a direct result of transitioning from commission-based consultants to PAYG consultants. However, over the longer term, the Group expects the PAYG consultant model to improve the health of cash flow, client retention rate and profitability of the business.

The full effect of this transition is yet to be seen due to the Group’s limited post-IPO operational period.

Revenues have also declined during FY16 due to the reduction in the recognised net present value (**NPV**) of the estimated future trail commission. Net future trail commission recognised in FY16 is \$427,000 (compared with \$919,002 for FY15). FY16 is the second year that N1 has adopted this revenue recognition policy and when the existing trail book ages, its estimated amortisation increases, which results in a reduction in NPV of the future trail commissions.

The Group is currently implementing a diversification strategy. Diversification revenue (**DR**), being revenue that is not related to residential home loan broking, is growing in line with the Group’s strategic plan. Total DR during FY16 was \$121,056 (FY15: \$51,498). This represents organic growth of 135%.

The decline in operating profit is predominantly due to the following factors:

- decrease in NPV of future trailing income movement of \$492,000;
- decrease in upfront commission by \$239,000;
- decrease in cost of sales by \$256,000;
- increase in employee costs by \$788,000;
- employee share options and derivative costs on convertible notes totalling \$307,000;
- costs associated with listing & being listed totalling \$53,000;
- marketing costs increased by \$223,000 to attract new clients; and
- rent & utilities increased by \$101,000 for new premise to cover operational needs.

During the financial year ended 30 June 2016, the Company used cash and its assets in a form readily convertible to cash that it received under its initial public offering in a way consistent with its business objectives.

Review of Financial Position

The net assets of the Group have increased from \$688,710 as at 30 June 2015 to \$5,216,244 in 2016. This increase was mainly due to the proceeds from the IPO and associated share issuance which raised \$5,000,000.

The Group has reduced its current financial liabilities by \$775,378. The Group’s working capital, being current assets less current liabilities, has improved from \$118,846 in 2015 to \$4,018,691 in 2016. The Directors believe the Group is in a stable financial position to expand and grow their current operations.

Prospects for future financial years

The Group has initiated a digital plus retail strategy in the FY 2016 and expects to have its first retail presence in Sydney in October 2016, complementing the Group’s web-based lead generation tools chengdai.com.au and loanrobot.com.au and realty related mobile app Snailapp. This marks N1’s strategic move to integrate online and offline capabilities, maximising market exposure, branding and efficient cross sell between N1 entities of complimenting businesses.

The Group looks forward to the organic growth momentum and planned acquisitions. N1 aims to become an integrated property and financial services firm with financial services specialisation in property and equipment finance, commercial lending and business loans, as well as property services specialisation in property management and residential sales. In broader terms, n1 offers more than just mortgage broking, it also includes property-related funds and real estate lending – both in residential and commercial nature. The group becomes an integrated one-stop shop that offers end to end value added services from funding of a development through to sales of properties to investors, arranging finance for investors then management of investment properties for investors.

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The Group will continue to execute its diversification strategy in the following ways:

- Products diversification
- Geographic diversification
- Language diversification

Events after the Reporting Period

On 1 September 2016, N1 Holdings Limited acquired a website (www.1crowd.com.au) owned by N1 Venture Pty Ltd (ACN 602 937 851) at its cost of \$50,000 and subsequently acquired N1 Venture at its issued capital of \$100. N1 Venture holds an Australian Financial Services Licence.

On 31 August 2016, N1 Realty Pty Ltd, a fully owned subsidiary of the Group, entered into an agreement to acquire all the issued shares in Sydney Boutique Property Pty Ltd, a real estate agency business with a cash consideration of \$2,000,000. The acquisition has not been completed when this financial report is signed.

On 17 August 2016, N1 Loans Pty Ltd acquired loan trail book from Aura Private Wealth Pty Ltd (ACN 158 184 000) with total consideration of \$336,661.50 excluding GST.

Other than above mentioned events, there has been no matters or events since the end of the financial year which may significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group in the future financial years.

Environmental Issues

The Group's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

Indemnifying Officers or Auditor

During or since the end of the financial year, the group has paid premiums to insure each of the directors (as named above) against liabilities for costs and expenses incurred by the defending legal proceedings arising from their conduct while acting in the capacity of directors of the group, other than conduct involving a wilful breach of duty in relation to the group. The premiums for the directors amounted to \$15,022.96. The group has not indemnified the auditors.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Crowe Horwath for non-audit services provided during the Year ended 30 June 2016:

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Taxation services	\$ 7,700
Due diligence investigations	12,000
	<u>19,700</u>

Auditor's independence declaration

The lead auditors' independence declaration for the year ended 30 June 2016 has been received and can be found following the Directors' Report.

Options

As at 30 June 2016, the number of unissued ordinary shares in the Company under option are 6,962,500. For details of Options issued to Directors and executives as remuneration, please refer to the Remuneration Report.

Meetings of Directors

During the financial year, five meetings of Directors were held. Attendance by each director during the year was as follows:

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Ren Hor Wong	5	5
Jia Penny He	5	5
Tarun Kanji	5	5

Remuneration Report

Remuneration Policy

The remuneration policy of the Company has been designed to align key management personnel (**KMP**) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance in areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the Group, as well as create goal congruence between Directors, executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy is to be developed by the Board and the Board may seek advice on the policy from independent external consultants at its discretion.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits options and performance incentives.
- Performance incentives are generally only paid once and conditional on key performance indicators (**KPIs**) having been met.
- Incentives paid in the form of Options or rights are intended to align the interests of the Directors and the Company with those of the Shareholders. In this regard, KMP are prohibited from limiting the risk attached to those instruments by use of derivatives or other means.
- The Board reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and Shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes. Any change must be justified by

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reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in Shareholder wealth.

KMP receive, at a minimum, the superannuation guarantee contribution required by law, which is currently 9.5% of the individual's ordinary earnings. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees that can be paid to a non-executive Director is contained in that Directors' consultancy service agreement.

Remuneration structure

There have been no significant changes after the Company's listing on ASX. The table below summarises the remuneration components of KPM of the Group.

Remuneration component	Reward Type	Purpose	Link to performance
Fixed remuneration	Salaries, superannuation and other fixed benefits	To provide competitive fixed remuneration set with reference to role, market and experience	Company and individual performance are considered during the annual review
Short-term incentive	Bonus paid in cash	Rewards executives for their contribution to achievement of Group outcome	Revenue of the Group
Long-term incentive	Share options	Rewards executives for their contribution to the creation of shareholder value over the longer term	Vesting of the awards is dependent on absolute total Shareholder return in addition to continuous service vesting conditions.

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual involved is in and has a level of control over. The KPIs target areas that the Board believes hold greater potential for Group expansion and profit covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to achieving the Group's goals and shareholder value, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures, however, where the KPI involves comparison of the Group or a division within the Group to the market, independent reports are obtained from other research organisations.

Relationship between remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus (i.e. based on KPI), and the second being the issue of options to the majority of Directors and executives to encourage the alignment of personal and Shareholder interests. The Company believes this policy has been effective in increasing shareholder value over the past years.

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Performance conditions linked to remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios, and continued employment with the Group.

The performance-related proportions of remuneration (based on KPI targets) are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between Management and Shareholders. There has been no alteration to the terms of the bonuses paid since the grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices and as such these figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

The performance-based bonus schedule is detailed below, which has only available to executive Directors since the listing date on 18 March 2016. No bonuses were paid to executive Directors during FY2016.

Minimum revenue achieved by the Company for a financial year	Bonus Ren Hor Wong	Bonus Jia Penny He
\$4.5 million	\$10,000	\$5,000
\$5 million	\$16,000	\$8,000
\$5.5 million +	\$20,000	\$10,000

Maximum achievable bonus is used in below calculation.

	Fixed Remuneration		Remuneration linked to Performance	
	2016	2015	2016	2015
Directors and secretaries				
Ren Hor Wong	93.75%	100%	6.25%	0%
Jia Penny He	92.3%	100%	7.7%	0%
Tarun Kanji	100%	100%	0%	0%

Employment Details of members of KMP

The following tables provide employment details of persons who were, during FY2016, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

Positions of KMPs and their employment details

	Position Held	Contract Duration	Employment Type	Termination Notice Period
Directors				
Ren Hor Wong	Chairman, CEO	18/03/2016 - Ongoing	Permanent	6 months
Jia Penny He	Executive Director, CFO	18/03/2016 - Ongoing	Permanent	6 months
Tarun Kanji	Independent Director	18/03/2016 - Ongoing	Consultancy agreement	3 months

Key terms of KMP contract

Chief Executive Officer

— The CEO receives fixed remuneration of \$300,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.

— In addition to the fixed remuneration, the CEO will be entitled to a bonus on the following terms:

Minimum revenue achieved by the Company for a financial year	Bonus Ren Hor Wong
\$4.5 million	\$10,000
\$5 million	\$16,000
\$5.5 million +	\$20,000

— The Company provide a car benefit to the CEO.

— Fixed and incentive remuneration is reviewed and determined annually.

— Termination notice period is 6 months during the first 12 months and 3 months thereafter or without notice in the event of breach of services agreement between Mr Wong and the Company or serious misconduct.

— Restraint period being up to 24 months.

Chief Financial Officer

— The CFO receives fixed remuneration of \$120,000 per annum plus superannuation contributions under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* and the *Superannuation Guarantee Charge Act 1992 (Cth)*.

— In addition to the fixed remuneration, the CFO will be entitled to a bonus on the following terms:

Minimum revenue achieved by the Company for a financial year	Bonus Jia Penny He
\$4.5 million	\$5,000
\$5 million	\$8,000
\$5.5 million +	\$10,000

— Fixed and incentive remuneration will be reviewed and determined annually.

— Termination notice period is 6 months during the first 12 months and 3 months thereafter or without notice in the event of breach of services agreement between Ms He and the Company or serious misconduct.

— Restraint period being up to 24 months.

Non-Executive Director

— The remuneration (Service Fee) of the Non-Executive Director is \$40,000 per annum for the first year of service commencing 18 March 2016 and \$59,000 per annum for every year thereafter.

— 1,000,000 options exercisable at \$0.20 issued on 18 March 2016 expiring 2 years after the date of issue.

— The Service Fee will be reviewed and determined annually.

— Termination notice period is 3 months or 1 month in the event of breach of services agreement between the relevant Non-Executive Director and the Company or serious misconduct.

— Restraint period being up to 24 months.

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Remuneration of KMP

2016	Short term employee benefits			Post-employment benefits	Long term employee benefits	Share based payments	Total
	Salaries	Bonus	Other (note 1)	Superannuation	Long service leave	Options	
Directors							
Ren Hor Wong	\$145,451	-	\$3,783	\$13,713	\$889	-	\$163,836
Jia Penny He	\$105,453	-	-	\$10,044	\$491	\$7,445	\$123,433
Tarun Kanji	\$27,526	-	-	-	-	\$38,500	\$66,026

2015	Short term employee benefits			Post-employment benefits	Long term employee benefits	Share based payments	Total
	Salaries	Bonus	Other	Superannuation	Long service leave	Options	
Directors							
Ren Hor Wong	\$36,918	-	-	\$3,325	\$46	-	\$40,289
Jia Penny He	\$44,600	-	-	\$3,958	\$77	-	\$48,635
Tarun Kanji	-	-	-	-	-	-	-

Note1: The Company provides car benefits to the CEO.

Options and rights granted as remuneration

The terms and conditions relating to Options granted as remuneration during the year to KMP are as follows:

2016	Number of Options beginning of the year	Granted No.	Exercised during the year	Lapsed during the year	Number of options at the ending of the year	Vested	Unvested
Ren Hor Wong	-	-	-	-	-	-	-
Jia Penny He	-	750,000	-	-	750,000	-	750,000
Tarun Kanji	-	1,000,000	-	-	1,000,000	1,000,000	-

2015: No Options were granted or outstanding in 2015.

The fair value of Options granted as remuneration and as shown in the above table has been determined in accordance with Australian accounting standards and will be recognised as an expense over the relevant vesting period to the extent that conditions for vesting are satisfied.

Description of Options/rights issued as remuneration

Details of the Options granted as remuneration to those KMP and executives listed in the previous table are as follows:

	Tranche	Grant date	Number of options granted	Grant Value	Exercising Price	Vesting date	Reason for grant
Jia Penny He	1	14/12/2015	750,000	\$150,000	\$0.2	14/12/2018	Employee share option
Tarun Kanji	2	18/03/2016	1,000,000	\$200,000	\$0.2	18/03/2016	Director option

**N1 HOLDINGS LIMITED
DIRECTORS' REPORT
30 JUNE 2016**

	Tranche	Fair value per option at Granting date	Vesting conditions
Jia Penny He	1	\$0.0544	Continuous employment with the Group from 14/12/2015 to 14/12/2018
Tarun Kanji	2	\$0.0385	Vested

Option values at grant date were determined by applying the Binomial Approximation valuation methodology.

KMP shareholdings

The number of ordinary shares in the Company held by each KMP of the Group during the financial year is as follows:

2016	Number of Shares beginning of the year	Received as remuneration during year	Received on exercising Options	Disposed	Number of Shares at the end of the year
Ren Hor Wong (Note 1)	100	-	-	-	50,000,000
Jia Penny He (Note 2)	-	-	-	-	250,000
Tarun Kanji	-	-	-	-	-

2015: The Company was not incorporated in 2015.

Note 1: Mr Ren Hor Wong received 50,000,000 Shares in the Company in exchange of his shares in N1 Loans during the IPO.

Note 2: Ms Jia Penny He was issued 187,500 Shares from settlement of convertible notes and acquired 62,500 Shares during the IPO.

Other equity-related KMP transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to Options, rights and Shares.

Loans to KMP

The Group has made an interest free short-term loan to an associated entity of Ren Hor Wong. The total outstanding balance of the loan as at 30 June 2016 was \$50,000. The loan had been repaid at the time of reporting.

On behalf of the Board



**Ren Hor Wong
Executive Chairman and CEO**

**29 September 2016
Sydney**



Crowe Horwath Sydney
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29 September 2016

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.

As lead audit partner for the audit of the financial report of N1 Holdings Limited for the financial year ended 30 June 2016, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in blue ink that reads "Crowe Horwath Sydney".

CROWE HORWATH SYDNEY

A handwritten signature in blue ink that reads "Leah Russell".

Leah Russell
Partner

Dated this 29th day of September 2016

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N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
30 JUNE 2016

For the year ended 30 June 2016

	Note	2016 \$	2015 \$ (restated)
Continuing operations			
Revenue	4	3,387,683	4,017,760
Consulting and referral fees		(1,463,949)	(1,720,237)
Gross profit		1,923,734	2,297,523
Other income	4	70,829	35,318
Employee cost		(1,834,280)	(1,046,470)
IT and technology		(59,034)	(3,229)
Sales and marketing		(301,658)	(78,609)
Rent and utilities		(254,099)	(143,003)
Professional fee		(184,782)	(37,143)
Office and administrative expense		(140,772)	(38,507)
Finance cost		(282,873)	(12,540)
Travel cost		(124,754)	(74,122)
Depreciation and amortisation		(80,887)	(57,829)
Other operation cost		(26,700)	(26,425)
Profit/(Loss) before income tax		(1,295,276)	814,964
Income tax benefit/(expense)	5	(10,124)	(255,669)
Net profit/(loss) from continuing operations		(1,305,400)	559,295
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(1,305,400)	559,295
Earnings per share			
		cents	cents
Basic earnings per share	7	(5)	559,295
Diluted earnings per share	7	(5)	559,295

The accompanying notes form part of these financial statements.

N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

As at 30 June 2016

		2016	2015	2014
		\$	\$	\$
	Note		(restated)	(restated)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	8	3,856,946	647,857	59,805
Trade and other receivables	9	1,060,440	854,167	409,309
Other financial assets	10	94,657	205,631	-
TOTAL CURRENT ASSETS		5,012,043	1,707,655	469,114
NON-CURRENT ASSETS				
Trade and other receivables	9	949,010	716,000	117,327
Other financial assets	10	195,097	28,500	33,635
Property, plant and equipment	11	182,508	131,320	166,991
Deferred tax assets	15	349,246	64,624	16,635
Intangible assets	12	155,750	68,599	1,714
TOTAL NON-CURRENT ASSETS		1,831,611	1,009,043	336,302
TOTAL ASSETS		6,843,654	2,716,698	805,416
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	13	462,769	343,216	228,611
Other financial liabilities	14	33,698	809,076	59,456
Current tax liabilities	15	-	61,874	27,359
Provisions	16	496,885	374,643	166,111
TOTAL CURRENT LIABILITIES		993,352	1,588,809	481,537
NON-CURRENT LIABILITIES				
Other financial liabilities	14	149,448	106,029	137,293
Deferred tax liabilities	15	477,443	331,200	55,499
Provisions	16	7,167	1,950	1,672
TOTAL NON-CURRENT LIABILITIES		634,058	439,179	194,464
TOTAL LIABILITIES		1,627,410	2,027,988	676,001
NET ASSETS		5,216,244	688,710	129,415
EQUITY				
Issued capital	17	5,738,586	100	100
Reserves	17	94,448	-	-
Retained earnings		(616,790)	688,610	129,315
TOTAL EQUITY		5,216,244	688,710	129,415

The accompanying notes form part of these financial statements.

N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30 JUNE 2016

For the year ended 30 June 2016

	Note	Share Capital \$	Option Reserve \$	Retained Earning \$	Total \$
Balance at 1 July 2014		100	-	(184)	(84)
Opening balance adjustment	2	-	-	129,499	129,499
Restated balance at 1 July 2014		100	-	129,315	129,415
<i>Comprehensive income</i>					
Profit for the year		-	-	559,295	559,295
Total comprehensive income for the year		-	-	559,295	559,295
Balance at 30 June 2015 / 1 July 2015		100	-	688,610	688,710
<i>Comprehensive income</i>					
Profit/(loss) for the year		-	-	(1,305,400)	(1,305,400)
Total comprehensive income for the year		-	-	(1,305,400)	(1,305,400)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Shares issued during the year		5,738,486	-	-	5,738,486
Total transactions with owners and other transfers		5,738,486	-	-	5,738,486
Share based payment		-	94,448	-	94,448
Balance at 30 June 2016		5,738,586	94,448	(616,790)	5,216,244

The accompanying notes form part of these financial statements.

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N1 HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
30 JUNE 2016

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,113,072	3,512,879
Interest received		26,359	(8,622)
Payments to suppliers and employees		(4,378,927)	(3,380,081)
Income tax paid		(74,160)	6,559
Net cash provided by (used in) operating activities	20	(1,313,656)	130,735
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(47,241)	(9,743)
Purchase of Intangible assets		(131,578)	(79,300)
Loans to Related Party		(41,000)	-
Loans Recovered		162,996	-
Cash Received on Disposal of plant and equipment		105,419	-
Net cash provided by /(used in) investing activities		48,596	(89,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,000,000	-
Cash paid for capital raising		(618,768)	-
Proceeds from borrowings		200,000	767,000
Loans from related parties		-	(189,376)
Finance liability repaid		(107,083)	(31,264)
Net cash provided by (used in) financing activities		4,474,149	546,360
Net increase in cash held		3,209,089	588,052
Cash and cash equivalents at beginning of financial year		647,857	59,805
Cash and cash equivalents at end of financial year	8	3,856,946	647,857

The accompanying notes form part of these financial statements.

**N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016**

These consolidated financial statements and notes represent those of N1 Holdings Limited and its controlled entities (the “consolidated group” or “group”).

1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act, the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The functional presentation currency is Australian dollars rounded to nearest dollar.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company and all of the subsidiaries. Subsidiaries are entities that the Company controls. The Company 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. A list of the subsidiaries is provided in Note 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, at which point the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration is classified as an asset or liability and is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at the acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Group reorganisation

The Company was incorporated on 24 November 2015. On 10 March 2016, the Company issued 50,000,000 shares to Mr Ren Hor Wong (sole shareholder of both the Company and N1 Loans Pty Ltd) and 6,043,750 shares to convertible noteholders in exchange for 100% of the issued capital of N1 Loans in order to list the Company on ASX. This Group reorganisation did not meet the definition of a business combination in *AASB 3 Business Combination*. As a result, the financial statements are a continuation of N1 Loans and the predecessor accounting has been used for the Group reorganisation as follows:

- Retained earnings and other equity balances at acquisition date are those of N1 Loans.
- The equity structure in the financial statements (the number of equity instrument issued) at the date of the acquisition reflects the equity structure of the Company, including Shares issued to effect the acquisition of N1 Loans.
- The result for FY2016 comprises the consolidated results for the year of N1 Loans, the result of the Company from 24 November 2015 to 30 June 2016 and other controlled entities from their incorporation dates during the year to 30 June 2016.
- The comparative figures represent the results and balances of N1 Loans only.

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N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

1. Summary of significant accounting policies (continued)

(b) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are 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 year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled and their measurement also reflects the manner in which Management expects to recover or settle the carrying amount of the related asset or liability.

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.

Where temporary differences exist in relation to investments in subsidiaries, 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.

(c) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the maximum extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Plant and Equipment

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. Impairment losses are recognised in profit or loss.

**N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016**

1. Summary of significant accounting policies (continued)

Depreciation

The depreciable amount of all plant and equipment and is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Currently the depreciation rate is in the range of 10% to 20%.

(e) Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

(f) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by KMP on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

**N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016**

1. Summary of significant accounting policies (continued)

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by Management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses

and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if Management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party where by the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

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**N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016**

1. Summary of significant accounting policies (continued)

(h) Intangibles other than goodwill

Website and IT System

Acquired website and computer software licences are capitalised on the basis of costs incurred to acquire them. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Amortisation

Amortisation is recognised in profit and loss on a straight line basis over the estimated useful life of the intangible assets from the date that they are suitable for use. The estimated useful life of intangible assets is as follows:

- Website and IT system and software: 5 years

(i) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the maximum extent that the underlying gain or loss can be recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

(j) Employee benefits

Retirement benefit obligations

All employees of the Group other than those that receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligations for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are remeasured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are remeasured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are remeasured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date that the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of Options is determined using the Binomial Approximation valuation methodology. The number of Shares and Options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

1. Summary of significant accounting policies (continued)

(k) Goods and services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. 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 ATO 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(m) New and amended accounting policies adopted by the Group

The Group has adopted all of the new and revised standards and interpretations, including amendments to the existing standards issued by the Australian accounting standards Board (the AASB) that are relevant to their operation and effective for the current reporting period. The adoption of these amendments and new standards has not resulted in any significant changes to the Group's accounting policies or any significant effect on the measurement or disclosure of the amounts reported for the current or prior reporting period.

(n) Critical accounting estimates and judgements

The Directors evaluations, estimates and judgments that are incorporated into the financial statements are based on historical knowledge and the best available current information. These estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Measurement of Share base payments

The share base payment is measured at fair value at the grant date of the Options. The fair value at grant date is independently determined using an adjusted form of the Binomial Approximation valuation methodology that takes into account the exercise price, the term of the Option, the impact of dilution (where material), the Share price at grant date and expected price volatility of the underlying Share, the expected dividend yield, the risk free interest rate for the term of the Option and the correlations and volatilities of the peer group companies.

NPV of trailing commission receivable

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 trailing commissions without having to perform further services. The Group also makes trailing commission payments to commission based consultants when trailing commission is received from lenders. The fair value of trailing commissions receivable from lenders and the corresponding amounts payable to the commission based consultants is determined by using a discounted cash flow valuation. These calculations require the use of assumptions which are determined by Management with the assistance of external actuaries. Key assumption used and the related sensitivity test have been given in note 25 in this financial report.

Clawback – Receivable and Provision

There is potential for origination commissions to be clawed back by lenders after loans have settled. When commissions are clawed back by lenders, the Group will claw back the corresponding commissions from its agents at the same time. As a result, the Group assesses the probability of the clawbacks and determines both provision for clawbacks (note 16) and clawback receivable from agents (note 9) at each reporting date. The provision is based on the historical record of actual clawback and recovery. The probability used in estimate of the clawbacks is 16.7% (2015: 10.2%)

1. Summary of significant accounting policies (continued)

Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(o) New accounting standards for application in future periods

Accounting standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: financial instruments and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and their revocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

Should the Company elect to change its hedge policies in line with the new hedge accounting requirements of the standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will have no significant impact on the Group's financial instruments.

AASB 15: revenue from Contracts with customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian accounting standards – effective Date of AASB 15).

When effective, this standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provided the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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1. Summary of significant accounting policies (continued)

The transitional provisions of this standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: accounting Policies, changes in accounting estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Whilst the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, the Directors consider that it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117: leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components of a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-3: Amendments to Australian accounting standards – accounting for acquisitions of interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016).

This standard amends AASB 11: Joint arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: business combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian accounting standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian accounting standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, Management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

AASB 2014-10: Amendments to Australian accounting standards – Sale or contribution of assets between an Investor and its Associate or joint venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian accounting standards – effective Date of Amendments to AASB 10 and AASB 128).

This standard amends AASB 10: consolidated financial statements with regards to a parent company losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- A gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- The remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- Any gain or loss from remeasuring the remaining investment in the former subsidiaries at fair value also be

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recognised only to the extent of the joint venture. The remaining gain or loss should be eliminated against the carrying amount of un related invest or' s interest in the associate or the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the Directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

2. Change of accounting policies

The Group has changed the accounting policy in relation to the recognition of its trailing income receivable during FY2016. The Group started to recognise the NPV of all the future trailing income as an asset on the balance sheet when the entitlement is established in accordance with Australian Accounting Standards. As a result of the change, each of the affected financial statement line items have been restated for the prior periods as follows.

Balance Sheet (extract)	30 June 2014	Increase	30 June 2014 (restated)	30 June 2015	Increase	30 June 2015 (restated)
Trade and other receivable	341,638	184,998	526,636	466,167	1,104,000	1,570,167
Deferred tax liability	-	55,499	55,499	-	331,200	331,200
Net assets	(84)	129,499	129,415	(84,090)	772,800	688,710
Retained earning	(184)	129,499	129,315	(84,190)	772,800	688,610
Total equity	(84)	129,499	129,415	(84,090)	772,800	688,710

Profit or Loss and other comprehensive income(extract)	2015	Profit Increase	2015 (restated)
Revenue	3,130,158	919,002	4,049,160
Profit/(loss) before tax	(104,038)	919,002	814,964
Income tax expense/(benefit)	(20,032)	275,701	255,669
Profit/(loss) after tax	(84,006)	643,301	559,295

3. Segment Information

The Group has not identified any reporting segments under AASB 8 during the current and prior financial year.

4. Revenue and Other Income

	Note	Consolidated Group	
		2016	2015 (restated)
(a) Revenue			
Origination commission		2,945,367	3,086,335
Fair value of Trail commission	2	427,000	919,002
Other service		15,316	12,423
		3,387,683	4,017,760
(b) Other income			
Bank Interest		26,359	3,918
Other		44,470	31,400
		70,829	35,318

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Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Commission Revenue

The Group provided loan origination services and receives origination commission on the settlement of loans. Additionally, the lender normally pays a trailing commission over the life of the loan. Commission revenue is recognised as follows:

(i) Origination commission

Origination commission are recognised upon the loan being settled.

(ii) Trailing commissions

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. On initial recognition, trailing commission revenue and receivables are recognised at fair value, being the expected future trailing commission receivables discounted to their net present value.

Subsequent to initial recognition, the trailing commission asset are measured at amortised cost. The carrying amount of the trailing commission asset are adjusted to reflect net present value of revised estimated future cash flows at the original effective interest rate. The resulting adjustment is recognised as income or expense in the consolidated statement of profit or loss and other comprehensive income.

(iii) Render of other service

Revenue from contracts to provide other services is recognised by reference to the stage of completion of the contracts.

5. Tax expense

		Consolidated Group	
		2016	2015
	Note		(restated)
(a)	The components of tax expense (income) comprise:		
	Current tax	(221,779)	27,958
	Deferred tax	231,903	227,711
		10,124	255,669
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
	Profit/(loss) before income tax	(1,295,276)	814,964
	At 30% (2015:30%)	(388,583)	244,490
	Tax effect of:		
	Permanent differences	278,891	11,179
	Net deferred tax as a result of IPO impact	156,943	
	Tax to equity	(37,127)	
	Income tax (benefit)/expense	10,124	255,668

As at 30 June 2016, the tax loss carried forward for the company is \$259,386 (2015: nil)

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6. Auditor's Remuneration

	Consolidated Group	
	2016	2015
Remuneration of the auditor Crowe Horwath Sydney for:		
auditing or reviewing the financial report	55,000	36,000
taxation services	7,700	-
due diligence services	12,000	-
	74,700	36,000

7. Earnings per share

	Consolidated Group	
	2016	2015
		(restated)
(a) Reconciliation of earnings to profit or loss		
Profit/(loss) – from continuing activities	(1,305,400)	559,295
Earnings/(loss) used to calculate basic EPS & dilutive	(1,305,400)	559,295
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	24,253,895	100
Weighted average number of dilutive options outstanding	2,988,818	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	27,242,713	-
(c) Earnings/(loss) per share – basic	cents (5)	cents 559,295
Earnings/(loss) per share – dilutive	(5)	559,295

8. Cash and cash equivalents

	Note	Consolidated Group	
		2016	2015
Cash at bank and on hand		2,856,946	647,857
Short-term bank deposits		1,000,000	-
	24	3,856,946	647,857

The effective interest rate on the short-term bank deposits was 2.90% at 30 June 2016. These deposits have an average maturity of less than 3 months.

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9. Trade and other receivables

		Consolidated Group	
	Note	2016	2015
			(restated)
<i>Current</i>			
Commission receivables		285,359	304,988
Agent commission clawback receivable		193,091	161,179
Net present value of future trailing commission receivable	2	581,990	388,000
		1,060,440	854,167
<i>Non-Current</i>			
Net present value of future trailing commission receivable	2	949,010	716,000
		949,010	716,000

Management's estimate of agent commission clawback and NPV of future trailing commission are detailed in Note 1(n) in this financial report.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. On a geographic basis, the Group has significant credit risk exposures in Australia only.

The Group has assessed that there are no trade and other receivables that are impaired at year end (30 June 2015: nil). As at 30 June 2016, all trade and other receivables but \$19,578 are not past due (2015: \$150).

10. Other financial assets

		Consolidated Group	
		2016	2015
<i>Current</i>			
Rental Deposit		24,990	33,635
Loan receivable - director		-	155,886
Loan receivable - other entity		50,000	16,110
Other		19,667	-
		94,657	205,631
<i>Non-Current</i>			
Rental deposit		195,097	28,500
		195,097	28,500

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11. Plant and Equipment

	Consolidated Group	
	2016	2015
<i>Office equipment</i>		
At cost	31,834	18,858
Accumulated Depreciation on office equipment	(17,543)	(9,928)
	14,291	8,930
<i>Motor vehicles</i>		
At cost	142,123	194,665
Accumulated Depreciation on motor vehicles	(9,707)	(79,148)
	132,416	115,517
<i>Furniture & Fittings</i>		
At cost	45,753	11,488
Accumulated Depreciation on Furniture & Fittings	(9,952)	(4,615)
	35,801	6,873
Total plant and equipment	182,508	131,320

Movements in Carrying amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Office Equipment	Motor Vehicles	Furniture &Fittings	Total
Balance at 1 July 2014	6,477	154,022	6,492	166,991
Additions	7,758	-	1,985	9,743
Depreciation expense	(5,305)	(38,505)	(1,604)	(45,414)
Balance at 30 June 2015	8,930	115,517	6,873	131,320
Additions	12,977	142,123	34,265	189,365
Disposals	-	(101,717)	-	(101,717)
Depreciation expense	(7,616)	(23,507)	(5,337)	(36,460)
Balance at 30 June 2016	14,291	132,416	35,801	182,508

The motor vehicles are acquired via finance lease.

12. Intangible assets

	Consolidated Group	
	2016	2015
<i>Website and IT system</i>		
Cost	213,106	81,527
Accumulated amortisation	(57,356)	(12,928)
Total intangibles	155,750	68,599

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	IT system
Balance at 1 July 2014	1,714
Additions	79,300
Amortisation	(12,415)
Balance at 30 June 2015	68,599
Additions	131,578
Amortisation	(44,427)
Balance at 30 June 2016	155,750

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

13. Trade and other payables

	Consolidated Group	
	2016	2015
Trade payables	160,286	134,355
Employee payables	167,405	137,603
Other creditors and accruals	135,078	71,258
	462,769	343,216

14. Other financial liabilities

	Consolidated Group	
	2016	2015
<i>Current</i>		
Other financial liabilities	33,698	42,076
Convertible Debt	-	767,000
	33,698	809,076
<i>Non-Current</i>		
Other financial liabilities	149,448	106,029
	149,448	106,029

	Convertible Note
As at 1 July 2014	-
Borrowed	767,000
Settled	-
As at 30 June 2015	767,000
Borrowed	200,000
Derivative expense	241,750
Settled	(1,208,750)
As at 30 June 2016	-

The convertible debt was originally due to be repaid in April 2016. As a result of successful IPO of the Group, the convertible notes have been converted through issuance of 6,043,750 shares of N1 Holdings Limited according to the Secured Convertible Note Deed Poll dated 14 April 2015.

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15. Tax

	Consolidated Group	
	2016	2015
<i>Current</i>		
Income tax payable	-	61,874
	<u>-</u>	<u>61,874</u>

Non-Current

Deferred tax liabilities	Opening balance (restated)	Charged to income statement	Closing balance
2015			
Trail commission receivable	55,499	275,701	331,200
Balance at 30 June 2015	<u>55,499</u>	<u>275,701</u>	<u>331,200</u>

2016			
Trail commission receivable	331,200	128,100	459,300
Intangible Asset	-	18,143	18,143
Balance at 30 June 2016	<u>331,200</u>	<u>146,243</u>	<u>477,443</u>

Deferred tax assets	Opening balance	Charged to income statement	Charged to equity	Closing balance
2015				
Commission clawback	14,845	35,836	-	50,681
Other temporary differences	1,790	12,153	-	13,943
Balance at 30 June 2015	<u>16,635</u>	<u>47,989</u>	<u>-</u>	<u>64,624</u>
2016				
Clawback and accrued	50,681	27,598	-	78,279
Tax Losses	-	77,816	-	77,816
IPO costs	-	-	148,504	148,504
Other temporary differences	13,943	30,704	-	44,647
Balance at 30 June 2016	<u>64,624</u>	<u>136,118</u>	<u>148,504</u>	<u>349,246</u>

16. Provisions

	Consolidated Group	
	2016	2015
<i>Current</i>		
Employee provision	42,863	44,526
Provisions for Clawback	454,022	330,117
	<u>496,885</u>	<u>374,643</u>

Non-Current

Long service leave	7,167	1,950
	<u>7,167</u>	<u>1,950</u>

N1 HOLDINGS LIMITED
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	Movement in clawback provision
As at 1 July 2015	330,117
New provisions during the year	390,157
Payment of clawbacks during the year	(251,611)
Under-provision prior year	(14,641)
As at 30 June 2016	454,022

Provision for clawback

Provision for clawback represented the estimate of commission to be clawed back by the lenders after loans are terminated before their maturity. In the event a lender claws back the commission, a corresponding clawback will be deducted from the authorised brokers contracted by the Group. The estimate is based on the historical record of clawback.

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. The probability of long service leave being taken is based on historical data.

17. Capital and reserve

	Consolidated Group	
	2016	2015
Fully paid ordinary shares	5,738,586	100
Option reserve	94,448	-
	5,833,034	100

Ordinary Shares

	Consolidated Group			
	2016	2016	2015	2015
	\$	Number of Shares	\$	Number of Shares
As at beginning of the year	100	100	100	100
Issuance of new shares	6,208,750	81,043,650	-	-
Capital raising costs	(618,768)	-	-	-
Defer tax benefit for capital raising cost	148,504	-	-	-
	5,738,586	81,043,750	100	100

On 18 March 2016, the Company issued 25,000,000 ordinary shares at \$0.20 each to new shareholders who subscribed for Shares in the Company through the IPO.

On 10 March 2016, the Company issued 50,000,000 shares to Mr Ren Hor Wong and 6,043,750 to convertible noteholders in exchange for 100% of the issued capital in N1 Loans.

Ordinary Shareholders participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the Shareholders' meetings each ordinary Share is entitled to one vote when a poll is called; otherwise each Shareholder has one vote on a show of hands.

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Option Reserve

	Consolidated Group	
	2016	2015
As at beginning of the year	-	-
Share based payment	94,448	-
	<u>94,448</u>	<u>-</u>

Details in relation to the options issued during the year are disclosed in note 21 in this financial statements.

Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible notes and other financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. No debt has been retired during the current year.

18. Lease commitments

(a) Operating Lease Commitments

	Consolidated Group	
	2016	2015
Payable — minimum lease payments		
Not later than 12 months	154,909	177,152
Between 12 months and 5 years	472,457	596,566
Later than 5 years	-	-
	<u>627,366</u>	<u>773,718</u>

The major property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that lease payments shall be increased by 4% per annum.

(b) Finance Lease

	Consolidated Group	
	2016	2015
Within 12 months	29,795	42,076
Between 12 months and 5 years	164,013	125,505
Total	<u>193,808</u>	<u>165,581</u>
Less: future finance lease charge	(20,749)	(17,477)
Net commitment recognised as a liability	<u>173,059</u>	<u>148,104</u>

(c) Capital Expenditure Commitments

There were no capital expenditure commitments as at 30 June 2016 (2015: nil)

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19. Contingent liabilities and Contingent assets

There are no contingent liabilities or contingent assets as at 30 June 2016 (2015: nil).

20. Cash flow information

	Consolidated Group	
	2016	2015
Reconciliation of Cash Flows from Operating Activities with Profit/(Loss) after Income Tax		
Profit/(loss) after income tax	(1,305,400)	559,295
Depreciation & Amortisation	80,887	57,829
Gain on sales of motor vehicle	(3,703)	-
Finance cost – convertible note discount	241,750	-
Share option scheme	94,448	-
(Increase)/decrease in trade and other receivables	(439,283)	(854,884)
Increase in other current assets	26,255	-
Increase in other financial assets	(191,587)	-
Increase/(decrease) in trade payables and accruals	119,554	65,759
Increase/(decrease) in provisions	127,459	75,024
(Increase)/decrease in deferred tax assets or liabilities	10,124	227,712
(Decrease)/increase in tax payable	(74,160)	-
Cash flows from operating activities	(1,313,656)	130,735

21. Share-based payments

(a) Employee Option Plan

The establishment of the Employee Option Plan was approved by the board of directors on 14 December 2015. The Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted Options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Once Options are vested, the Options remain exercisable for a period of two years.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary Share.

Options granted under the employee option plan:

	2016		2015	
	Average exercise price per Option	Number of Options	Average exercise price per Option	Number of Options
As at 30 June 2015	-	-	-	-
Granted during the year	0.20	5,977,500	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	0.20	(15,000)	-	-
As at 30 June 2016	0.20	5,962,500	-	-

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Options outstanding under the employee option plan at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry Date	Exercise price	Fair value at grant date	Options 30 June 16	Options 30 June 15
14 December 2015	14 December 2018	0.20	0.054	4,962,500	-
18 March 2016	18 March 2018	0.20	0.0385	1,000,000	-
Remaining contractual life of options outstanding at end of period				2.33 years	N/A

(b) Other share options

On 18 March 2016, the Company granted 1,000,000 options to Bellaire Capital Pty Ltd, an entity controlled by parties associated with the lead manager of the IPO. Below are its Options outstanding at the end of the year and their expiry date and exercise prices:

Grant Date	Expiry Date	Exercise price	Fair value at grant date	Share options 30 June 16	Share options 30 June 15
18 March 2016	18 March 2018	0.30	0.006685	1,000,000	-
Weighted average remaining contractual life of options outstanding at end of period				1.75 years	N/A

(c) Fair value of the Options granted

The fair value of the Options granted is considered to represent the value of the services received over the vesting period. The weighted average fair value of Options granted during the year was \$236,819 (2015: N/A). The value was calculated using the Binomial Approximation valuation methodology applying the following inputs:

Weighted average exercise price:	\$0.21
Weighted average life of the Option:	2.71 years
Expected share price volatility:	30%
Risk-free interest rate:	1.92%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility. The life of the Options is based on the historical exercise patterns, which may not eventuate in the future. Options included under employee benefits expense in the statement of profit or loss amount to \$66,022 and relate to equity settled share based payment transactions (2015: nil).

22. Events after the reporting period

On 1 September 2016, the Company acquired a website (www.1crowd.com.au) owned by N1 Venture Pty Ltd (ACN 602 937 851) at its cost of \$50,000 and subsequently acquired N1 Venture at its issued capital of \$100. N1 Venture holds an Australian Financial Services Licence.

On 31 August 2016, N1 Realty Pty Ltd, a fully owned subsidiary of the Group, entered into an agreement to acquire all the issued shares in Sydney Boutique Property Pty Ltd, a real estate agency business with a cash consideration of \$2,000,000. The acquisition has not been completed when this financial report is signed.

On 17 August 2016, N1 Loans acquired loan trail book from Aura Private Wealth Pty Ltd (ACN 158 184 000) with total consideration of \$336,661.50 excluding GST.

Other than above mentioned events, there has been no matters or events since the end of the financial year which may significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group in the future financial years.

N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

23. Related party transactions

Related Parties

(a) Parent Entities

The Company is the parent entity of the Group. The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2016	2015
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	3,732,432	-
Non-current Assets	12,855,317	-
TOTAL ASSETS	16,587,750	-
LIABILITIES		
Current Liabilities	15,042	-
Non-current Liabilities	865,676	-
TOTAL LIABILITIES	880,719	-
EQUITY		
Issued Capital	15,725,272	-
Accumulated loss	112,689	-
Option reserve	94,448	-
TOTAL EQUITY	15,707,031	-
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total loss after tax & total comprehensive	112,689	-

During the reporting period, N1 Holdings Limited has not entered into any financial guarantee arrangement.

At 30 June 2016, N1 Holdings Limited has no contingent liabilities.

At 30 June 2016, N1 Holdings Limited has no contractual commitments.

(b) Subsidiaries

Information about principal 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	
		2016 (%)	2015 (%)
N1 Loans Pty Ltd (i)	Australia	100%	N/A
N1 Migration Pty Ltd (ii)	Australia	100%	N/A
N1 Reality Pty Ltd (iii)	Australia	100%	N/A

The financial statements of subsidiaries used in the preparation of these consolidated financial statements were also prepared as at the same reporting date as the Group's financial statements.

- (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.
- (iii) N1 Realty was incorporated on 3 May 2016 and, since then, has been fully owned by the Group.

N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

(c) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered KMP.

KMP Compensation

Please refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2016. The total of remuneration paid to or payable to KMP of the Group during the year was:

	2016	2015
Short-term employee benefits	282,213	81,517
Post-employment benefits	23,757	7,283
Other long-term benefit	1,380	123
Share-based options	45,945	-
Total KMP compensation	353,295	88,923

Short-term employee benefits

These amounts include fees and benefits paid to non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated costs of provided for the Group's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options granted.

(d) Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

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:

Purchases of services/goods from other related parties	2016	2015
N1 Consultants Group Sdn Bhd - Malaysia	55,542	-
N1 Forex Pty Ltd	111,569	-
V1 Finance Pty Ltd	64,118	-
Seekahome Pty Ltd	72,000	-
Loan to related parties - balance	2016	2015
N1 Venture Pty Ltd – receivable	50,000	16,110
Ren Hor Wong – (payable)/receivable	(964)	155,886

N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

	Loan to N1 Venture Pty Ltd	Loan to Ren Hor Wong
As at 1 July 2014	-	17,380
Drawdown	31,882	201,322
Repayment	(15,772)	(28,056)
As at 30 June 2015	16,110	155,886
Drawdown	41,000	8,117
Repayment	(7,110)	(164,967)
As at 30 June 2016	50,000	(964)

24. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, other payables and other financial liabilities.

The totals for each category of financial instruments, measured in accordance with *AASB139 financial instruments: recognition and measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2016	2015
Financial Assets			
<i>Current</i>			
Cash and cash equivalents	8	3,856,946	647,857
Trade and other receivables	9	1,060,440	854,167
Rental deposit	10	24,990	33,635
Loan receivable – other entity		50,000	171,996
<i>Non-current</i>			
Trade and other receivables		949,010	716,000
Rental deposit		195,097	28,500
Financial Liabilities			
<i>Financial liabilities at amortised cost</i>			
<i>Current</i>			
Trade and other payables	13	462,769	343,216
Convertible debt		-	767,000
Finance lease payables		33,698	42,076
<i>Non-current</i>			
Finance lease payables		149,448	106,029

Specific financial risk exposures and management

The main risks the Group are exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign exchange risk. Financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Company has a risk governance framework which is reviewed and updated by the Board constantly. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the maximum extent possible that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally not more than 60 days from the invoice date.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, is the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counterparty or Group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia given the substantial operations in those regions. Details with respect to credit risk of trade and other receivables is provided in Note 1.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 9.

Credit risk related to balances with banks and other financial institutions is managed by the Board. All the Group's cash assets are deposited with Australian major banks and their credit ratings are between A-to AA based on Standard & Poor.

The majority of outstanding receivables are commissions (including NPV of future trailing commissions) owed from Finsure Finance and Insurance Pty Ltd ABN 72 068 153 926 (**Finsure**), Spectrum Wealth Advisers Pty Ltd ABN 57 134 661 706 (**Spectrum Wealth Advisers**) and lenders who make commission payments directly to the Group. Finsure is an aggregator of retailing loan brokers and acts as an intermedia between the Group and the lenders (financial institutions) to pass through the commission paid by those lenders to the Group. Spectrum Wealth Advisers is a dealer group who pays financial planning commissions to the Group on behalf of financial institutions. The financial institutions which are owing commissions to the Group through Finsure and Spectrum Wealth Advisers are rated between B and AA+.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group managed this risk through maintaining sufficient liquid assets (mainly cash and cash equivalents and borrowing facilities).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect Management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability maturity analysis

2016	Total contractual cash flows	No more than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables	462,769	462,769	-	-	-
Finance lease liabilities	193,808	29,794	29,795	134,219	-
	656,577	492,563	29,795	134,219	-

2015	Total contractual cash flows	No more than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables	343,216	343,216	-	-	-
Convertible debt	767,000	767,000	-	-	-
Finance lease liabilities	148,105	148,105	-	-	-
	1,275,797	1,275,797	-	-	-

N1 HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

(c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period where by a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the Group to interest rate risk to cash and cash equivalents.

Fixed rate instrument	Consolidated Group	
	2016	2015
Term deposit	1,000,000	-

Sensitivity Analysis: As interest rate are low at present 2.90%, a movement in the rate by 1% would be \$10,000 either way.

Foreign currency risk

At the reporting date the Group held cash assets dominated in USD (2016: US\$738,000, 2015: nil). The foreign exchange rate was at 0.7435 (AUD/USD). A movement in the rate by 5% would be \$27,435 either way in the revaluation of the USD to AUD equivalent.

25. Fair value measurement

AASB13: *fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input which is significant to the measurement can be categorized into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis.

The Group does not have any assets or liabilities recognised and subsequently measured at fair value on a recurring basis.

Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

Future trailing commission receivables are initially recognized at fair value and subsequently carried at amortised cost.

Valuation techniques and unobservable inputs used to measure Level 3 fair value

The fair value of the trailing commission receivables is initially recognised using a discounted cash flow methodology. The following table provided quantitative information regarding the significant unobservable inputs, the ranges of those inputs and the relationships of unobservable inputs to the fair value estimate:

Input	Underlying assumptions	Estimated sensitivity of fair value measurement to changes in unobservable inputs
Weighted average life	2.05 years	N/A
Discount rate (risk adjusted) – 8%	8%	If discount rate is 2% higher/lower, the fair value would decrease/increase by \$55,000/\$60,000 (2015: \$42,000/\$45,000)
Weighted average run-off rates	15%	If run-off rate is 1% higher/lower, the fair value would decrease/increase by 43,000/45,000 (2015: \$42,000/\$44,000)

Directors' Declaration

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

1. The financial statements and notes of the Company, as set out on pages 19 to 46, are in accordance with the Corporations Act and:
 - (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001 (Cth)*; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of the performance for the year ended on that date.
2. The financial statements and notes also comply with International Financial Reporting Standards as described in Note 1 to the financial statements.
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act from the Chief Executive Officer and Chief Financial Officer.

On behalf of the board



Ren Hor Wong
Executive Chairman and CEO

29 September 2016
Sydney

N1 Holdings Limited and Controlled Entities

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

Report on the Financial Report

We have audited the accompanying financial report of N1 Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 company and 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 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statement*, that the financial statement comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We 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 about 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 company'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 company'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.

Crowe Horwath Sydney is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of N1 Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- a) the financial report of N1 Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of N1 Holdings Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

Leah Russell
Partner

Dated this 29th day of September 2016

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**N1 HOLDINGS LIMITED
SHAREHOLDER INFORMATION
30 JUNE 2016**

Additional information required by the Australian Securities Exchange Ltd (ASX) and not disclosed elsewhere in this report is set out below. The information is current as at **16 September 2016**.

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number of shares	%	Number of holders	%
1 – 1,000	1,000	0.00%	1	0.26%
1,001 – 5,000	40,638	0.05%	11	2.88%
5,001 – 10,000	1,062,501	1.31%	107	28.01%
10,001 – 100,000	6,761,325	8.34%	209	54.71%
100,001 – and over	73,178,376	90.29%	54	14.14%
Total	81,043,750		382	

b. The number of shareholdings held in less than marketable parcels is 4.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
REN H WONG PTY LTD	50,000,000	61.70%
TIN FAMILY SMSF PTY LTD	4,250,000	5.24%
THE THREE HORSESHOES PTY LTD	3,750,000	4.63%
JIANRONG SUN	1,250,000	1.54%
YOKE MENG CHAN	975,266	1.20%
Total	60,225,266	74.31%

d. 20 Largest Shareholders — Ordinary Shares

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. REN H WONG PTY LTD	50,000,000	61.70%
2. TIN FAMILY SMSF PTY LTD	4,250,000	5.24%
3. THE THREE HORSESHOES PTY LTD	3,750,000	4.63%
4. JIANRONG SUN	1,250,000	1.54%
5. YOKE MENG CHAN	975,266	1.20%
6. TONG CHAI TAN	829,215	1.02%
7. MXJ PTY LTD	625,000	0.77%
8. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	556,000	0.69%
9. AUSTRALIA WIDE DEVELOPMENT GROUP PTY LTD	500,000	0.62%
10. TONG CHAI TAN	500,000	0.62%
11. VEN TAN PTY LTD	500,000	0.62%
12. LC FAMILY SUPER PTY LTD	500,000	0.62%
13. MUN CHING WANG	500,000	0.62%
14. IPOH YAP SMSF CO PTY LTD	487,500	0.60%
15. ZHAOJIA HE	425,000	0.52%
16. SILIAN ZHAO	418,750	0.52%
17. MANNI FU	375,000	0.46%
18. HUEY CHARNG WONG	350,000	0.43%
19. BNP PARIBAS NOMS PTY LTD	320,000	0.39%
20. YUEXIAN ZHAO	306,188	0.38%
Total	67,417,919	83.19%

**N1 HOLDINGS LIMITED
SHAREHOLDER INFORMATION
30 JUNE 2016**

e. Escrowed shares

Name	Number of Escrowed Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. REN H WONG PTY LTD	50,000,000	61.70%
2. JIANRONG SUN	1,250,000	1.54%
3. TIN FAMILY SMSF PTY LTD	1,250,000	1.54%
4. MXJ PTY LTD	625,000	0.77%
Total	53,125,000	65.55%

f. Vested Options

1,000,000 options exercisable at \$0.20 and expiring on 18 March 2018 are held by Value Creation Holdings Limited, an entity controlled by Non-Executive Director Tarun Kanji.

1,000,000 options exercisable at \$0.30 and expiring on 18 March 2018 are held by Bellaire Capital Pty Ltd, an entity controlled by parties associated with the lead manager of the IPO.

g. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

There are no other classes of equity securities.

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