

AG Financial Limited

ACN 108 069 003

Year Ended 30 June 2015

(Corresponding Period year ended 30 June 2014)

Results for Announcement to the Market

Extracted from 2015 Financial Statements	\$'000	% Change
Revenue from ordinary activities	10,909	+247.6
Profit/(Loss) from ordinary activities after tax attributable to members	(881)	+18.6
Net profit/(loss) attributable to members	(881)	+18.6

Dividends Per Share	Cents per share	% Franked
Interim	-	-
Final	-	-
Total dividend	-	-
Record date for determining entitlements to dividends	N/A	
Date for payment of final dividend	N/A	

Brief Explanation of results

The Board of AG Financial Limited reports an Earnings Before Interest, Tax, Amortisation and Depreciation (EBITDA) of \$2,432,394 and a net loss after tax of (\$880,701) for the year ended 30 June 2015. This is an improvement of 18.6% over last year driven by re-valuations of the Group's strategic investments of \$2,849,911. Off-setting this are one-off write-offs of intangible assets (\$2,923,627) and derecognition of net assets in AG Stockbroking Ltd (\$315,231). Revenue was up 247.6% on the prior year reflecting 10 months trading of AG Capital Markets Pty Ltd which was acquired in September 2014.

As has been noted above, there were one-off write offs of intangible assets (\$2,923,627) following the placement of AG Stockbroking Ltd into Voluntary Administration. This also triggered the derecognition of the net assets of AG Stockbroking Ltd as a result of the loss of control of the entity once administrators had been appointed (\$315,231). As per the Company's announcement on 27th March 2015, this restructure removed duplication of licences and overheads following the acquisition of AG Capital Markets Pty Ltd.

The acquisition of AG Capital Markets Pty Ltd was completed on the 1st September 2014 with all of the Groups stockbroking activities now being conducted under its Australian Financial Services Licence.

Stockbroking

AG Financial's stockbroking business generated revenues of \$7,298,641 for the period, whilst contributing \$575,932 to group EBITDA. This EBITDA result was impacted by a one-off derecognition of net assets in AG Stockbroking Ltd as a result of loss of control once administrators were appointed. This business segment has seen revenue increase by \$4,383,937 following the acquisition of AG Capital Markets Pty Ltd in September 2014. Revenue from AG Capital Markets Pty Ltd for the 10 month period to 30 June 2015 increased by 74.7% compared to the same 10 month period in the prior year.

Funds Management

The funds management business generated revenues of \$292,871, whilst decreasing group EBITDA by \$(166,974). This segment has been impacted by significant redemptions in its managed funds from legacy investors, with cost minimization options continuing to be explored.

Investment Management

Investment management activities generated revenues of \$3,317,503, primarily attributed to the re-valuation of current investments in the amount of \$2,849,911. This segment contributed \$2,915,839 to Group EBITDA.

Based on the weighted average number of shares on issue, the loss result equates to after tax loss of \$0.004 cents per share, an improvement of 33.3% on last year's result.

Net tangible assets (NTA) per security, after tax, were \$0.012 as at 30 June 2015, compared with \$(0.0002) as at 30 June 2014.

No final dividend has been declared by the Board.

The company has maintained in place the on-market share buy-back, but does not intend to exceed buying back above the 20% figure where shareholder approval is required. At the date of this report 6,487,542 shares have been purchased under the buy-back plan at a cost of \$4,299,256.

This Preliminary Final Report for AG Financial Limited is based on books and records of the Company that are in the process of being audited.



AG FINANCIAL LIMITED

2015 PRELIMINARY FINANCIAL STATEMENTS

AG FINANCIAL LIMITED**ACN 108 069 003****For the year ended 30 June 2015****(Corresponding period year ended 30 June 2014)****Preliminary Statement Of Profit Or Loss & Comprehensive Income**

	Note	2015 \$	2014 \$
Revenue	4	10,909,015	3,137,650
Commission expense & product expense		5,948,104	1,697,455
Management & administration expenses		284,000	270,000
Marketing costs		-	9,545
Depreciation & Amortisation expense		303,719	287,942
Impairment of identifiable intangible assets		734,524	-
Impairment of goodwill		2,189,103	-
Derecognition of net assets on loss of control of subsidiary		315,231	-
Employment expenses		673,777	423,332
Occupancy expenses		148,690	56,219
Consultants fees		131,976	210,468
Compliance expenses		57,027	-
Client Settlements		109,211	380,906
Interest expense		85,749	56,396
Communication expenses		195,128	180,753
Other expenses from ordinary activities		287,081	271,041
Directors fees, salaries		50,727	36,909
Legal Fees		101,089	150,319
Insurance expense		174,580	188,628
Profit/(loss) before income tax		(880,701)	(1,082,263)
Income tax expense/(benefit)		-	-
Profit/(loss) after tax		(880,701)	(1,082,263)
Other comprehensive income		-	-
Total comprehensive income for the year		(880,701)	(1,082,263)
Overall operations:			
Basic and diluted earnings per share	8	(0.004)	(0.007)

The above statement should be read in conjunction with the accompanying preliminary notes.

AG FINANCIAL LIMITED**ACN 108 069 003****As at 30 June 2015****(Corresponding period year ended 30 June 2014)****Preliminary Statement Of Financial Position**

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		212,632	800,218
Trade and other receivables		670,692	171,757
Other financial assets	6	4,546,895	200,792
Other current assets		83,724	162,868
TOTAL CURRENT ASSETS		5,513,943	1,335,635
NON-CURRENT ASSETS			
Intangibles		2,907,487	3,404,973
Property, plant and equipment		38,888	84,089
TOTAL NON-CURRENT ASSETS		2,946,375	3,489,062
TOTAL ASSETS		8,460,318	4,824,697
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,089,987	410,807
Employee benefits		56,170	30,556
Borrowings		893,027	959,559
TOTAL CURRENT LIABILITIES		2,039,184	1,400,922
NON-CURRENT LIABILITIES			
Employee benefits		19,692	17,189
Borrowings		-	37,272
TOTAL NON-CURRENT LIABILITIES		19,692	54,461
TOTAL LIABILITIES		2,058,876	1,455,383
NET ASSETS		6,401,442	3,369,314
EQUITY			
Issued Capital		32,431,144	28,518,315
Retained earnings		(26,029,702)	(25,149,001)
TOTAL EQUITY		6,401,442	3,369,314

The above statement should be read in conjunction with the accompanying preliminary notes.

AG FINANCIAL LIMITED**ACN 108 069 003****For the year ended 30 June 2015****(Corresponding period year ended 30 June 2014)****Preliminary Statement Of Cash Flows**

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Commission income		6,821,580	3,288,006
Investment income		451,403	(725)
Licence fees		287,186	-
Payments to suppliers & directors		(7,286,901)	(4,105,757)
Payments related to management and investment trading		(284,000)	(270,000)
Interest expense		(85,749)	(56,396)
Net cash provided by / (used in) operating activities		(96,481)	(1,144,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net payments for investments		(1,496,192)	(209,173)
Net assets acquired in subsidiary acquisition		167,491	-
Net cash provided by / (used in) investing activities		(1,328,701)	(209,173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		941,400	1,906,000
Proceeds from borrowings		-	545,000
Repayment of borrowings		(103,804)	(301,430)
Net cash provided by financing activities		837,596	2,149,570
Net increase / (decrease) in cash held		(587,586)	795,525
Cash and cash equivalents at the beginning of the financial year		800,218	4,693
Cash and cash equivalents at end of financial year		212,632	800,218

The above statement should be read in conjunction with the accompanying preliminary notes.

AG FINANCIAL LIMITED**ACN 108 069 003****As at 30 June 2015****(Corresponding period year ended 30 June 2014)****Preliminary Statement Of Changes In Equity**

	Note	Share Capital Ordinary \$	Retained Earnings \$	Total \$
Balance 1.7.13		25,718,315	(24,066,738)	1,651,577
Shares issued during the year		2,800,000	-	2,800,000
Loss attributable to members		-	(1,082,263)	(1,082,263)
Sub-total		28,518,315	(25,149,001)	3,369,314
Dividends paid or provided for		-	-	-
Balance at 30.6.14		28,518,315	(25,149,001)	3,369,314
Balance 1.7.14		28,518,315	(25,149,001)	3,369,314
Shares issued during the year		3,912,829	-	3,912,829
Loss attributable to members		-	(880,701)	(880,701)
Sub-total		32,431,144	(26,029,702)	6,401,442
Dividends paid or provided for		-	-	-
Balance at 30.6.15		32,431,144	(26,029,702)	6,401,442

The above statement should be read in conjunction with the accompanying preliminary notes.

AG FINANCIAL LIMITED

ACN 108 069 003

For the year ended 30 June 2015

(Corresponding period year ended 30 June 2014)

Preliminary Notes To The Financial Statements

1. Basis Of Preparation

This preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E. This preliminary final report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the last annual report issued for the period ended 30 June 2014 and any public announcements made by AG Financial Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The full annual report for the year ended 30 June 2015 is expected to be available on or before 30 September 2015.

2. Changes In Accounting Policies

There were no changes in accounting policies during the period.

3. Controlled Entities

Subsidiaries Of AG Financial Ltd:	Country Of Incorporation	Percentage Owned (%)	
		2015	2014
AG Stockbroking Ltd	Australia	100	100
AGF Funds Management Pty Ltd	Australia	100	100
AGF Management Pty Ltd	Australia	100	100
AG Capital Markets Pty Ltd	Australia	100	-

4. Revenue

	Note	2015	2014
		\$	\$
Realised investment gain / (loss)		436,989	(3,271)
Unrealised investment gain / (loss)		2,849,911	(8,381)
Event revenue		-	-
Licencing fees		287,186	-
Interest received		14,414	2,546
Commissions received		7,320,515	3,146,756
Total revenue		10,909,015	3,137,650

5. Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of the service areas it provides, with segments determined on the same basis. Those segments are:

AG FINANCIAL LIMITED**ACN 108 069 003****For the year ended 30 June 2015****(Corresponding period year ended 30 June 2014)****Preliminary Notes To The Financial Statements (cont)****5. Segment information (cont)**

- (i) investment management, comprising the management of an investment portfolio consisting of managed fund investments and direct equities;
- (ii) funds management, being the provision of a multi-manager approach, using sector specialists; and
- (iii) stockbroking

Segment Performance**30 June 2015**

	Investment M'ment \$	Funds M'ment \$	Stock- Broking \$	Total \$
REVENUE				
External revenue	3,306,813	292,871	7,294,917	10,894,601
Less inter-segment sales	-	-	-	-
Interest revenue	10,690	-	3,724	14,414
Total segment and group revenue	3,317,503	292,871	7,298,641	10,909,015
Segment net profit/(loss) before tax and amortisation from continuing operations	2,915,839	(166,974)	575,932	3,324,797
Less amortisation expense	-	(99,504)	(148,293)	(247,797)
Less impairment of goodwill	-	-	(2,189,103)	(2,189,103)
Less impairment of intangible assets	-	-	(734,524)	(734,524)
Segment net profit/(loss) after tax and amortisation from continuing operations	2,915,839	(266,478)	(2,495,988)	153,373
Reconciliation of segment result to group net profit/(loss) before tax				
Amounts not included in segment result but reviewed by Board:				
- company holding costs				(1,034,074)
Net profit/(loss) before tax from continuing operations	2,915,839	(266,478)	(2,495,988)	(880,701)

AG FINANCIAL LIMITED**ACN 108 069 003****For the year ended 30 June 2015****(Corresponding period year ended 30 June 2014)****Preliminary Notes To The Financial Statements (cont)****5. Segment information (cont)****Segment Performance****30 June 2014****REVENUE**

External revenue

Less inter-segment sales

Interest revenue

Total segment and group revenue**Segment net profit/(loss) before tax
and amortisation from continuing operations**

Less amortisation expense

**Segment net profit/(loss) after tax
and amortisation from continuing operations**

Reconciliation of segment result to group net profit/(loss) before tax

Amounts not included in segment result but reviewed by Board:

- company holding costs

Net profit/(loss) before tax from continuing operations

Investment M'ment \$	Funds M'ment \$	Stock- Broking \$	Total \$
(11,562)	232,594	2,914,162	3,135,194
-	-	-	-
1,997	7	542	2,546
(9,565)	232,601	2,914,704	3,137,740
(9,655)	(747,401)	764,679	7,623
-	(99,504)	(136,776)	(236,280)
(9,655)	(846,905)	627,903	(228,657)
			(853,606)
(9,655)	(846,905)	627,903	(1,082,263)

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For the year ended 30 June 2015

(Corresponding period year ended 30 June 2014)

Preliminary Notes To The Financial Statements (cont)

6. Other Financial Assets

	2015	2014
Note	\$	\$
Financial assets at fair value through profit or loss		
Shares in listed corporations, at market value	3,855,625	200,792
Shares in un-listed corporations, at fair value	691,270	-
	<u>4,546,895</u>	<u>200,792</u>

7. Trade and Other Payables

Trade creditors	659,086	303,096
Accrued expenses	430,901	107,711
	<u>1,089,987</u>	<u>410,807</u>

8. Earnings Per Share

Earnings used in the calculation of earnings per share and dilutive earnings per share is the net profit/(loss) after tax	(880,701)	(1,082,263)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	244,400,288	173,064,160