

**ABLCORP FINANCE LTD AND ITS
CONTROLLED ENTITIES**

ABN 11 612 992 079

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

ABLCORP FINANCE LTD
11 612 992 079

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ABLCORP FINANCE LTD

DIRECTORS' REPORT

The Directors present their report on the company, together with its controlled entities, ("the consolidated group") for the financial year ended 30 June 2019

Director

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

Ben Whitehouse
Paul Dowling
Dean Rallison
Matthew Whitehouse

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the consolidated entity is the provision of asset based lending to Small to Medium Businesses.

There were no significant changes in the nature of the consolidated entity's activities during the year.

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to \$234,288 (2018: \$105,840) and reflects the nature of the consolidated entity's activities and financing arrangements during the year.

Dividends paid or recommended

A dividend of \$171,056 paid to A Class Share holders (2018: \$69,365) has been recommended, declared and paid since the beginning of the year.

Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of the normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Directors are of the opinion that the financial resources of the consolidated entity can be managed, or be supplemented by access to further funding facilities, such that the consolidated entity's liabilities can be satisfied.

Significant Changes in the State of Affairs

There has been no other significant change to the consolidated entity's state of affairs during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in years subsequent to 30 June 2019.

Likely Developments and Expected Results of Operations

There are no significant developments anticipated in respect of the consolidated entity's activities and operations.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulation under a law of the Commonwealth, State or Territory.

Options

No options were issued during the year and there are no options over unissued shares as at the end of the year.

ABLCORP FINANCE LTD

DIRECTORS' REPORT

Indemnification of Officers

During the year the company paid a premium to indemnify the Directors and officers of the company against liabilities and expenses incurred in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the consolidated entity, other than conduct involving a wilful breach of duty.

Information on Directors

<i>Director</i>	<i>Qualifications</i>	<i>Experience</i>	<i>Special responsibilities</i>
Ben Whitehouse	CA	More than 25 years as a chartered accountant, generally with his own business.	Marketing and promotion
Paul Dowling		30 years in business lending, including at Scottish Pacific, and Viden Group	Lending interface with clients; all lending issues.
Dean Rallison	LLM	More than 25 years working for BDO, the Australian Taxation Office, and Cooper Grace Ward in taxation law.	Company secretary, maintains the share register
Matthew Whitehouse	B.Bus (Acc and IT), CCA (Citrix)	More than 20 years working in Information Technology, generally with his own business; AXLE IT	IT issues surrounding the lending platform and phone App

Meetings of Directors

During the year there were 2 meetings of Directors held. Attendances were as follows:

<i>Director</i>	<i>Meetings held whilst a Director</i>	<i>Meetings attended</i>
Ben Whitehouse	2	2
Paul Dowling	2	2
Dean Rallison	2	2
Matthew Whitehouse	2	2

Company secretary

Mr Dean Rallison was appointed Company Secretary on 8th October 2019

ABLCORP FINANCE LTD

DIRECTORS' REPORT

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the consolidated entity or to intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the consolidated entity with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires the company's auditor to provide the Directors with a written independence declaration in relation to the audit of the financial report for the year ended 30 June 2019. The Auditor's Independence Declaration is attached and forms part of this Directors' Report.

Director

Brisbane, this

2019

ABLCORP FINANCE LTD
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**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Jun-19 \$	Jun-18 \$
Revenue	2	613,922	197,453
Administration costs		(75,532)	(11,006)
Advertising		(2,200)	(2,500)
Audit Fee		(4,750)	
Borrowing cost		-	(733)
Depreciation and amortisation		(21,522)	(21,522)
Interest		-	(5,361)
Legal Fees		(70,138)	(6,137)
Loss Provision		(135,708)	
Profit before income tax		<u>(309,850)</u>	<u>150,194</u>
Income tax benefit (expense)	3	<u>(69,784)</u>	<u>(44,354)</u>
Profit after income tax		234,288	105,840
Other comprehensive income items		<u> </u>	<u> </u>
Total other comprehensive income attributable to the members of the company		<u>-</u>	<u>-</u>
Total comprehensive income attributable to the members of the company		<u><u>234,288</u></u>	<u><u>105,840</u></u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Jun-19 \$	Jun-18 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	854,192	754,992
Trade and other receivables	5	2,717,813	765,804
TOTAL CURRENT ASSETS		<u>3,572,005</u>	<u>1,520,796</u>
NON-CURRENT ASSETS			
Shares - Emprest Leasing Pty Ltd			8
Intangibles	6	64,574	86,088
TOTAL NON-CURRENT ASSETS		<u>64,574</u>	<u>86,096</u>
TOTAL ASSETS		<u>3,636,579</u>	<u>1,606,892</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	58,861	14,580
Provision for GST		5,408	6,724
Current tax liability	8	68,284	44,354
Other liabilities	9	135,708	1,314
TOTAL CURRENT LIABILITIES		<u>268,261</u>	<u>66,973</u>
TOTAL LIABILITIES		<u>268,261</u>	<u>66,973</u>
NET ASSETS		<u>3,368,318</u>	<u>1,539,919</u>
EQUITY			
Contributed equity -Ord Shares	10	494,625	154,625
Contributed equity - A Class Shares	11	2,756,117	1,335,000
Reserves		-	-
Retained profits		117,576	50,294
TOTAL EQUITY		<u>3,368,318</u>	<u>1,539,919</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Contributed equity \$	Reserves \$	Retained Profits \$	Total \$
Balance at 1 July 2017	160,017		13,818	173,835
Comprehensive income				
Profit for the year			105,840	105,840
Other comprehensive income				-
Total comprehensive income for the year attributable to members of the company		-	105,840	105,840
Contributed equity issued	1,329,608			1,329,608
Dividend paid			(69,364)	(69,364)
Balance at 30 June 2018	<u>1,489,625</u>	<u>-</u>	<u>50,294</u>	<u>1,539,919</u>
Balance at 1 July 2018	1,539,919	-		1,539,919
Comprehensive income				
Profit for the year			234,288	234,288
Other comprehensive income (rounding)			(67)	(67)
Total comprehensive income for the year attributable to members of the company		-	234,221	1,774,140
Contributed equity issued	1,961,117			1,961,117
Equity repaid	(200,000)			(200,000)
Dividend paid			(171,054)	(171,054)
Tax timing difference			4,115	
Balance at 30 June 2018	<u>3,301,036</u>	<u>-</u>	<u>67,282</u>	<u>3,368,318</u>

The accompanying notes form part of these financial statements.

ABLCORP FINANCE LTD
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Jun-19 \$	Jun-18 \$
Cash flows from operating activities			
Receipts from customers		527,511	202,086
Payments to employees and suppliers		(107,996)	(25,336)
Interest received		87,910	-
Interest paid		-	(5,361)
Income tax paid		(41,258)	1,779
Net cash provided by (used in) operating activities	11	<u>466,167</u>	<u>173,168</u>
Cash flows from investing activities			
Proceeds from sale of investments		8	
Payments for customer loans		(1,957,039)	(638,783)
Payments for set up costs		-	(5,576)
Proceeds			
Net cash provided by (used in) investing activities		<u>(1,957,031)</u>	<u>(644,359)</u>
Cash flows from financing activities			
Repayment of borrowings			(91,553)
Repayment of share capital		1,761,117	1,329,620
Dividend paid		(171,055)	(57,513)
Net cash provided by financing activities		<u>1,590,062</u>	<u>1,180,554</u>
Net increase (decrease) in cash held		99,200	709,363
Effects of functional currency exchange rate		-	
Cash and cash equivalents at beginning of financial period		<u>754,992</u>	<u>45,629</u>
Cash and cash equivalents at end of financial period	4	<u>854,192</u>	<u>754,992</u>

The accompanying notes form part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report includes the consolidated financial statements and notes of ABLCORP FINANCE Ltd and its controlled entities ('Group'). The company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. ABL Corp Finance Ltd is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements have been prepared on an accruals basis and is based on historical costs, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The principle accounting policies adopted in the preparation of the financial report are set out below.

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Revenue and Other Income

Management Fees represent the fair value of the consideration received or receivable when the service is provided.

All revenue is stated net of the amounts of goods and services tax, and similar taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditure

Expenses represent liabilities for goods and services provided to the consolidated entity and are recognised upon incurrence of the liability.

Loan establishment costs, being broker fees and Government fees and charges, paid to third parties on behalf of borrowers are expensed at the time of the disbursement of the loan.

Borrowing costs are expensed as incurred over the term of the borrowing facility.

Income Tax

Tax expense recognised in profit or loss comprises the current tax recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Active loans

Active loans are recorded at the face value of the loans payable and recognised in accordance with the terms of the loans. The collectability of loans is reviewed on an ongoing basis. Loans which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

Trade and Other Receivables

Trade and other receivables are recognised at the amounts receivable as they are due for settlement within 60 days. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. 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 to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

Intangibles

App development & Set up costs

The cost of developing the App & Costs associated with the group set up including legals and Information Memorandum has been capitalised as an intangible and amortised on a straight line basis over a period of 5 years.

Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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 Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition

of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Financial Instruments

Initial recognition and measurement

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 using the effective interest rate method.

Issued Capital

Ordinary shares are classified as equity.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

	Jun-19 \$	Jun-18 \$
2. REVENUE AND OTHER INCOME		
The Group's revenue is analysed as follows for each major service category.		
Management Fees	507,404	142,876
Interest	87,910	35,919
Legal Fee Reimbursement	18,608	18,658
	<u>613,922</u>	<u>197,453</u>
3. INCOME TAX EXPENSE		
	Jun-19 \$	Jun-18 \$
(a) The major components of tax expense (income) comprise:		
Omicom	69,784	44,354
Total Income Tax expense	<u>69,784</u>	<u>44,354</u>
(b) Reconciliation of income to accounting profit:		
Profit	304,072	150,195
Tax	27.5%	27.5%
	<u>83,620</u>	<u>41,304</u>
	Jun-19 \$	Jun-18 \$
Add: Tax effect of non-deductible expenses	-	3,050
Expected tax expense	<u>83,620</u>	<u>44,354</u>
Less: Tax effect of;		
prior year tax adjustment	4,115	-
changes in temporary differences	9,721	-
Income Tax attributable to parent entity	<u>69,784</u>	<u>44,354</u>
Actual tax expense	<u>69,784</u>	<u>44,354</u>
4. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist the following:		
Cash at bank	854,192	754,992
	<u>854,192</u>	<u>754,992</u>

	Jun-19 \$	Jun-18 \$	
5. TRADE AND OTHER RECEIVABLES			
Trade and other receivable consist of the following:			
<i>Current</i>			
Active loans	2,714,149	762,920	
	<u>2,714,149</u>	<u>762,920</u>	
Trade Debtors	3,664	2,884	
	<u>2,717,813</u>	<u>765,804</u>	
The net carrying value of active loans is considered a reasonable approximation of fair value.			
6. INTANGIBLES			
Details of the Group's intangible assets and their carrying amounts are as follows:			
	App	Set Up Costs	Total
<i>Gross carrying amounts:</i>			
Balance 1 July 2017	40,000	62,034	102,034
Additions	4,218	1,358	5,576
Amortisation	(8,845)	(12,677)	(21,522)
Balance 30 June 2018	35,373	50,715	86,088
Amortisation	(8,845)	(12,677)	(21,522)
Balance 30 June 2019	26,528	38,038	64,566
<i>Carrying amount 30 June 2019</i>	<u>26,528</u>	<u>38,038</u>	<u>64,566</u>
	Jun-19 \$	Jun-18 \$	
7. TRADE AND OTHER PAYABLES			
Trade creditors	36,634	583	
Dividends Payable -A Class Shares	22,227	11,851	
Loan - Emprest Leasing Pty Ltd		2,146	
	<u>58,861</u>	<u>14,580</u>	
8. CURRENT TAX LIABILITIES			
Income tax payable	<u>68,284</u>	<u>44,354</u>	
9. OTHER LIABILITIES			
Loss Provision	135,708		
Interest Accrual		1,314	
	<u>135,708</u>	<u>1,314</u>	
10. Issued Capital			
2,352,727 (2018: 2,000,000) Ordinary Shares	494,637	154,637	
2,756,117 (2018: 1,335,000) Type A Shares	2,756,117	1,335,000	
	<u>3,250,754</u>	<u>1,489,637</u>	
	Jun-19 No.	Jun-18 No.	
<i>(a) Ordinary shares</i>			
At the beginning of the reporting period	2,000,000	17	
Shares issued during the year			
Share issued	<u>352,727</u>	<u>1,999,983</u>	

<i>At the beginning of the reporting period</i>	2,352,727	2,000,000
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The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote

The Company does not have authorised capital or par value in respect of its shares

Capital Management:

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company

	Jun-19	Jun-18
	No.	No.
<i>(b) A Class Shares</i>		
<i>At the beginning of the reporting period</i>	1,335,000	160,000
<i>Shares issued during the year</i>	1,421,117	1,175,000
<i>At the beginning of the reporting period</i>	<u>2,756,117</u>	<u>1,335,000</u>

The holders of A Class Shares have no right to Vote at any meetings of the company. They have income rights to all capital and interest paid by the company in proportion to the total shares on issue and time held.

11.

CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit

	Jun-19	Jun-18
	\$	\$
Profit after income tax	234,288	105,840
Non-cash flows in profit:		
Depreciation and amortisation	(21,522)	(21,522)
Prior year timing difference	4,107	
Changes in Assets and Liabilities:		
(Increase)/ decrease in trade and other receivables	2,884	4,633
(Increase)/decrease in trade and other payables	43,238	(4,960)
(Increase)/ decrease in Income tax payable	24,420	46,133
	<u>287,415</u>	<u>130,124</u>

12.

The registered office and principal place of business of the company is: 22 Mayneview Street Milton QLD 4064

ABLCORP FINANCE LTD
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DIRECTORS' DECLARATION

In the opinion of the Directors of ABLCORP FINANCE Ltd:

1. The consolidated financial statements and notes of ABLCORP FINANCE Ltd are in accordance with the *Corporations Act 2001*, including:
 - (a) Giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - (b) Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that ABL CORP FINANCE Ltd will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors.

Paul Dowling

Ben Whitehouse

22 Mayneview Street
Milton Qld 4064