Ensurance

ABN 80 148 142 634

ANNUAL REPORT

30 June 2019

Corporate directory

DIRECTORS

Tony Leibowitz	*Chairman*	Appointed 29 September 2017
Adam Davey	*Non-Executive Director*	Appointed 17 August 2012
Tony Wehby	*Non-Executive Director*	Appointed 3 May 2018

COMPANY SECRETARY

Sam Hallab (appointed 1 February 2017)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Street: Level 5/ 68 Alfred St
MILSONS POINT NSW 2061
Postal: PO Box 483
MILSONS POINT NSW 1565
Telephone: +61 (0)2 8070 1800
Website: www.ensurance.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
Website: www.asx.com.au
ASX Code: ENA

SOLICITORS TO THE COMPANY

Steinepreis Paganin
Level 4, The Read Buildings, 16 Milligan Street
PERTH WA 6000

AUDITORS

Mazars Risk & Assurance Pty Limited
Level 12, 90 Arthur Street
NORTH SYDNEY NSW 2060
Telephone: +61 (0) 2 99 22 11 66
Website: www.mazars.com.au

Contents

Directors' report

Your directors present their report on the consolidated entity, consisting of Ensurance Limited (Ensurance or **the Company**) and its controlled entities (collectively **the Group**), for the financial year ended 30 June 2019.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- Mr Tony Leibowitz — Chairman
- Mr Adam Davey — Non-Executive Director
- Mr Tony Wehby — Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 6 “Information relating to the directors” of this Directors Report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

- Mr Sam Hallab

Qualifications	B.Ec., CA, F-AIST, GAICD, Diploma FP
Experience	Mr Hallab has spent more than 35 years in the financial sector and brings extensive experience to the group. As a chartered accountant, he was a partner with Sydney accounting firm Sothertons for more than a decade before moving into the superannuation industry as Deputy CEO of the Australian Catholic Superannuation and Retirement Fund. Mr Hallab also held positions of COO, CFO and Company Secretary. He is a registered auditor and tax agent and has gained extensive experience in risk management and compliance.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2019.

Directors' report

4. Significant changes in the state of affairs

On 12 November 2018, the Company completed the sale of 100% of the issued capital, including all assets and related management, in Savill Hicks Corp Pty Ltd for consideration of $4.1m.

5. Operating and financial review

5.1. Operating review

FY19 was a highly active period which delivered strong growth in Ensurance's UK business, its investment to build out its operations and product offering, a reduction in overheads and efficiencies gained from the disposal of non-core parts of its business.

During the period, Ensurance launched a range of new products in both the UK and Australian markets, significantly broadening its specialist insurance offering into underserved and emerging growth markets.

Ensurance UK launched its Cyber Insurance product in November 2018, targeting any business which is responsible for the handling of customer data. Designed to minimise disruption caused to a business caused by cyber-attacks and data breaches, the comprehensive product provides privacy breach response management and information security insurance and is underwritten by Beazley – a leading global speciality insurer. The UK business also launched an Engineering and Inspection Insurance product, strategically partnering with British Engineering Services to provide a tailored solution for sudden and unforeseen damage for the construction and engineering sectors.

Significantly expanding the Company's addressable market, Ensurance UK launched Terrorism and Sabotage insurance for the UK and European market in May 2019. Providing cover for an act of terrorism or sabotage which results in damage to buildings, profits, employees or customers, the product is available to a business of any size and across all industries. Two well-known underwriting specialists were appointed in the UK to support the product's launch. The product is already being met with strong interest from the market and the Company has also secured capacity for the product's launch in the US, followed by Australia.

The Company launched its Latent Defects Insurance product in Australia in May. This product provides policyholders with cover against property damage caused by structural defects discovered up to 10 years after construction is complete. Targeting the Australian building construction market, estimated to be worth over $100 billion annually, this is the first product of its kind in Australia featuring coverage of this kind and will be sold exclusively through Ensurance's Australian network of over 330 licensed intermediaries. Lloyd's, the world's leading specialist insurance market has provided capacity for the product.

In FY19, Ensurance delivered strong growth in gross written premiums and the rate of annual policy renewals, following continued investment in the UK business and the launch of multiple new products during the period.

For FY19, gross written premiums were £7m (FY18 £1.9m), with annual policy renewals for the period achieving a 85% retention rate – setting a strong base of recurring revenue for FY20 and providing strong validation of the business' product offering and customer satisfaction.

To support the strategic growth driven by Ensurance's UK business, the Company appointed Mr Timothy Cramphorn to the Ensurance UK board as Non-Executive Director, effective 1 November 2018. Tim was the former Managing Director of HSB Haughton Engineering Insurance Services Limited and a Director of HSB Engineering Insurance Limited, owned by the multi-billion dollar global reinsurer, Munich Re (ETR:MUV2). With a background in construction and engineering and over 45 years of experience in the industry, Tim's deep expertise and extensive network of industry contacts has proven to be of great value, adding relevant insight and bringing highly complementary skills to the UK leadership team.

The Company completed the sale of Savill Hicks Corp Pty Ltd on 12 November 2018, receiving total consideration of $4.1 million, allowing capital to be redeployed into the appointment of specialist underwriting resources, expanding the Company's product offering and sales and marketing activity to drive the Company's global expansion plans. The disposal follows approval of the sale by the Company's shareholders at the General Meeting held on 12 September 2018.

Demonstrating clear support and alignment of the Company's directors with Ensurance's strategic growth plans, Executive Chairman and largest shareholder Tony Leibowitz extended a $2.5 million unsecured loan to the Company in June, to support its next phase of growth.

Furthermore, existing holders of $2.2 million of convertible notes agreed to extend the maturity date to 30 June 2021, providing further strong endorsement of the Company's plans from its existing lenders, and their confidence in the long-term value that is being created for shareholders.

Directors' report

5.2. Financial Review

a. Operating results

The Group delivered an FY19 loss after tax of $1.402m, representing a decrease of $7.306m on the prior year loss of $8.707m. The decrease in the loss of the group was due to several main factors:

- Sale of Savill Hicks Corp Pty Ltd resulted in a profit on disposal of $3.648m;
- Increase in revenue in the United Kingdom of $994k;
- The prior period contained a one-off impairment charge of $2.007m to impair the Group's intangible assets

Revenue from the Group's continuing operations increased to $2.477m (2018: $1.208m). Ensurance UK turned over GBP £697k (AUD $1.261m) and has shown strong indications of future growth, operating as an MGA in the UK to provide wholesale insurance for construction and engineering in the UK and EU. Fully authorised by the FCA, Ensurance UK has the ability to sell insurance globally and develop an Appointed Representative Network.

The sale of Savill Hicks Corp Pty Ltd was completed on 12 November 2018 for consideration of $4.1m and generated a profit on disposal of $3.65m.

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1a.ii Basis of preparation: Going Concern.

b. Financial position

The net assets of the Group have decreased from 30 June 2018 by $2.293m to a net deficiency of $2.294m at 30 June 2019 (2018: Net deficiency of $778).

As at 30 June 2019, the Group's cash and cash equivalents decreased from 30 June 2018 by $669,343 to $2,534,136 at 30 June 2019 (2018: $3,203,479) and had working capital of $2.102m (2018: $1.402m).

5.3. Events Subsequent to Reporting Date

There are no significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 27 - Events subsequent to reporting date.

5.4. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

5.5. Environmental Regulations

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia and the United Kingdom.

6. Information relating to the directors

Mr Tony Leibowitz	Executive Chairman
Qualifications	Chartered Accountant (FCA)
Length of service	1 year, 9 months from appointment 29 September 2017
Experience	Mr Leibowitz has over 30 years of corporate finance, investment banking and broad commercial experience and has a proven track record of providing the necessary skills and guidance to assist companies grow and generate sustained shareholder value. Previous roles include Chandler Macleod Limited and Pilbara Minerals Limited, where as Chairman and an early investor in both companies, he was responsible for substantial increases in shareholder value and returns. Mr Leibowitz was a global partner at PricewaterhouseCoopers and is a Fellow of the Institute of Chartered Accountants in Australia.

Directors' report

Interest in Shares and Options	61,159,739 ordinary shares in Ensurance Limited (indirect) (2018: 45,210,780). Shareholding increased as a result of multiple purchases on open trade market, at arms length. 1,000,000 options exercisable at 8 cents, expiring 31 July 2020; 250,000 options exercisable at 4 cents, expiring 31 July 2020; 250,000 options exercisable at 4.6 cents, expiring 31 July 2020; 2,000,000 options exercisable at 8 cents, expiring 15 December 2019; 3,150,000 options exercisable at 5 cents, expiring 15 December 2019; 3,500,000 options exercisable at 5 cents, expiring 15 December 2020; 3,000,000 options exercisable at 4 cents expiring 31 December 2021, 5,000,000 options exercisable at 6 cents expiring 31 December 2022; 7,000,000 options exercisable at 9 cents expiring 31 December 2023.
Directorships held in other listed entities	Non-executive chairman of Bardoc Gold (BDC)
Mr Adam Davey	Independent Non-Executive Director
Length of service	6 years, 11 months from appointment 17 August 2012 (*last re-elected 29 November 2016*)
Qualifications	Professional Diploma in Stockbroking
Experience	Mr Davey has had experience in the securities industry over the past 25 years. He has served as a Non-Executive Director of a number of industrial and mining companies. He has significant experience in capital raisings, mergers and acquisitions. Mr Davey also serves as Chairman of the not-for-profit organisation Teen Challenge Foundation.
Interest in Shares and Options	3,542,819 ordinary shares in Ensurance Limited (indirect) (2018: 3,542,819). Cash was paid for these shares. 4,000,000 partly paid shares in Ensurance Limited (indirect) (2018: 4,000,000) 3,000,000 options exercisable at 8 cents, expiring 15 December 2019.
Directorships held in other listed entities	Non-executive director of PainChek Limited (PCK) and The Agency Group Australia Ltd (AU1).
Mr Tony Wehby	Independent Non-Executive Director
Length of service	1 year, 2 months from appointment 3 May 2018
Qualifications	Chartered Accountant (FCA), member of Australian Institute of Company Directors.
Experience	Mr Wehby was a partner in PricewaterhouseCoopers for 19 years where he specialised in Corporate Finance and was responsible for the management of that part of the national practice. Since 2001 he has held Non-Executive Director roles and maintained a financial consulting practice, focusing on companies considering significant changes. Mr Wehby was a founding Director and Chairman of Aurelia Metals Limited (AMI), Chairman of Tellus Resources Ltd and member of the Board Advisory Committee of Moss Capital Funds Management Limited. Mr Wehby is currently chair of Kingston Resources Ltd (KSN) and deputy chair (and Chair of the Audit and Risk Committee) of Royal Rehab.
Interest in Shares and Options	1,077,603 ordinary shares in Ensurance Limited (indirect) (2018: 1,077,603). Acquired shares as a sub-underwriter to the Entitlement Issue dated 28 May 2018. Cash was paid for these shares. 1,000,000 options exercisable at 5 cents, expiring 10 July 2021; 1,000,000 options exercisable at 8 cents, expiring 10 July 2021.
Directorships held in other listed entities	Chairman of Kingston Resources Ltd (KSN)

Directors' report

7. Meetings of directors and committees

During the financial year seven meetings of Directors were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS MEETINGS	
	Number eligible to attend	Number Attended
Tony Leibowitz	7	7
Adam Davey	7	7
Tony Wehby	7	7

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has entered an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed:

The Director is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

The Company must keep a complete set of company documents until the later of:

a. The date which is seven years after the Director ceases to be an officer of the Company; and

b. The date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (**Relevant Proceedings**).

The Director has the right to inspect and copy a Company document in connection with any relevant proceedings during the period referred to above.

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of:

a. The date which is seven years after the Director ceases to be an officer of the Company; and

b. The date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

8.2. Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group.

Directors' report

9. Options

9.1. Unissued shares under option

At the date of this report, Ensurance Limited has the following unissued ordinary shares under option (unlisted):

Issuing Entity	Shares Under Option No.	Class of Shares	Exercise Price of Option $	Expiry Date of Option
Kli Pty Ltd	1,000,000	Ordinary	0.120	31 July 2020
Transocean Securities Pty Ltd	1,321,429	Ordinary	0.046	31 July 2020
Kalonda Pty Ltd	250,000	Ordinary	0.046	31 July 2020
Portafortuna Pty Ltd	250,000	Ordinary	0.046	31 July 2020
Jalonex Investments Pty Ltd	1,178,571	Ordinary	0.046	31 July 2020
Transocean Securities Pty Ltd	1,948,465	Ordinary	0.080	31 July 2020
Kalonda Pty Ltd	1,250,000	Ordinary	0.080	31 July 2020
Portafortuna Pty Ltd	250,000	Ordinary	0.080	31 July 2020
Jalonex Investments Pty Ltd	2,648,849	Ordinary	0.080	31 July 2020
Mr Adam Davey	3,000,000	Ordinary	0.080	15 Dec 2019
Kalonda Pty Ltd	2,000,000	Ordinary	0.080	15 Dec 2019
Kalonda Pty Ltd	2,000,000	Ordinary	0.050	15 Dec 2019
Kalonda Pty Ltd	1,150,000	Ordinary	0.050	15 Dec 2019
Transocean Securities Pty Ltd	3,500,000	Ordinary	0.050	15 Dec 2020
Kalonda Pty Ltd	3,500,000	Ordinary	0.050	15 Dec 2020
Kli Pty Ltd	250,000	Ordinary	0.050	15 Dec 2020
Kalonda Pty Ltd	3,000,000	Ordinary	0.040	31 Dec 2021
Kalonda Pty Ltd	5,000,000	Ordinary	0.060	31 Dec 2022
Kalonda Pty Ltd	7,000,000	Ordinary	0.090	31 Dec 2023
Tony Wehby	1,000,000	Ordinary	0.050	10 July 2021
Tony Wehby	1,000,000	Ordinary	0.080	10 July 2021
Convertible note holders (grouped)	12,634,301	Ordinary	0.040	30 Jun 2021
	55,131,615			

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company. These options were issued in connection with the Entitlement Offer Prospectus dated 6 June 2017 (9,097,314 options), short-term loan agreements (2,400,000 options), an executive employment agreement (19,000,000 options), for services provided (3,000,000 options), with the share placement completed in December 2017 (7,000,000 options), a non-executive employment agreement (2,000,000 options) and the extension of the Company's convertible notes (12,634,301 options).

9.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

10. Non-audit services

During the year the Company's auditor, Mazars Risk and Assurance Pty Limited (**Mazars**), did not provide any taxation compliance advice & assistance (2018: nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 5 - Auditor's Remuneration.

Directors' report

The Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth). These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

11. 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.

12. Auditor's independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2019 has been received and can be found on page 17 of the annual report.

DIRECTORS' REPORT

13. Remuneration report (audited)

The information in this remuneration report has been audited as required by s308(3C) of the Corporations Act 2001.

13.1. Key management personnel (**KMP**)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Company and key executive personnel. All individuals held their positions throughout the financial year unless otherwise stated:

- Mr Tony Leibowitz — *Executive Chairman*
- Mr Adam Davey — *Non-Executive Director*
- Mr Tony Wehby — *Non-Executive Director*
- Mr Brett Graves — *Chief Operating Officer (resigned 12 November 2018)*
- Mr Michael Huntly — *CEO of Ensurance Underwriting*
- Mr Peter Fielding — *COO of Ensurance IT (resigned 1 November 2018)*
- Mr Tim James — *CEO of Ensurance UK*
- Mr Sam Hallab — *Company Secretary*
- Mr Arjan van Ameyde — *Chief Financial Officer & Chief Operating Officer*

13.2. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to ensure reward for performance is competitive and appropriate to the result delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice. The Board ensures that Director and executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholders;
- Performance;
- Transparency; and
- Capital management.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this is facilitated through 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 will be effective in increasing shareholder wealth. The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Company is as follows:

a. Executive Directors and other Senior Executives

Executives receive a base salary (which is based on factors such as length of service and experience), retirement benefits, options and performance incentives. The Board reviews Executive packages annually by reference to the Company's performance, Executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are also entitled to participate in the employee share and option arrangement.

b. Non-Executive Directors

The Company's Constitution provides that Directors are entitled to be remunerated for their services as follows:

- The total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.
- The Directors' remuneration accrues from day to day.
- The total aggregate fixed sum per annum which may be paid to non-executive Directors is $250,000. This amount cannot be increased without the approval of the Company's Shareholders.

The Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

DIRECTORS' REPORT

13. Remuneration report (audited)

c. Fixed Remuneration

Other than statutory superannuation contributions, no retirement benefits are provided for Executive and Non-Executive Directors of the Company. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company.

d. Performance Based Remuneration – Short-term and long-term incentive structure

The Board will review short-term and long-term incentive structures from time to time. Any incentive structure will be aligned with shareholders' interests.

- Short-term incentives

No short-term incentives were granted during the year.

- Long-term incentives

The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

The directors of the Company are eligible to participate in the "Ensurance Limited Employee Incentive Option Plan".

e. Service Contracts

Remuneration and other terms of employment for the directors, KMP and the company secretary are formalised in contracts of employment.

f. Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

g. Relationship between Remuneration of KMP and Earnings

The Board does not consider earnings in determining the nature and amount of remuneration of KMP.

13.3. Remuneration Details for the Year Ended 30 June 2019

- Details of the remuneration of the key management personnel are set out in the following table:-

2019									
Group Key Management Person	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options / Rights	
	$	$	$	$	$	$	$	$	$
Tony Leibowitz	283,846	-	-	-	26,965	-	-	20,310	331,121
Adam Davey	50,000	-	-	-	4,750	-	-	-	54,750
Tony Wehby	54,750	-	-	-	-	-	-	4,900	59,650
Brett Graves	69,547	-	-	-	6,607	-	-	-	76,154
Michael Huntly	231,000	-	-	-	21,945	-	-	-	252,945
Peter Fielding	99,355	-	-	-	9,233	-	-	-	108,588
Tim James	325,674	-	-	-	16,284	-	-	435	342,393
Sam Hallab	48,000	-	-	-	-	-	-	-	48,000
Arjan van Ameyde	242,692	-	-	-	23,056	-	-	46	265,794
	1,300,114	-	-	-	108,840	-	-	25,691	1,539,395

Directors' report

13. Remuneration report (audited)

2018 *Group Key Management Person*	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options/ Rights	
	$	$	$	$	$	$	$	$	$
Tony Leibowitz	237,645	-	-	-	20,454	-	-	51,000	309,099
Adam Davey	62,500	-	-	-	5,937	-	-	29,550	97,987
Tony Wehby	9,125	-	-	-	-	-	-	14,700	23,825
Stefan Hicks	230,343	-	-	-	15,307	-	-	-	245,650
Brett Graves	197,293	-	-	-	18,616	-	-	-	215,909
Grant Priest	18,250	-	-	35,000	-	-	-	-	53,250
Neil Pinner	16,667	-	-	-	1,583	-	-	-	18,250
Michael Huntly	231,000	-	-	-	21,945	-	-	-	252,945
Peter Fielding	190,000	33,000	-	-	18,050	-	-	-	241,050
Tim James	312,392	-	-	-	15,620	-	-	-	328,012
Sam Hallab	169,459	45,000	24,353	-	14,345	-	-	-	253,157
Arjan van Ameyde	94,654	-	-	-	8,992	-	-	-	103,646
	1,769,328	78,000	24,353	35,000	140,849	-	-	95,250	2,142,780

13.4. Service Agreements

a. Executive services contract (**ESC**) with Tony Leibowitz

The Company has entered into an executive services contract with Mr Tony Leibowitz on the following terms:

- Mr Leibowitz is employed by the Company as Executive Chairman under an ESC that commenced 1 May 2017.
- The gross annual remuneration package (including superannuation) was $394,200 per annum, reduced to $197,100 from 1 February 2019 and payable in fortnightly instalments
- Should Mr Leibowitz hold any office or directorship with any other Group company, he will not be entitled to any additional remuneration in respect of those appointments.
- The remuneration will be reviewed by the Board annually in accordance with the Company's policies and procedures.
- The ESC formalises Mr Leibowitz's full-time employment as Executive Chairman, following an initial appointment of six months. The current ESC expired 31 December 2018 and is extended beyond this date on a month to month basis, as agreed between Mr Leibowitz and the Board.

b. Non-Executive Director appointment letter with Adam Davey

The Company appointed Mr Adam Davey as a non-executive Director, on standard terms for agreements of this nature, under which he is entitled to director fees of $50,000 per annum, plus superannuation.

c. Non-Executive Director appointment letter with Tony Wehby

The Company appointed Mr Tony Wehby as non-executive Director, on standard terms for agreements of this nature, under which he is entitled to director fees of $54,750 per annum.

13. Remuneration report (audited)

13.5. Share-based compensation

a. Securities Received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

b. Options and Rights Granted as Remuneration

As referred to in Note 25 'Share-based payments' and paragraph 13.6.c of this Remuneration Report, on 30 November 2015, 6,500,000 Performance Rights Class A (Note 26a.i) and 500,000 Performance Rights Class B (Note 26a.ii) were issued to Directors of the Company. The balance of Performance Rights at 30 June 2019 were 1,000,000 Class A and 500,000 Class B. (2018: 1,000,000 and 500,000, respectively)

During the financial year, 15,000,000 options were granted to Tony Leibowitz as part of his executive services agreement. 3,000,000 are exercisable at 4 cents within 3 years of issue, 5,000,000 are exercisable at 6 cents within 4 years of issue and 7,000,000 are exercisable at 9 cents within 5 years of issue.

There were no equity instruments issued during the year to Directors as result of performance rights converting or options being exercised that had previously been granted as compensation.

13.6. Key Management Personnel equity holdings

a. Fully paid ordinary shares of Ensurance Limited held by each Key Management Person

2019 *Group Key Management Person*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
Tony Leibowitz [(1) (3) (5)]	45,210,780	-	-	15,948,959	61,159,739
Adam Davey [(2) (5)]	7,542,819	-	-	-	7,542,819
Tony Wehby	1,077,603	-	-	-	1,077,603
Brett Graves [(4)]	4,210,899	-	-	(4,210,899)	-
Michael Huntly	1,813,818			-	1,813,818
Peter Fielding	-	-	-	-	-
Tim James	-	-	-	-	-
Sam Hallab	-	-	-	-	-
Arjan van Ameyde	500,000	-	-	-	500,000
	60,355,919	-	-	47,093,390	87,116,831

(1) Mr Leibowitz and his related parties held 2,633,722 shares prior to accepting his position with the Company.

(2) Mr Davey's shares include 4,000,000 partly-paid ordinary shares held by Mr Davey and his related parties.

(3) Other changes during the year represent shares purchased by Mr Leibowitz on the open trade market at arms length.

(4) Brett Graves shares were bought back and cancelled by the Company as part of the consideration of the sale of Savill Hicks Corp Pty Ltd.

(5) A number of the above KMP hold Convertible Notes. Upon conversion, shareholdings will increase as follows: Tony Leibowitz: 2,500,000; Adam Davey: 2,500,000 (see 13.6 (d)).

Directors' report

13. Remuneration report (audited)

2018 *Group Key Management Person*	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
Tony Leibowitz [(1) (3) (5)]	2,633,722	-	-	42,577,058	45,210,780
Adam Davey [(2) (3) (5)]	4,604,090	-	-	2,938,729	7,542,819
Tony Wehby [(3)]	-	-	-	1,077,603	1,077,603
Stefan Hicks [(4)(5)]	25,930,006	-	-	-	25,930,006
Brett Graves [(4)]	4,210,899	-	-	-	4,210,899
Grant Priest [(4) (5)]	72,725	-	-	-	72,725
Neil Pinner [(4)]	758,181	-	-	-	758,181
Michael Huntly [(4)]	1,813,818			-	1,813,818
Peter Fielding	-	-	-	-	-
Tim James	-	-	-	-	-
Sam Hallab	-	-	-	-	-
Arjan van Ameyde [(3)]	-	-	-	500,000	500,000
	40,023,441	-	-	47,093,390	87,116,831

(1) Mr Leibowitz and his related parties held 2,633,722 shares prior to accepting his position with the Company.

(2) Mr Davey's shares include 4,000,000 partly-paid ordinary shares held by Mr Davey and his related parties.

(3) Other changes during the year represent shares issued under the Share Placement completed 15 December 2017, the Entitlement Issue Prospectus dated 28 May 2018 and the underwriting agreement associated with the Entitlement Issue Prospectus.

(4) Messrs Hicks, Graves, Priest, Pinner and Huntly did not take up their entitlement under the Entitlement Issue Prospectus dated 28 May 2018.

(5) A number of the above KMP hold Convertible Notes. Upon conversion, shareholdings will increase as follows: Stefan Hicks: 12,500,000; Tony Leibowitz: 2,500,000; Adam Davey: 2,500,000; Grant Priest: 500,000 (see 13.6 (d)).

b. Options in Ensurance Limited held by each Key Management Person

2019 – Group *Group Key Management Person*	Balance at start of year No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz [(1) (2)]	10,150,000	15,000,000	-	-	25,150,000	-	25,150,000
Adam Davey	3,000,000	-	-	-	3,000,000	-	3,000,000
Tony Wehby	2,000,000	-	-	-	2,000,000	-	2,000,000
Brett Graves	-	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-	-
Tim James	-	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	-	-	-	-
	15,150,000	15,000,000	-	-	30,150,000	-	30,150,000

(1) Mr Leibowitz and his related parties held 1,500,000 options prior to accepting his position with the Company.

(2) During the financial year, 15,000,000 options were granted to Tony Leibowitz as part of his executive services agreement. 3,000,000 are exercisable at 4 cents within 3 years of issue, 5,000,000 are exercisable at 6 cents within 4 years of issue and 7,000,000 are exercisable at 9 cents within 5 years of issue.

2018 – Group *Group Key Management Person*	Balance at start of year No.	Granted during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz [(1) (2)]	1,500,000	4,000,000	-	4,650,000	10,150,000	-	10,150,000
Adam Davey	-	3,000,000	-	-	3,000,000	-	3,000,000
Tony Wehby [(3)]	-	2,000,000	-	-	2,000,000	-	2,000,000
Stefan Hicks	-	-	-	-	-	-	-
Brett Graves	-	-	-	-	-	-	-
Grant Priest	-	-	-	-	-	-	-
Neil Pinner	-	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-	-
Tim James	-	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	-	-	-	-
	1,500,000	9,000,000	-	4,650,000	15,150,000	-	15,150,000

(1) Mr Leibowitz and his related parties held 1,500,000 options prior to accepting his position with the Company.

(2) Other changes during the year represent options granted to Mr Leibowitz and his related parties in relation to a short-term loan agreement (1,150,000) and in connection with the share placement completed 15 December 2017 (3,500,000)

(3) Options granted to Mr Wehby are yet to be issued as at the date of this report.

c. Performance Rights of Ensurance Limited held by each Key Management Person

2019 – Group *Group Key Management Person*	Balance at start of year No.	Granted as Remuneration during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz	-	-	-	-	-	-
Adam Davey	1,500,000	-	-	1,500,000	-	1,500,000
Tony Wehby	-	-	-	-	-	-
Brett Graves	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-
Tim James	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	-	-	-
	1,500,000	-	-	1,500,000	-	1,500,000

Directors' report

13. Remuneration report (audited)

2018 – Group *Group Key Management Person*	Balance at start of year No.	Granted as Remuneration during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz	-	-	-	-	-	-
Adam Davey	1,500,000	-	-	1,500,000	-	1,500,000
Tony Wehby	-	-	-	-	-	-
Stefan Hicks	4,000,000	-	(4,000,000)	-	-	-
Brett Graves	1,000,000	-	(1,000,000)	-	-	-
Grant Priest	250,000	-	(250,000)	-	-	-
Neil Pinner	250,000	-	(250,000)	-	-	-
Michael Huntly	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-
Tim James	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	-	-	-
	7,000,000	-	(5,500,000)	1,500,000	-	1,500,000

Other changes during the year relate to performance rights forfeited by the termination of each individual's Directorship with the Company.

13.7. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights, converting loans and shareholdings.

13.8. Loans to Key Management Personnel

The Group has no loans outstanding to Key Management Personnel at 30 June 2019.

13.9. Other transactions with Key Management Personnel and or their Related Parties

Transactions involving equity instruments are described in the tables above. For details of other transactions with KMP, refer Note 22 Related party transactions.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

A H LEIBOWITZ
Chairman
Dated this Tuesday, 24 September 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ENSURANCE LIMITED AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended half-year ended 30 June 2019, there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Rose Megale
Director

Dated in Sydney, this 24th day of September 2019.

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TEL: +61 2 9922 1166 - FAX: +61 2 9922 2044 – www.mazars.com.au
EMAIL: audit@mazars.com.au

MAZARS RISK & ASSURANCE PTY LIMITED – ABN: 39 151 805 275
Liability limited by a scheme approved under Professional Standards Legislation

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	2019 $	2018 $
Continuing operations			
Revenue	3	2,476,854	1,208,336
		2,476,854	1,208,336
Business development		(214,365)	(311,399)
Compliance costs		(292,525)	(301,869)
Computers and communications		(346,823)	(397,807)
Depreciation and amortisation	4	(52,964)	(223,603)
Employment costs	4	(4,810,243)	(5,092,453)
Finance costs		(558,417)	(874,774)
Legal and consulting fees		(365,692)	(355,568)
Occupancy costs		(625,985)	(347,881)
Impairment of intangible assets	4	-	(2,007,461)
Travel and accommodation		(125,416)	(99,030)
Other expenses		(212,449)	(197,904)
Loss before tax		(5,128,025)	(9,001,413)
Income tax benefit	6	-	286,084
Loss from continuing operations		(5,128,025)	(8,715,329)
Profit/(loss) from discontinued operations	30	78,376	7,924
Gain on disposal of discontinued operation	30	3,647,914	-
Total net loss for the year		(1,401,735)	(8,707,405)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of assets		(880)	1,305
Items that may be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the year, net of tax		(880)	1,305
Total comprehensive income attributable to members of the parent entity		(1,402,615)	(8,706,100)
Profit/(loss) for the period attributable to:			
Non-controlling interest		-	-
Owners of the parent		(1,401,735)	(8,707,405)
Total comprehensive income/(loss) attributable to:			
Non-controlling interest		-	-
Owners of the parent		(1,402,615)	(8,706,100)
Earnings per share:		¢	¢
Basic and diluted loss per share (cents per share)	7	(0.44)	(2.51)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position
as at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	8	2,534,136	3,203,479
Trade and other receivables	9	624,167	823,087
Trust account insurer assets	11	7,389,279	3,672,347
Other current assets	10	210,343	202,960
Total current assets		10,757,925	7,901,873
Non-current assets			
Financial assets	12a	1,684	2,564
Other non-current assets – Bonds on deposit	12b	72,131	67,640
Plant and equipment	13	134,698	180,788
Intangible assets	14	-	-
Total non-current assets		208,513	250,992
Total assets		10,966,438	8,152,865
Current liabilities			
Trade and other payables	15	767,654	2,051,180
Trust account insurer liabilities	11	7,389,279	3,672,347
Provisions	17	208,731	309,223
Borrowings	16a	289,892	467,288
Total current liabilities		8,655,556	6,500,038
Non-current liabilities			
Provisions	17	38,994	28,889
Trade and other payables		-	-
Borrowings	16b	4,565,546	2,583,632
Total non-current liabilities		4,604,540	2,612,521
Total liabilities		13,260,096	9,112,559
Net liabilities of continued operations		(2,293,658)	(959,694)
Gross assets of discontinued operations		-	5,709,989
Gross liabilities of discontinued operations		-	(4,751,073)
Net (liabilities)		(2,293,658)	(778)
Equity			
Issued capital	18	16,301,785	17,527,964
Reserves	19	1,481,654	1,545,350
Accumulated losses		(20,077,097)	(19,074,092)
Total equity		(2,293,658)	(778)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2019

	Note	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share-Based Payment Reserve $	Share Option Reserve $	Revaluation Reserve $	Convertible Note Option Premium Reserve $	Total $
Balance at 1 July 2017		7,210,755	(10,366,687)	-	8,980	838,242	11,488	298,383	(1,998,839)
Loss for the year attributable owners of the parent		-	(8,707,405)	-	-	-	-	-	(8,707,405)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-	-	1,305	-	1,305
Total comprehensive income for the year attributable owners of the parent		-	(8,707,405)	-	-	-	1,305	-	(8,706,100)
Transaction with owners, directly in equity									
Issue of ordinary shares		11,224,554	-	-	-	-	-	-	11,224,554
Capital raising transaction costs		(907,345)	-	-	-	-	-	-	(907,345)
Share options granted		-	-	-	-	470,710	-	(29,271)	441,439
Translation of Ensurance UK ledger		-	-	(54,487)	-	-	-	-	(54,487)
Balance at 30 June 2018		17,527,964	(19,074,092)	(54,487)	8,980	1,308,952	12,793	269,112	(778)
Balance at 1 July 2018		17,527,964	(19,074,092)	(54,487)	8,980	1,308,952	12,793	269,112	(778)
Impact due to change in accounting standard*		-	177,602	60,915	-	-	-	-	238,517
		17,527,964	(18,896,490)	6,428	8,980	1,308,952	12,793	269,112	237,739
Loss for the year attributable owners of the parent		-	(1,401,735)	-	-	-	-	-	(1,401,735)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-	-	(880)	-	(880)
Total comprehensive income for the year attributable owners of the parent		-	(1,401,735)	-	-	-	(880)	-	(1,402,615)
Transaction with owners, directly in equity									
Issue of ordinary shares		-	-	-	-	-	-	-	-
Capital raising transaction costs		(20,543)	-	-	-	-	-	-	(20,543)
Rollover of convertible notes		-	221,128	-	-	72,094	-	(65,185)	228,037
Sale of Savill Hicks Corp Pty Ltd		(1,205,636)	-	-	-	-	(12,593)	-	(1,218,229)
Share options granted		-	-	-	-	(100,422)	-	-	(100,422)
Translation of Ensurance UK ledger		-	-	(17,625)	-	-	-	-	(17,625)
Balance at 30 June 2019		16,301,785	(20,077,097)	(11,197)	8,980	1,280,624	(680)	203,927	(2,293,658)

**The Group adopted AASB 15 Revenue from Contracts with Customers using the cumulative effect method. This resulted in a credit of $177,602 to retained earnings and $60,915 to reserves at 1 July 2018, being the cumulative effect on initial application of the standard. As permitted by the new accounting standard, the comparative results for the year ended 30 June 2018 are not restated.*

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		2,223,241	1,614,846
Interest received		131,238	8,663
Interest and borrowing costs paid		(215,063)	(513,508)
Payments to suppliers and employees		(7,493,365)	(8,856,640)
Refund of income taxes		284,000	342,285
Net cash used in operating activities	8d.i	(5,069,949)	(7,404,354)
Cash flows from investing activities			
Payment for development of intangible assets		-	(241,983)
Proceeds from sale of financial assets		-	492
Proceeds from sale of discontinued operation		1,999,011	-
Payments of/proceeds from intercompany loan with discontinued operation		(223,660)	271,304
Payment of lease deposit		(3,636)	-
Purchase of plant and equipment		(2,727)	(193,757)
Net cash provided by/(used in) investing activities		1,768,988	(163,944)
Cash flows from financing activities			
Proceeds from share issue		503,335	11,098,632
Net proceeds from borrowings		2,500,000	5,372,696
Convertible notes interest paid		(223,452)	(241,429)
Repayment of borrowings		(148,265)	(5,841,968)
Net cash provided by financing activities		2,631,618	10,387,931
Net (decrease)/increase in cash held		(669,343)	2,819,633
Cash and cash equivalents at the beginning of the year		3,203,479	383,846
Cash and cash equivalents at the end of the year	8b	2,534,136	3,203,479
Cashflows from discontinued operations		(181,444)	(400,122)

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

These are the consolidated financial statements and notes of Ensurance Limited (**Ensurance** or **the Company**) and controlled entities (collectively **the Group**). Ensurance is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of Ensurance, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

The financial statements were authorised for issue on 24 September 2019 by the directors of the Company.

a. Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The consolidated 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. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

i. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

ii. Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss for the year of $1,401,735 (2018: $8,707,405). As at 30 June 2019, the Group had working capital of $2,102,369 (2018: $1,401,835), a net liability of $2,293,658 (2018: $778), and accumulated losses of $20,077,097 (2018: $19,074,092). The Group has had recurring operating losses as a result of the delivery of new products and cashflow generating business units in accordance with the Group's strategic goals.

Based on a cashflow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending 12 months from the date of this report. The Group is exploring various capital raising strategies and the Group has also received confirmation of continued and ongoing financial support from one of its major shareholders. This continued financial support will enable the Group to meet its current obligations as and when they fall due.

Ultimately the ability of the Group to continue as a going concern is dependent upon the continued unconditional financial support provided by a major shareholder of Ensurance Limited, which was provided in writing on 19 September 2019. On this basis, it is the Directors belief that the Group is able to pay its debts as and when they fall due and will have adequate resources to continue operating for the foreseeable future. For this reason, the Directors consider the going concern basis of preparation to be appropriate.

iii. Reverse acquisition

Ensurance Ltd is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Ensurance Capital Pty Ltd (**Ensurance Capital**) on 5 May 2015.

Ensurance Capital (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Ensurance (accounting subsidiary). Notwithstanding, as Ensurance Ltd is the listed entity and the ultimate holding company of the Ensurance Group of companies, the financial statements have been referred to as the financial statements of Ensurance Ltd.

iv. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the consolidated financial statements

for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1o.

v. Comparative figures

Where required by AASBs comparative figures have been adjusted to conform with 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 statements is presented.

b. Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2018 and applied them as required, including the adoption of AASB 15, Revenue from Contracts with Customers. Other new and amended Accounting Standards have been assessed and it has been determined that their application to the financial statements is either not relevant or not material.

c. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 20 Controlled Entities of the financial statements.

ii. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

d. Foreign currency transactions and balances

i. 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 parent entity's functional and presentation currency.

ii. Transactions 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 the 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 extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

iii. Group companies and foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

Notes to the consolidated financial statements
for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

e. Taxation

i. Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit). Gains and losses on discontinued operations are aggregated with the results of continuing operations for the purposes of income taxes up to the point where the operation no longer forms a legal part of the consolidated tax group.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore 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 (benefit) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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 realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. 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, branches, associates, and joint ventures, 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.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return and disclosed as such in Note 6 Income Tax.

ii. Tax consolidation

The Board of Ensurance Ltd has entered into the Tax Consolidation Regime from 1 July 2015. This will include the preparation and signing of a Tax Sharing and Funding Agreement. Ensurance Limited is the head entity in the newly formed tax consolidated group. As a consequence, the entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Notes to the consolidated financial statements

for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

Under the tax funding agreement, the members of the Group are required to contribute to the head entity for their current tax liabilities. The assets and liabilities arising under the tax funding agreements are recognised as intercompany assets and liabilities at call. Members of the tax consolidated group via the tax sharing agreement may be called to provide for the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amount has been recognised in respect of this component of the agreement as the outcome is considered remote.

iii. Goods and Services Tax (**GST**) and Value Added Tax (VAT)

Revenues, expenses, and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances the GST/VAT 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/VAT.

The net amount of GST/VAT recoverable from, or payable to, the Australian Taxation Office in Australia or HM Revenue & Customs in the UK is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

f. Plant and equipment

i. Recognition and measurement

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see Note 1i Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

ii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the asset's useful life to the consolidated group 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.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2019 %	2018 %
Fixtures, furniture, and equipment	11.25 – 37.50	11.25 – 37.50
Plant and equipment	25.00 – 37.50	25.00 – 37.50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" in profit or loss.

Notes to the consolidated financial statements

for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

g. Financial instruments

i. Initial recognition and measurement

The Group has adopted AASB 9 Financial Instruments from 1 July 2018. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: Classification and measurement, impairment and hedge accounting. The accounting for the Group's financial assets, financial liabilities and hedge accounting remains largely the same as under AASB 139, with the main changes falling under the category of impairment. A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

AASB 9 contains three principal classification categories: Measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). This is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit or loss as they arise (FVPL), unless restrictive criteria are met for classifying and measuring the asset at either amortised cost or FVOCI. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. The application of AASB 9 had no material impact on the Group's financial assets in regards to their classification and measurement.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. The Group has elected to account for listed shares using FVOCI. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and Subsequent Measurement

(1) *Cash and cash equivalents*

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

(2) *Loans*

Loans 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.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) *Trade and other receivables*

Receivables are usually settled within 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables are reviewed on an ongoing basis. Under AASB 9, doubtful debts are calculated based on an expected credit risk model. AASB 9 requires impairment allowances for all exposures from a time a loan is originated, based on the deterioration of credit risk since initial recognition. If credit risk does not significantly increase, allowances are based on 12 month expected losses. A cancellation provision is raised by looking at the previous 12 months' cancellations and negative endorsements as a percentage of the overall premiums sold. (It is assumed this percentage will not materially change). This percentage is then applied to the trade receivable balance to create a cancellation provision.

(4) *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

Notes to the consolidated financial statements

for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

(5) *Share capital*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. Amortised 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.

v. Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

vi. 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.

vii. Impairment

In relation to the impairment of financial assets, AASB 9 introduces a new forward-looking expected credit loss approach, replacing AASB 139’s incurred loss approach whereby the Group needs to record an allowance for expected credit loss upon initial recognition of the financial instrument. For Trade and other receivables, the Group has elected to measure the cancellation provision based on the expected value by looking at the previous year’s cancellations and negative endorsements as a percentage of the overall premiums sold. As such, the Group has assessed the historical credit loss experience and applied it to the current balance to establish the basis of the cancellation provision. Other financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. AASB 9 did not have a material impact on the Group’s financial statements.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value 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.

ix. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Notes to the consolidated financial statements

for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred. Hedge accounting is not used and so the adoption of the hedge accounting requirements of AASB 9 had no impact on the Group's financial statements.

Foreign currency gains and losses are reported on a net basis.

h. Employee benefits

i. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

ii. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

iii. Retirement benefit obligations: Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

iv. Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

v. Equity-settled compensation

The Group operates an employee share option plan. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

i. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

j. 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 Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Notes to the consolidated financial statements
for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

k. Revenue and other income

Interest revenue is recognised in accordance with Note 1i.ix Finance income and expenses.

For the year ended 30 June 2019, the Group adopted AASB 15: Revenue from Contracts with Customers, which replaced all revenue standards and interpretations. Revenue will be recognised when the Group has satisfied its performance obligations, which occurs when control of the goods or services are transferred to the customer. This is deemed to be the policy inception date. An invoice and policy documents are created at the date of inception, which specify each party's rights and obligations, the price of the policy, the payment terms and the level of coverage. The insured party assumes full control at the date of inception and cover is enforceable as at that date, regardless of when payment is received. When the performance obligation has been satisfied, the Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation, after excluding any estimates of variable consideration that are constrained in respect of settlement activities. See Note 3 for further information.

The research and development (R&D) tax offset, also known as the R&D tax incentive provides for a 43.5% refundable tax offset on eligible R&D expenditure for entities incurring costs on eligible R&D activities and falling under an aggregated turnover threshold of $20m. For financial reporting purposes, this is treated as an income tax item and recognised when the work required to receive the grant has been completed.

All revenue is stated net of the amount of GST/VAT (Note 1e.iii Goods and Services Tax (GST) and Value Added Tax (VAT)).

l. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

m. Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer Note 6 Income Tax.

ii. Key Estimate —Impairment

(1) Legal Parent Financial Assets related to Subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments in subsidiaries and loans to subsidiaries are impaired. Where necessary, the Company's assessments are based on the estimation of the value-in-use of the assets defined in AASB 136 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 30 June 2019 was $669,754 (2018: $169,121), and loans $2,361 (2018: $nil) after an impairment loss of $231,465 was recognised in 2019 (2018: $6,993,937). The impairment losses have been included in the parent Company's results for the year. Details of the impairment loss calculation are set out in Note 29.

In determining whether an impairment exists, management assumes that a subsidiary will only be able to repay its loans to the extent it has positive net assets. It is also assumed that the Company's legal subsidiaries have no realisable value as standalone entities and so the shares it owns in them must be fully impaired. It is assumed that loans with each subsidiary are interchangeable and so the extent of any impairment on loans is limited to the amount of the net deficiency of the sub-group.

Notes to the consolidated financial statements

for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

(2) Intangible Assets

The Company assesses impairment of intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The Company used the income approach in determining the fair value which reflects the current market expectations about future amounts that will be generated by the intangible assets. This involves employing present value techniques that are dependent on the circumstances specific to the intangible asset and the availability of sufficient data.

During the previous reporting period, the directors took a view to impair the full value of the software development costs until economic benefits flowing from this asset are material and can be determined with reasonable accuracy. The directors are still of the opinion that the additional economic benefits to be derived from this asset cannot be determined with reasonable accuracy. The decision to fully impair the carrying amount of the intangible asset resulted in a one-off impairment charge to the profit & loss account in the prior year in the sum of $2.01 million.

iii. Key Estimate —Intangible assets and amortisation

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intangible Assets, arising from software development costs, are initially recognised as an asset when it is expected that material future economic benefits will be derived from such expenditure. The estimated future economic benefits are used to determine the recoverable amount of this asset, however, where the timing and value of these future economic benefits cannot be determined with reasonable accuracy, the carrying amount is written down to the recoverable amount through an impairment charge to the profit & loss account.

iv. Key Estimate —Revenue

Under AASB 9, the Group's Trade and other receivables need to recognise an allowance for expected credit loss upon initial recognition of the financial instrument as a cancellation provision. The Group has elected to measure the cancellation provision based on the expected value by looking at the previous year's cancellations and negative endorsements as a percentage of the overall premiums sold. As such, the Group has assessed the historical credit loss experience and applied it to the current balance to establish the basis of the cancellation provision. This makes the assumption that the rate of cancellation and negative endorsement will be materially the same as in the previous year and this is assessed annually. For the year ended 30 June 2019, a cancellation provision of 7.2% was applied to Australian receivables and 1.2% to UK receivables.

Notes to the consolidated financial statements
for the Year Ended 30 June 2019

Note 1 Statement of significant accounting policies

v. Management Judgement – Discontinued operations

An operation is classified as discontinued when a decision is made by management to dispose of an operating segment of the business. The sale of Savill Hicks Corp Pty Ltd completed on 12 November 2018, it therefore met the criteria for classification as a discontinued operation in the financial year and the results of this entity are disclosed separately in this document from the continuing operations of the business.

n. Amendments to AASBs and the new Interpretations that are mandatorily effective for the current period

The accounting policies adopted are consistent with those of the previous financial years except the following which the Group adopted from 1 July 2018:

- AASB 9 Amendments to Australian Accounting Standards – Financial Instruments and associated Amending Standards.
- AASB 15 Amendments to Australian Accounting Standards – Revenue from Contracts with Customers.

The adoption of AASB 9 did not have a material impact on the current period or any prior period and is not likely to materially affect future periods (refer to Note 1i).

The adoption of AASB 15 had an impact on the current period (refer to Note 3) and was applied using the cumulative effect method. This resulted in a credit of $177,602 to retained earnings and $60,915 to reserves at 1 July 2018, being the cumulative effect on initial application of the standard. As permitted by the new accounting standard, the comparative results for the year ended 30 June 2018 are not restated.

o. New Accounting Standards and Interpretations applicable from 1 July 2018 not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

i. AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as on the balance sheet. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Rent is no longer charged, instead depreciation and a finance charge, impacting EBITDA. Lessor accounting remains similar to current practice.

The Directors anticipate that the adoption of AASB 16 will require representing the Group's office rental leases in Sydney, Melbourne and London as finance leases, with applicable accounting treatment applied. An analysis of the Group's current exposure to leases falling under AASB 16 has shown the following impact on the net profit and net assets of the Group at 30 June 2019: Non-current assets would increase by approximately $0.8m to recognise the right-of-use assets, less accumulated amortisation, with a corresponding increase in liabilities of $0.9m to recognise the lease liability. The reclassification of operating lease payments as depreciation and finance costs would have seen EBITDA increase by $0.3m, but net loss would increase by $0.1m. Overall cashflows are unaffected, however all cash payments made for leases would be reclassified from operating cashflows to financing cashflows.

ii. AASB 2017-4: Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 2017-4 amends AASB 1 to clarify that a first-time adopter whose date of transition to Australian Accounting Standards is before 1 July 2017 may elect not to reflect the application of AASB Interpretation 23, as identified in AASB 1048 Interpretation of Standards, in comparative information in its first financial statements prepared in accordance with Australian Accounting Standards.

The Directors anticipate that the adoption of AASB 2017-4 will not have a material impact on the Group's presentation of its financial statements.

iii. Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

Note 2 Registered Office and Principal Place of Business

The registered office and principal place of business of the Company is:

Address:

Street:	Level 5/68 Alfred St
	Milsons Point NSW 2061
Postal:	PO Box 483
	Milsons Point NSW 1565
Telephone:	+61 (0)2 8070 1800

Other business locations

Melbourne:	4/400 Canterbury Road
	Surrey Hills VIC 3127
Telephone:	+61 1300 794 079
London:	Level 2, 10 Philpot Lane
	London, EC3M 8AA, United Kingdom
Telephone:	+44 (0)20 3941 7710

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 3 Revenue and other income

	2019 $	2018 $
a. Revenue		
Sales revenue	2,209,355	1,201,076
Interest	131,239	7,260
Other	136,260	-
	2,476,854	1,208,336

For the year ended 30 June 2019, the Group adopted AASB 15: Revenue from Contracts with Customers, which replaced all revenue standards and interpretations. As permitted by AASB 15, the Group adopted the standard on a cumulative effect basis, so that prior year comparative results have not been restated.

Commission, brokerage and fees will be recognised when the Group has satisfied its performance obligations, which occurs when control of the goods or services are transferred to the customer. This is deemed to be the policy inception date. An invoice and policy documents are created at the date of inception, which specify each party's rights and obligations, the price of the policy, the payment terms and the level of coverage. The insured party assumes full control at the date of inception and cover is enforceable as at that date, regardless of when payment is received. When the performance obligation has been satisfied, the Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation, after excluding any estimates of variable consideration that are constrained in respect of settlement activities.

To the extent a policy is negatively endorsed or cancelled, the Company still retains the right to collect the premium pro-rata to the point of endorsement or cancellation. The Company estimates variable consideration based on the expected value by looking at the previous year's cancellations and negative endorsements as a percentage of the overall premiums sold. (It is assumed this percentage will not materially change). This percentage is then applied to the trade receivable balance to create a refund liability. The refund liability is considered an acceptable way to account for variable consideration in the standard.

The adoption of AASB 15 is a reflection of a shift in timing of revenue recognised with no change in the quantum of revenue recognised. This change arises from the bringing forward of revenue recognition from the point settlement is received to the policy inception date, subject to variable consideration, which is constrained to reflect potential cancellations. Refer to the Consolidated Statement of Changes In Equity, which shows the quantitative impact of AASB 15.

Set out below are the amounts by each line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position affected by the adoption of AASB 15. The first column shows amounts prepared under AASB 15, the second column shows the AASB 15 adjustment and the last column shows the amounts had AASB 15 not been adopted.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Amounts Prepared Under AASB 15 $	Current Period Adjustments Under AASB 15 $	Amounts Prepared Under Previous AASB 1023 $
Revenue	2,476,854	376,787	2,100,067
Expenses	(7,046,462)	(5,833)	(7,040,629)
Finance Costs	(558,417)	-	(558,417)
Net Profit/(Loss)	(5,128,025)	370,954	(5,498,979)

Consolidated Statement of Financial Position

	Amounts Prepared Under AASB 15	Current Period Adjustments Under AASB 15	Amounts Prepared Under Previous AASB 1023
	$	$	$
Current Assets	10,757,925	(16,821)	10,774,746
Non-current Assets	208,513	-	208,513
Current Liabilities	(8,655,556)	627,153	(9,282,709)
Non-current Liabilities	(4,604,540)	-	(4,604,540)
Net Assets	(2,293,658)	610,332	(2,903,990)
Equity	(2,293,658)	610,332	(2,903,990)

Note 4 Loss before income tax

	Note	2019 $	2018 $
The following significant revenue and expense items are relevant in explaining the financial performance:			
a. Depreciation and amortisation:			
Depreciation and amortisation of plant and equipment	13b	52,964	50,436
Impairment of intangibles		-	2,007,461
Amortisation of intangibles	14b	-	173,167
		52,964	2,231,064
b. Employment costs:			
Directors fees		104,750	114,875
(Decrease)/Increase in employee benefits provisions		(15,763)	21,977
Superannuation expenses		315,516	367,836
Wages and salaries		4,030,690	4,002,505
Other employment related costs		375,050	585,260
		4,810,243	5,092,453

Note 5 Auditor's remuneration

	2019 $	2018 $
Audit and review of financial statements:		
Mazars Risk and Assurance Pty Limited	90,000	118,790
Buzzacott LLP	-	24,297
Other services - Taxation compliance provided by a related practice of the Auditor - Mazars	-	-
Other services - Taxation compliance provided by a related practice of the Auditor - Buzzacott	N/A	40,148
	90,000	183,235

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Income tax

	Note	2019 $	2018 $
a. Income tax (benefit)/expense			
Current tax		-	-
Deferred tax		-	-
Tax rebate for Research and Development		-	(286,084)
		-	(286,084)
b. Reconciliation of income tax benefit to prima facie tax payable			
The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to income tax expense as follows:			
Prima facie tax expense/(benefit) on operating loss of Australian continued operations at 27.5% (2018: 27.5%)		153,684	(1,869,479)
Prima facie tax expense/(benefit) on operating profit of Australian discontinued operations at 27.5% (2018: 27.5%)		21,553	2,179
Prima facie tax expense on operating loss of UK continued operations at 19% (2018: 19%)		(387,403)	(418,629)
Add / (Less)			
Tax effect of:			
– Capital-raising costs deductible		-	-
– Timing differences		-	-
– Non-deductible expenses		3,962	3,471
– Loss on sale of investments		(2,026,782)	-
– Losses in Ensurance UK Limited at 19%		387,403	418,629
– Deferred tax asset not brought to account		1,847,583	1,863,829
Income tax (benefit)/expense attributable to operating loss		-	-
Less rebates:			
– Tax rebate for Research and Development		-	(286,084)
Income tax (benefit)/expense		-	(286,084)
		%	**%**
c. The applicable weighted average effective tax rates attributable to operating profit are as follows		-	-
		$	**$**
d. Balance of franking account at year end of the legal parent		8,620	8,620

Ensurance

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 6 Income tax (cont.)	Note	2019 $	2018 $
e. Deferred tax assets			
Provisions		141,162	(47,066)
Other		-	180,902
Capital raising costs		-	28,215
Asset revaluation reserve		242	-
Tax losses		4,991,231	1,494,097
		5,132,635	1,656,148
Set-off against deferred tax liabilities		(7,956)	455,549
Net deferred tax assets		5,124,679	2,111,697
Less deferred tax assets not recognised		(5,124,679)	(2,111,697)
Net tax assets		-	-
f. Deferred tax liabilities			
Intangibles		27,603	455,549
Unearned income		(34,339)	-
Prepayments		(145)	-
Other		(1,075)	-
Set-off deferred tax assets		7,956	(455,549)
Net deferred tax liabilities		-	-
g. Tax losses and deductible temporary differences			
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:			
- Deductible temporary differences		133,450	617,600
- Capital losses		1,023,605	-
- Revenue losses		3,967,625	3,213,657
		5,124,680	3,831,256

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the company continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

h. Tax consolidation

The Board of Ensurance Ltd has entered into the Tax Consolidation Regime from 1 July 2015. This includes the preparation and signing of a Tax Sharing and Funding Agreement. Ensurance Limited is the head entity in the newly formed tax consolidated group. As a consequence, the entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Under the tax funding agreement, the members of the Group are required to contribute to the head entity for their current tax liabilities. The assets and liabilities arising under the tax funding agreements are recognised as intercompany assets and liabilities at call. Members of the tax consolidated group via the tax sharing agreement may be called to provide for the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amount has been recognised in respect of this component of the agreement as the outcome is considered remote.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 7 Earnings per share (EPS)

	Note	2019 $	2018 $
a. Reconciliation of earnings to profit or loss			
Loss for the year		(1,401,735)	(8,707,405)
Less: loss attributable to non-controlling equity interest		-	-
Loss used in the calculation of basic EPS		(1,401,735)	(8,707,405)

	2019 $	2018 $
b. Number of ordinary shares outstanding during the year used in calculation of basic EPS	316,086,819	346,227,724

	2019 $	2018 $
c. Earnings per share		
Basic EPS (cents per share)	(0.44)	(2.51)

d. At the balance date, the Group has 55,131,615 unissued shares under options (2018: 25,497,314), 8,000,000 partly-paid shares on issue (2018: 8,000,000), 1,500,000 performance rights (2018: 1,500,000) and 62,500,000 convertible notes (2018: 75,000,000). The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2019 financial year the Group's unissued shares under option, partly-paid shares, and performance rights were anti-dilutive. The Group's convertible notes are dilutive.

e. During the year, the group issued the following unissued shares under options: 1,000,000 options exercisable at 5 cents and expiring 10 July 2021; 1,000,000 options exercisable at 8 cents and expiring 10 July 2021; 3,000,000 options exercisable at 4 cents and expiring 31 December 2021; 5,000,000 options exercisable at 6 cents and expiring 31 December 2022; 7,000,000 options exercisable at 9 cents and expiring 31 December 2023 and 12,634,301 options exercisable at 4 cents and expiring 30 June 2021. All these options are anti-dilutive.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 8 Cash and cash equivalents	Note	2019 $	2018 $
a. **Current**			
Cash at bank		2,532,126	3,201,734
Cash on hand		2,010	1,745
		2,534,136	3,203,479
b. **Reconciliation of cash**			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents	8a	2,534,136	3,203,479
		2,534,136	3,203,479

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26 Financial risk management.

d. **Cash Flow Information**	Note	2019 $	2018 $
i. Reconciliation of cash flow from operations to (loss)/profit after income tax			
Loss after income tax		(1,401,735)	(8,707,405)
Non-cash flows in (loss)/profit from ordinary activities:			
Depreciation and amortisation		52,964	243,225
Convertible note interest		275,749	344,705
Impairment		-	2,007,461
Profit on disposal of Savill Hicks Corp Pty Ltd		(3,647,914)	-
Other (option reserves)		(108,747)	103,770
Movements related to discontinued operations		(401,648)	(612,463)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
Decrease/(Increase) in receivables		198,920	(20,364)
Increase in prepayments and other assets		(7,383)	(149,927)
Decrease in net tax assets		284,000	58,285
Decrease in trade and other payables		(223,768)	(669,840)
Decrease in provisions		(90,387)	(1,801)
Cash flow from operations		(5,069,949)	(7,404,354)

e. **Debt Movements**	2019 $	2018 $
Current Amounts		
Opening Balance	467,288	1,082,394
Drawdowns	-	348,794
Movement from Non-Current to Current	270,869	-
Repayments	(448,265)	(963,900)
Closing Balance	289,892	467,288

	2019 $	2018 $
Non-Current Amounts		
Opening Balance	2,583,632	2,747,536
Drawdowns	2,500,000	-
Movement from Non-Current to Current	(270,869)	-
Repayments	(247,217)	(163,904)
Closing Balance	4,565,546	2,583,632

f. **Credit standby facilities**

The Group has no credit standby facilities.

g. **Non-cash investing and financing activities**

Nil.

Note 9 Trade and other receivables

	2019 $	2018 $
a. Current		
Trade receivables	624,167	35,751
R&D Tax rebate receivable	-	284,000
Receivable from underwriter	-	503,336
	624,167	823,087

b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26 Financial risk management.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 10 Other assets

	2019 $	2018 $
Current		
Prepayments	210,343	202,960
	210,343	202,960

Note 11 Compliance of underwriting assets and liabilities

30 JUNE 2018	Ensurance Underwriting Pty Limited $	Ensurance UK Limited $	Total $
Trust account insurer assets			
Insurance debtors	1,019,367	864,152	1,883,519
Trust accounts	1,387,150	401,678	1,788,828
Total trust account insurance assets	2,406,517	1,265,830	3,672,347
Trust account insurer liabilities			
Underwriter's liability	2,276,691	1,103,927	3,380,618
Unearned commissions	128,254	121,263	249,517
Other	1,572	40,640	42,212
Total trust account insurance liabilities	2,406,517	1,265,830	3,672,347
Excess of insurance assets over insurance liabilities	-	-	-
30 JUNE 2019			
Trust account insurer assets			
Insurance debtors	1,029,523	4,275,676	5,305,199
Trust accounts	816,757	1,267,323	2,084,080
Total trust account insurance assets	1,846,280	5,542,999	7,389,279
Trust account insurer liabilities			
Underwriter's liability	1,788,037	5,376,106	7,164,143
Unearned commissions	-	-	-
Other	58,243	166,893	225,136
Total trust account insurance liabilities	1,846,280	5,542,999	7,389,279
Excess of insurance assets over insurance liabilities	-	-	-

Note 12 a - Financial assets

	2019 $	2018 $
a. Non-current		
Fair Value Through Other Comprehensive Income: Listed shares	1,684	2,564
	1,684	2,564

Note 12 b - Other non-current assets

		2018 $
Bonds on deposit	72,131	67,640

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 12 Plant and equipment

	2019 $	2018 $
Fixtures, furniture, and fittings	192,604	187,428
Accumulated depreciation	(66,692)	(25,873)
	125,912	161,555
Plant and equipment	93,599	91,639
Accumulated depreciation	(84,813)	(72,406)
	8,786	19,233
Total plant and equipment	134,698	180,788

Movements in Carrying Amounts

	Fixtures, furniture & fittings $	Plant & equipment $	Total $
Carrying amount: 1 July 2017	7,536	30,704	38,240
Additions	177,120	16,637	193,757
Disposals	-	(773)	(773)
Depreciation expense	(23,101)	(27,335)	(50,436)
Carrying amount: 30 June 2018	161,555	19,233	180,788
Carrying amount: 1 July 2018	161,555	19,233	180,788
Additions	4,987	1,887	6,874
Disposals	-	-	-
Depreciation expense	(40,630)	(12,334)	(52,964)
Carrying amount: 30 June 2019	125,912	8,786	134,698

Note 13 Intangible assets

	2019 $	2018 $
Software development costs	3,698,562	3,698,562
Impairment	(2,007,461)	(2,007,461)
Accumulated amortisation	(1,691,101)	(1,691,101)
Total intangible assets	-	-

Movements in Carrying Amounts

	Software Development $
Carrying amount: 1 July 2017	1,934,645
Additions	245,983
Amortisation expense	(173,167)
Impairment	(2,007,461)
Carrying amount: 30 June 2018	-
Carrying amount: 1 July 2018	-
Additions	-
Amortisation expense	-
Impairment	-
Carrying amount: 30 June 2019	-

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 14 Trade and other payables	Note	2019 $	2018 $
a. Current			
Unsecured			
Trade payables & accruals	15b	283,982	351,644
Other payables		223,406	401,158
Other taxes		260,266	238,620
Loan with discontinued operation	15d	-	1,059,758
		767,654	2,051,180

b. Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26 Financial risk management.

d. The loan with discontinued operation in the prior period represents an intercompany loan balance owing from Ensurance Limited to its subsidiary, Savill Hicks Corp Pty Ltd. Normally eliminated on consolidation, with the operations of Savill Hicks Corp Pty Ltd discontinued, the balance was restated as a liability owing from Ensurance Limited. The balance owing to Savill Hicks Corp Pty Ltd was settled on completion of the sale.

Note 15 Borrowings	2019 $	2018 $
a. Current		
Convertible notes (i)	270,869	-
Related party loans	6,000	120,378
Non-refundable sale deposit taken	-	200,000
Premium funding loans	13,023	146,910
	289,892	467,288
b. Non-Current		
Convertible notes (i)	2,065,546	2,583,632
Related party Loans	2,500,000	-
	4,565,546	2,583,632

(i) A $3m convertible note was issued by the Company on 11 July 2016 at an issue price of $0.22 per note. Each note entitles the holder to convert to one ordinary share. Conversion may occur at any time for a period of three years from the subscription date. If the notes have not been converted, they will be redeemed at this point. Interest of 8% will be paid quarterly up until that settlement date. On 12 November 2018, $0.5m of the notes were cancelled, forming part of the consideration for the sale of Savill Hicks Corp Pty Ltd.

The conversion price of the note reduces in line with the issue price of any capital raising conducted during the life of the note. As at the balance date, the conversion price was 4 cents and as such a further 62,500,000 shares stood to be issued.

Prior to year-end, existing holders of the remaining $2.5m convertible notes were offered an extension of the notes to 30 June 2021 on the same terms. Holders that opted to extend the terms were granted one option to acquire fully paid ordinary shares in the Company for every four shares into which their convertible notes would convert. $2,221,488 of the notes were extended and $278,518 were declined and will be redeemed as per the original terms of the agreement.

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company. The equity derivative has been credited to equity (option premium on convertible notes). The liability component is measured at amortised cost. The interest component is measured at amortised cost. The interest expense is calculated by applying an effective interest rate of 12.57% for the period since the loan notes were issued.

Note 16 Employee benefit provisions

	Note	2019 $	2018 $
a. Disclosed as:			
Current		208,731	309,223
Non-current		38,994	28,889
Carrying amount at the end of year		247,725	338,112

b. Movements in Carrying Amounts

	Annual leave $	Long service Leave $	Total $
Carrying amount at the beginning of year	263,980	74,132	338,112
Additional provisions raised during the year	103,673	22,910	126,583
Amounts used/forfeited	(180,550)	(36,420)	(216,970)
Carrying amount at the end of year	187,103	60,622	247,725

c. Description of provisions

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.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 17 Issued capital		2019 No.	2018 No.	2019 $	2018 $
Fully paid ordinary shares at no par value		316,086,819	346,227,724	16,301,785	17,527,964
a. **Ordinary shares**					
At the beginning of the period		364,227,724	83,113,862	17,527,964	7,210,755
Shares issued during the year		-	263,113,862	-	11,224,554
Capital raising transaction costs		-	-	(20,543)	(907,345)
Shares cancelled during the year		(30,140,905)		(1,205,636)	
Balance at reporting date		316,086,819	346,227,724	16,301,785	17,527,964

		2019 No.	2018 No.
b. **Partly paid shares**			
Partly-paid Shares	18b.i	8,000,000	8,000,000

i. Each Partly Paid Share is issued at a price of 20 cents of which 0.01 of one cent is paid with the balance payable, at the election of the holder, any time within five years from the date of Shareholder approval of the special resolution, being 30 November 2020, in accordance with resolution 13 of the Company's 2015 Annual General Meeting.

The Partly Paid Shares will not be subject to calls by Ensurance and any of the Partly Paid Shares which are not fully paid up at the expiration date of 30 November 2020 shall be forfeited (in accordance with Ensurance's constitution) and the holder shall have no right to pay up and shall retain no rights in relation thereto.

c. **Options**	2019 No.	2018 No.
Options exercisable at 12 cents expiring 31 July 2020	1,000,000	1,000,000
Options exercisable at 4.6 cents expiring 31 July 2020	3,000,000	3,000,000
Options exercisable at 8 cents expiring 31 July 2020	2,597,314	2,597,314
Options exercisable at 4 cents expiring 31 July 2020	3,500,000	3,500,000
Options exercisable at 8 cents expiring 15 December 2019	5,000,000	5,000,000
Options exercisable at 5 cents expiring 15 December 2019	3,150,000	3,150,000
Options exercisable at 5 cents expiring 15 December 2020	7,250,000	7,250,000
Options exercisable at 5 cents expiring 10 July 2021	1,000,000	-
Options exercisable at 8 cents expiring 10 July 2021	1,000,000	-

Options exercisable at 4 cents expiring 31 December 2021		3,000,000	-
Options exercisable at 6 cents expiring 31 December 2022		5,000,000	-
Options exercisable at 9 cents expiring 31 December 2023		7,000,000	-
Options exercisable at 4 cents expiring 30 June 2021		12,634,301	-
		55,131,615	25,497,314

Options were valued using the Black-Scholes model as follows	2019 $	2018 $
Options exercisable at 12 cents expiring 31 July 2020	76,100	76,100
Options exercisable at 4.6 cents expiring 31 July 2020	245,700	245,700
Options exercisable at 8 cents expiring 31 July 2020	219,992	219,992
Options exercisable at 4 cents expiring 31 July 2020	141,837	296,450
Options exercisable at 8 cents expiring 15 December 2019	98,500	98,500
Options exercisable at 5 cents expiring 15 December 2019	98,595	98,595
Options exercisable at 5 cents expiring 15 December 2020	273,615	273,615
Options exercisable at 5 cents expiring 10 July 2021	3,133	-
Options exercisable at 8 cents expiring 10 July 2021	1,767	-
Options exercisable at 4 cents expiring 31 December 2021	6,450	-
Options exercisable at 6 cents expiring 31 December 2022	7,000	-
Options exercisable at 9 cents expiring 31 December 2023	6,860	-
Options exercisable at 4 cents expiring 30 June 2021	101,074	-
	1,280,623	1,308,952

d. **Performance rights**		2019 No.	2018 No.
Performance Rights Class A	25a.i	1,000,000	1,000,000
Performance Rights Class B	25a.ii	500,000	500,000
Carrying amount at the end of year		1,500,000	1,500,000

e. **Convertible Notes**			
Convertible notes	16b.i	62,500,000	75,000,000
Carrying amount at the end of year		62,500,000	75,000,000

f. Capital Management

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short-term commitments.

	2019	2018
Current ratio	1.24	1.22

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group in respect of operations and overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet forecast operating requirements, with a view to initiating capital raisings as required.

The Group is subject to externally imposed capital requirements under the FSRA Legislation through its Australian Financial Services (**AFS**) Licensee, Ensurance Underwriting Pty Limited. This legislation requires that the insurance assets of the entity be equal to or exceed the insurance liabilities. Refer also note 11.

The working capital position of the Group at 30 June 2019 and 30 June 2018 was as follows:

	Note	2019 $	2018 $
Cash and cash equivalents	8	2,534,136	3,203,479
Trade and other receivables	9	624,167	823,087
Other current assets		210,343	202,960
Trust account insurer assets	11a	7,389,279	3,672,347
Trust account insurer liabilities	11b	(7,389,279)	(3,672,347)
Trade and other payables	15	(767,654)	(2,051,180)
Short-term borrowings	16	(289,892)	(467,288)
Short-term provisions	17	(208,731)	(309,223)
Working capital position		2,102,369	1,401,835

Note 18 Reserves

	Note	2019 $	2018 $
Investment revaluation reserve	19a	(680)	12,793
Share-based payment reserve	19b	8,980	8,980
Convertible note option premium reserve	19c	203,928	269,112
Foreign currency translation reserve	19e	(11,197)	(54,487)
Share option reserve	19d	1,280,623	1,308,952
Total reserves		1,481,654	1,545,350

a. Investment revaluation reserve

The investment revaluation reserve records revaluations of investments held by the Group.

b. Share-based payment reserve

The share-based payment reserve records items recognised as expenses on the value of equity issues.

c. Convertible note option premium reserve

The convertible note option premium reserve recognises the equity component attached to the Company's convertible notes.

d. Share option reserve

The share option reserve recognises the value of the unlisted share options in the Company.

e. Foreign currency translation reserve

The foreign currency translation reserve records the unrealised foreign currency gains or losses on translation of the financial statements of subsidiaries where the functional currency differs to that of the parent entity.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 19 Controlled entities

a. Legal parent entity

Ensurance Limited is the ultimate parent of the Group (refer to Note 1a.iii).

i. Legal subsidiaries	Country of Incorporation	Class of Shares	Percentage Owned 2019	Percentage Owned 2018
Ensurance Capital Pty Limited	Australia	Ordinary	100.0%	100.0%
Ensurance IT Pty Limited	Australia	Ordinary	100.0%	100.0%
Ensurance Underwriting Pty Limited	Australia	Ordinary	100.0%	100.0%
Savill Hicks Corp Pty Limited	Australia	Ordinary	-	100.0%
Savill Hicks Corp (NSW) Pty Ltd	Australia	Ordinary	-	100.0%
Ensurance Life Pty Ltd	Australia	Ordinary	100.0%	100.0%
Ensurance UK Limited	United Kingdom	Ordinary	100.0%	100.0%

b. Investments in subsidiaries are accounted for at cost.

c. Savill Hicks Corp Pty Limited and Savill Hicks Corp (NSW) Pty Ltd together form the Australian retail brokerage business sold on 12 November 2018 and their results are classified as discontinued operations in this annual report.

Note 20 Commitments

	2019 $	2018 $
a. Operating lease commitments:		
Minimum lease payments under non-cancellable operating leases		
not later than 12 months	240,202	322,668
between 12 months and 5 years	69,626	266,195
greater than 5 years	-	-
	309,828	588,863

A renewed operating lease is held over 400 Canterbury Road, Surrey Hills Melbourne Vic. The period of the lease is a non-cancellable three-year period commencing 9 March 2018. A further operating lease is held over Level 2, 10 Philpot Lane, London. The period of lease is five years commencing 27 November 2017, with an optional break clause after two years. During the year, a non-cancellable operating lease was taken out over Level 5, 68 Alfred Street, Milsons Point, NSW. The lease runs until June 2020.

Notes to the consolidated financial statements
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Note 21 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

- Mr Tony Leibowitz — Chairman
- Mr Adam Davey — Non-Executive Director
- Mr Tony Wehby — Non-Executive Director
- Mr Brett Graves — Chief Operating Officer (resigned 12 November 2018)
- Mr Arjan van Ameyde — Chief Financial Officer & Chief Operating Officer
- Mr Michael Huntly — CEO of Ensurance Underwriting
- Mr Peter Fielding — COO of Ensurance IT (resigned 1 November 2018)
- Mr Sam Hallab — Company Secretary
- Mr Tim James — CEO of Ensurance UK Limited

The total remuneration paid to KMP during the year is as follows:

	2019 $	2018 $
Short-term employee benefits	1,430,555	2,001,931
Post-employment benefits	108,840	140,849
Total	1,539,395	2,142,780

Note 22 Related party transactions

	2019 $	2018 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
- Payments made in respect to remuneration of related parties of the KMP:		
- K Graves (spouse of Mr Brett Graves)	-	46,738
- C Graham (executive assistant of Mr Tony Leibowitz)	43,800	40,684
- J Huntly (son of Mr Michael Huntly)	23,876	21,088

In June 2019, the Company established a $2.5m loan with Kalonda Pty Ltd, a related entity of Mr Tony Leibowitz. Interest on the facility is charged at 16% per annum. Total interest paid to Kalonda Pty Ltd in the year was $14,545.

In March 2019, the Company paid Mr Tony Leibowitz $20,000 for a letter of guarantee, confirming he would continue to support the Company financially for the twelve months following the signing of the half-year audit report dated 26 February 2019.

The Company has a payable of $6,000 to Mr Adam Davey (2018: $6,000), representing interest on a loan that was settled in a previous financial year.

Notes to the consolidated financial statements

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Note 23 Operating segments

a. Identification of reportable segments

The Group operates predominantly in the insurance industry. This comprises sale of insurance products & underwriting, and development of industry information technology. Inter-segment transactions are priced at cost to the Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (**the Board**) on a monthly basis and in determining the allocation of resources. Management has identified four reportable segments: insurance (both in Australia and the UK), information technology and corporate overheads.

b. Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

ii. Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income

c. Basis of accounting for purposes of reporting by operating segments

The Group operates in two geographical areas being Australia and the United Kingdom. Segment results are reported under the Australian regulatory body’s accounting standards.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 24 Operating segments (cont.)

For the Year to 30 June 2019	Insurance (AUS) $	Insurance (UK) $	Information Technology $	Corporate Head Office $	Total $
Revenue					
Revenue	936,418	1,272,937	-	-	2,209,335
Interest revenue	6,789	1,561	-	122,889	131,239
Other Income	-	-	136,260	-	136,260
Total segment revenue	943,207	1,274,498	136,260	122,889	2,476,854
Reconciliation of segment revenue to group revenue					
Intra-segment income and expense	-	-	-	-	-
Total group revenue and other income					2,476,854
Segment net/profit (loss) from continuing operations before tax	(213,780)	(1,997,059)	(748,699)	1,610,767	(1,348,771)
Reconciliation of segment loss to group loss					
(i) Amounts not included in segment results but reviewed by Board:					
Depreciation, amortisation & impairment	(6,039)	(41,903)	(553)	(4,469)	(52,964)
(ii) Unallocated items		-	-	-	-
Loss before income tax					(1,401,735)
As at 30 June 2019					
Segment Assets	2,434,309	6,454,963	15,271	25,165,679	34,070,222
Reconciliation of segment assets to group assets					
Intra-segment eliminations					(23,103,784)
Total assets					10,966,438
Segment asset increases for the year:					
Capital expenditure	-	-	-	-	-
Acquisitions	1,748	-	-	2,961	4,709
	1,748	-	-	2,961	4,709
Segment Liabilities	2,201,706	5,785,208	5,215,936	8,173,388	21,376,238
Reconciliation of segment liabilities to group liabilities					
Intra-segment eliminations					(8,116,142)
Total liabilities					13,260,096

Ensurance

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 24 Operating segments (cont.)

For the Year to 30 June 2018	Insurance (AUS) $	Insurance (UK) $	Information Technology $	Corporate Head Office $	Total $
Revenue					
Revenue	920,927	280,149	-	-	1,201,076
Interest revenue	5,169	71	-	2,020	7,260
Total segment revenue	926,096	280,220	-	2,020	1,208,336
Reconciliation of segment revenue to group revenue					
Intra-segment income and expense	-	-	-	-	-
Total group revenue and other income					1,208,336
Segment net/profit (loss) from continuing operations before tax	57,010	(2,179,251)	(988,242)	(3,659,866)	(6,770,349)
Reconciliation of segment loss to group loss					
(iii) Amounts not included in segment results but reviewed by Board:					
Depreciation, amortisation & impairment	(223,546)	(24,057)	(1,978,385)	(5,076)	(2,231,064)
(iv) Unallocated items	-		-	-	-
Loss before income tax					(9,001,413)
As at 30 June 2018					
Segment Assets	3,098,256	1,690,855	17,387	25,524,176	30,330,674
Reconciliation of segment assets to group assets					
Intra-segment eliminations					(22,177,809)
Total assets					8,152,865
Segment asset increases for the year:					
Capital expenditure	-	-	245,983	-	245,983
Acquisitions	9,287	175,744	-	8,726	193,757
	9,287	175,744	245,983	8,726	439,740
Segment Liabilities	2,963,087	1,521,734	4,468,800	9,830,797	18,784,418
Reconciliation of segment liabilities to group liabilities					
Intra-segment eliminations					(9,671,859)
Total liabilities					9,112,559

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 24 Share-based payments	2019 $	2018 $
Share-based payment expense	-	-

a. **The share-based payment expense is comprised of the following arrangements in place at 30 June 2019:**

i. On 30 November 2015, 6,500,000 Performance Rights Class A (**Class A Rights**) were granted to Directors of the Company. Upon the Company achieving the target share price of $0.80, based on a 30-day volume weighted average share price, within 5 years, the Class A Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class A Right. The Class A Rights hold no voting or dividend rights and are not transferable. At balance date, no Class A Right has converted, 5,500,000 had been forfeited and 1,000,000 Class A Rights remain.

ii. On 30 November 2015, 500,000 Performance Rights Class B (**Class B Rights**) were granted to Mr Adam Davey. Class B Rights will vest on the introduction to, and entry into an agreement with, a strategic partner to the Company which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, at the discretion of the Board of the Company. The Class B Rights hold no voting or dividend rights and are not transferable. At balance date, no Class B Right has converted or been forfeited and 500,000 Class B Rights remain.

b. **A summary of the movements of all Company performance rights issued as share-based payments is as follows:**

	2019 No.	2018 No.
Outstanding at the beginning of the year	1,500,000	7,000,000
Granted	-	-
Converted to ordinary shares	-	-
Expired	-	(5,500,000)
Outstanding at year-end	1,500,000	1,500,000

The weighted average remaining contractual life of performance rights outstanding at year end was 1.423 years.

The fair value of the performance rights granted to Directors is deemed to represent the value of the Directors' services received over the vesting period. These values were calculated using the Monte-Carlo option pricing model, applying the following inputs to performance rights issued:

	Class A Rights	Class B Rights
Grant date:	30 November 2015	30 November 2015
Grant date share price:	$0.19	$0.19
Deemed strike price	$0.80	$0.25
Number of performance rights issued:	6,500,000	500,000
Remaining life of the performance rights (years):	3.423	3.423
Expected share price volatility:	31.06%	31.06%
Risk-free interest rate:	2.00%	2.00%

Volatility has been determined based on the historical share price for the period between 5 May 2015 and 19 October 2015. The start date of May 5 2015 was used as this was the date the Company announced its reinstatement to Official Quotation on the ASX.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 25 Financial risk management

a. Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2019 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2018 Total $
Financial Assets								
Cash and cash equivalents	2,534,136	-	-	2,534,136	3,203,479	-	-	3,203,479
Trade and other receivables	-	-	624,167	624,167	-	-	823,087	823,087
Trust account insurer assets	-	2,084,080	5,305,199	7,389,279	-	1,788,828	1,883,519	3,672,347
Financial assets	-	-	73,815	73,815	-	-	70,204	70,204
Total Financial Assets	2,534,136	2,084,080	6,003,181	10,621,397	3,203,479	1,788,828	2,776,810	7,769,117
Financial Liabilities								
Financial liabilities at amortised cost								
Trade and other payables	-	-	767,654	767,654	-	-	2,051,180	2,051,180
Trust account insurer liabilities	-	-	7,389,279	7,389,279	-	-	3,672,347	3,672,347
Borrowings	-	4,855,438	-	4,855,438	-	3,050,920	-	3,050,920
Total Financial Liabilities	-	4,855,438	8,156,933	13,012,371	-	3,050,920	5,723,527	8,774,447
Net Financial Assets/(Liabilities)	2,534,136	(2,771,358)	(2,153,752)	(2,390,974)	3,203,479	(1,262,092)	(2,946,717)	(1,005,330)

b. Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls.

i. 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.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 26 Financial risk management (cont.)

The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes that no allowance for impairment is necessary in respect of trade and other receivables.

- *Credit risk exposures*

  The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

  Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, wherever possible.

- *Impairment losses*

  The ageing of the Group's trade and other receivables at reporting date was as follows (standard terms of trade are 90 days in the UK and 30 days in Australia):

	Gross 2019 $	Impaired 2019 $	Net 2019 $	Past due but not impaired 2019 $
Insurance receivables (premiums)				
Current	4,057,895	-	4,057,895	-
Past due	1,247,303	-	1,247,303	1,247,303
	5,305,198	-	5,305,198	1,247,303
Trade receivables (commissions)				
Current	634,667	(10,500)	624,167	-
Total	5,939,865	(10,500)	5,929,365	1,247,303

ii. 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 manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group's AFS Licensees are subject to the conditions of their AFS License. Accordingly, in meeting the cash needs requirement, the Group prepares cash flow projections to demonstrate the Licensees will have sufficient cash under the terms of their license.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 26 Financial risk management (cont.)

All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

Contractual Maturities

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Financial liabilities due for payment						
Trade and other payables	767,654	2,051,180	-	-	767,654	2,051,180
Trust account insurer liabilities	7,389,279	3,672,347	-	-	7,389,279	3,672,347
Borrowings	289,892	467,288	4,565,546	2,583,632	4,855,438	3,050,920
Total contractual outflows	8,446,825	6,190,815	4,565,546	2,583,632	13,012,371	8,774,447
Financial assets						
Cash and cash equivalents	2,534,136	3,203,479	-	-	2,534,136	3,203,479
Trade and other receivables	624,167	823,087	-	-	624,167	823,087
Trust account insurer assets	7,389,279	3,672,347	-	-	7,389,279	3,672,347
Total anticipated inflows	10,547,582	7,698,913	-	-	10,547,582	7,698,913
Net (outflow)/inflow on financial instruments	2,100,757	1,508,098	(4,565,546)	(2,583,632)	(2,464,789)	(1,075,534)

i. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board meets on a regular basis and considers the Group's interest rate risk.

(1) ***Interest rate risk***

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

(2) ***Foreign exchange risk***

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has no material exposure to foreign exchange risk on its financial instruments.

Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 26 Financial risk management (cont.)

(3) ***Price risk***

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

ii. Sensitivity Analyses

(1) ***Foreign exchange***

Notwithstanding the Group's subsidiary in the UK, namely Ensurance UK Limited, the Group did not carry significant financial assets or liabilities in foreign currencies in the 2019 financial year (2018: nil), and therefore was not subject to material foreign exchange risk, and according not subject to material sensitivities.

iii. Net Fair Values

(1) ***Fair value estimation***

The fair values of financial assets and financial liabilities are presented in the table in note 26a and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables;
- Trust account insurance assets and liabilities; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Note 26 Events subsequent to reporting date

There have been no material events subsequent to the reporting date

Note 27 Contingent liabilities

There are no contingent liabilities as at 30 June 2019 (2018: Nil).

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 28 Parent entity disclosures

	Note	2019 $	2018 $
a. Financial Position of Ensurance Limited (legal parent)			
Current assets		1,966,939	3,637,274
Non-current assets		671,074	171,321
Total assets		2,638,013	3,808,595
Current liabilities		146,119	391,620
Non-current liabilities		4,939,319	3,988,480
Total liabilities		5,085,438	4,380,100
Net assets/(deficiency)		(2,447,425)	(571,505)
Equity			
Issued capital		21,423,381	22,649,560
Investment revaluation reserve		(680)	200
Convertible note option premium reserve		269,112	269,112
Foreign currency translation reserve		(40,925)	(6,863)
Share-based payment reserve		1,221,735	1,423,232
Accumulated losses		(25,320,048)	(23,727,959)
Total equity		(2,447,425)	(571,505)
b. Financial performance of Ensurance Limited			
Profit / (loss) for the year		(1,592,089)	(8,172,723)
Other comprehensive income		-	-
Total comprehensive income		(1,592,089)	(8,172,723)

c. Guarantees entered into by Ensurance Limited for the debts of its subsidiaries

The Board of Ensurance Ltd has declared in writing that it will support the liabilities of its subsidiaries (**the companies**) and will continue to financially support the companies while they remain wholly owned under the control of Ensurance Ltd.

d. Impairment of investments and loans to subsidiaries

The Board of Ensurance Ltd has undertaken an impairment assessment of the parent entity's investment in Ensurance Capital of $7,525,195, its investment in Ensurance UK Ltd of $5,836,799 and loans to subsidiaries of $8,116,142. As a result of this assessment, the Company has recognised an impairment to the investment of $7,525,195 and $5,167,044, respectively and an impairment to the loans of $8,113,780. This equates to an impairment loss of $20,806,019. Of this amount $231,465 is recognised in the current year (2018: $6,993,937). These impairments relate only to disclosures as contained in this Note 29

Notes to the consolidated financial statements
for the year ended 30 June 2019

Note 30 Discontinued Operations

Discontinued operations comprise the Australian retail broking business, Savill Hicks Corp Pty Ltd, the sale of which was completed on 12 November 2018. Results shown in this note represent the results of Savill Hicks Corp Pty Ltd as well as associated corporate costs directly attributable to the operations of this business for the period 1 July 2018 up to the completion of the sale.

	2019 $	2018 $
a. Profit/(Loss) from Discontinued Operations		
Revenue	985,660	2,593,021
Other income	2,000	28,422
Operating expenses	(900,159)	(2,590,691)
Profit/(Loss) from operating activities	87,501	30,752
Finance costs	(9,125)	(22,828)
Profit/(Loss) before tax	78,376	7,924
Tax benefit/(expense)	-	-
Profit/(Loss) for period	78,376	7,924

b. Net Assets of Discontinued Operations		
Current assets	-	5,663,772
Non-current assets	-	46,217
Total assets	-	5,709,989
Current liabilities	-	(4,744,086)
Non-current liabilities	-	(6,987)
Total liabilities	-	(4,751,073)
Equity	-	958,916

c. Cash Flows from Discontinued Operations		
Net cash from/(used in) operating activities	(181,444)	216,924
Net cash (used in)/from investing activities	-	(3,443)
Net cash used in financing activities	-	(613,603)
Net cash used in discontinued operations	(181,444)	(400,122)

	$
d. (Gain)/Loss on disposal of Discontinued Operations	
Net assets of Savill Hicks Pty Ltd at disposal	120,200
Consideration:	
Cash deposit received in June 2018	(200,000)
Cash received on settlement	(1,999,011)
Fair value of buy-back of shares	(1,205,636)
Carrying amount of convertible notes cancelled	(450,230)
Transfer of employee entitlements	(44,648)
	(3,899,525)
Expenses incurred in sale:	
Independent expert's report	32,640
Legal and compliance costs	44,925
IT and transition costs	53,846
	131,411
(Gain)/Loss on disposal	(3,647,914)

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 60, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and

   (c) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Group.

   (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);

2. 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

TONY LEIBOWITZ
Chairman
Dated this Tuesday, 24 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSURANCE LIMITED AND ITS CONTROLLED ENTITIES

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Ensurance Ltd and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, other selected explanatory notes and the directors' declaration as set out on pages 18 to 61.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1.a.ii in the financial report, which indicates that the Group incurred a net loss of $1,401,735 during the year ended 30 June 2019 (2018: $8,707,405 loss) and as of that date, the Group's statement of financial position reflected positive working capital of $2,102,369 (2018: $1,401,835), net liability of $2,293,658 (2018: $778) and accumulated losses of $20,077,097 (2018: $19,074,092).

The ability of the Group to continue as a going concern and pay their debts as and when they fall due is dependent upon the continued and ongoing unconditional financial support of a major shareholder.

Should the ongoing financial support cease, then a material uncertainty exists which may cast significant doubt as to the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Key Audit Matters

The key audit matters are those matters that, in our professional judgement key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Compliance with Australian Financial Services Licence *Note 11*	
Our audit procedures focussed upon the group's compliance with the financial and operational requirements of the Australian Financial Services License held by the Group throughout the financial year. The group holds an Australian financial services license for - Ensurance Underwriting Pty Ltd: 429874 which enables them to trade as an insurance broker. Conditions attached to the license include the need for positive net assets, sufficiency of cash flows and documentation of operational matters. Given the emphasis of matter relating to going concern noted in Note 1.a.ii to the financial report, our review of the cash flow requirements and associated projections is a key area of the audit, particularly given the significant judgements and estimates required in their compilation.	Our procedures included but were not limited to: • comparing cash flow forecasts from prior periods to actual balances. • ensuring there are no calculation errors within the projections and other financial calculations used. • performing sensitivity analysis over key assumptions and their impact on AFSL ratio requirements. • assessing management's assumptions and judgements made in the preparation of cash flow projections and performance of associated sensitivities. • reviewing of documentation of all operational requirements ensuring compliance with the licensing requirements. • assessing the appropriateness of disclosures made in the financial report relating to the financial services licenses held and compliance with their conditions.

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Sale of SHC Entities _Note 30_	
The group disposed of 100% of the share capital of Savill Hicks Corp Pty Ltd, effective on 31st October 2018. In exchange for this, Ensurance received multiple components of consideration including cash, settlement of convertible notes and receipt of shares. The calculation of gain on settlement is a complex accounting transaction to ensure all aspects are appropriately recorded, presented and disclosed.	Our procedures included but were not limited to: • identifying and summarising the key terms of the purchase agreement. • recalculating the gain on sale. • reviewing management's journal entries and vouching them to supporting documents. • assessment of the tax treatment of the transaction and whether it was made on an arm's length basis. • reviewing all legal contracts and agreements to check for appropriate dates and signatures. • assessing the financial reporting presentation and disclosure requirements with reference to IFRS.
Adoption of AASB 15 _Note 3_	
AASB 15 replaces AASB 1023 as the applicable revenue standard and changes revenue recognition to a 5 step model, using the transfer of control as the point at which revenue is recognised. For Ensurance, this change in accounting policy has brought forward the revenue recognition point from the time when cash is received to the inception date of the policy. The interpretation of the new standard is based upon management's assessment of the new accounting standard and results in material adjustments alongside significant presentation and disclosure requirements for the financial report. Furthermore, management's assessment in applying AASB 15 has changed since half year and this has had a material impact. The half year financials will be reissued by management to apply the reassessed AASB 15 application.	Our procedures included but were not limited to: • reviewed management's impact assessment memo for AASB 15 application • assessed the reasonableness of management's interpretation of the standard and the impact upon the Group's accounting policy • assessed the appropriateness of the presentation and disclosure of AASB 15 in the financial report • obtained technical consultancy as to management's interpretation of the standard • reviewed the 5 step model of AASB 15 and assessed the application of these in respect of Ensurance • vouched the AASB 15 application journal entries to supporting documentation

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY NSW 2060 – PO BOX 1994, NORTH SYDNEY NSW 2059
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EMAIL: audit@mazars.com.au

MAZARS RISK & ASSURANCE PTY LIMITED – ABN: 39 151 805 275

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extreme rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 10-16 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Ensurance Limited for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group 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.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

R. Megale
Director
Signed in Sydney this 24th day of September 2019

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Corporate governance statement

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3rd Edition)' (Recommendations). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at www.ensurance.com.au.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board members. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibilities and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	(a) The Company has adopted a Diversity Policy. (i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 8 of the Corporate Governance Plan which is available on the company website. (c) (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition, the Board will review progress against the objectives in its annual performance assessment. (ii) The Company currently has 32 employees, 12 of those employees are woman.

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 3 of the Company's Corporate Governance Plan. (b) The Company's Corporate Governance Plan requires the Board to disclosure whether or not performance evaluations were conducted during the relevant reporting period. Due to the size of the Board and the nature of the business, it has not been deemed necessary to institute a formal documented performance review program of individuals. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director are reviewed. The Board considers that at this stage of the Company's development an informal process is appropriate. The review will assist to indicate if the Board's performance is appropriate and efficient with respect to the Board Charter. The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements. New Directors are obliged to participate in the Company's induction process, which provides a comprehensive understanding of the Company, its objectives and the market in which the Company operates. Directors are encouraged to avail themselves of resources required to fulfil the performance of their duties.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. (b) The Company's Corporate Governance Plan requires the Board to conduct annual performance evaluation of the senior executives. Schedule 3 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	NO	(a) Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Remuneration & Nominations Committee. The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.

Ensurance

Corporate governance statement

<table>
<tr><th>PRINCIPLES AND RECOMMENDATIONS</th><th>COMPLY (YES/NO)</th><th>EXPLANATION</th></tr>
<tr><td>Recommendation 2.2
A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</td><td>YES</td><td>
<table>
<tr><th>Board Skills Matrix</th><th>Number of Directors that Meet the Skill</th></tr>
<tr><td>Listed Executive & Non- Executive experience</td><td>3</td></tr>
<tr><td>Industry experience & knowledge at senior management level</td><td>1</td></tr>
<tr><td>Leadership</td><td>3</td></tr>
<tr><td>Corporate governance & risk management</td><td>3</td></tr>
<tr><td>Development & implementation of strategy</td><td>3</td></tr>
<tr><td>M&A assessment & execution</td><td>3</td></tr>
<tr><td>Development & implementation of culture</td><td>3</td></tr>
<tr><td>International experience</td><td>1</td></tr>
<tr><td>Capital Markets experience</td><td>3</td></tr>
<tr><td>Subject matter expertise:</td><td></td></tr>
<tr><td>- accounting</td><td>3</td></tr>
<tr><td>- ASX compliance</td><td>3</td></tr>
<tr><td>- capital management</td><td>3</td></tr>
<tr><td>- corporate financing</td><td>3</td></tr>
<tr><td>- employee management & remuneration</td><td>3</td></tr>
<tr><td>- industry taxation</td><td>0</td></tr>
<tr><td>- industrial relations/communications/PR</td><td>3</td></tr>
<tr><td>- risk management</td><td>1</td></tr>
<tr><td>- legal</td><td>0</td></tr>
</table>
</td></tr>
<tr><td>Recommendation 2.3
A listed entity should disclose:
(a) the names of the directors considered by the board to be independent directors;
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
(c) the length of service of each director</td><td>YES</td><td>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website.
(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions, associations and relationships are provided in the Annual Reports and Company website.
(c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Report and Company website.</td></tr>
<tr><td>Recommendation 2.4
A majority of the board of a listed entity should be independent directors.</td><td>YES</td><td>The Board Charter requires that where practical the majority of the Board will be independent.
Details of each Director's independence are provided in the Annual Report and Company website.</td></tr>
<tr><td>Recommendation 2.5
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</td><td>NO</td><td>The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director. At the present time the Board has an Executive Chairman in place.</td></tr>
<tr><td>Recommendation 2.6
A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</td><td>YES</td><td>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</td></tr>
<tr><td colspan="3">Principle 3: Act ethically and responsibly</td></tr>
<tr><td>Recommendation 3.1
A listed entity should:
(a) have a code of conduct for its directors, senior executives and employees; and
(b) disclose that code or a summary of it.</td><td>YES</td><td>(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees.
(b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.</td></tr>
</table>

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NO	(a) Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Audit and Risk Committee. (b) The Board devotes time at board meetings to review and evaluate financial reporting, audit, risk and compliance issues. The Board as a whole also considers the appointment and removal of the external auditor.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 4 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 4 of the Corporate Governance Plan are available on the Company's website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders. The Shareholder Communications Strategy can be found in Schedule 7 of the Corporate Governance Plan which is available on the Company's website.

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary sends out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	NO	(a) Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Audit and Risk Committee. (b) The Board devote time at board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	(a) The Company's processes for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 5 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	The company does not have an internal audit program. The Board is responsible for monitoring the effectiveness of the Company's risk management and internal control processes.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 5 of the Company's Corporate Governance Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

Corporate governance statement

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	NO	Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Remuneration & Nominations Committee. The Board devotes time at board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) The Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital

a. Ordinary share capital

316,086,819 ordinary fully paid shares held by 430 shareholders.

b. Unlisted Options over Unissued Shares

At the end of the financial year, the Company had 55,131,615 unlisted options for ordinary shares. Details of these options can be found in note 9 of the Directors' report on page 8 of this annual report.

c. Convertible notes

The Company raised $3m via a convertible notes issue on 11 July 2016 at a conversion price of $0.22 per note. The conversion price has been reduced to $0.04 following the entitlement issue conducted as per the prospectus dated 28 May 2017. Each note entitles the holder to convert to one ordinary share. $500,000 of the notes were cancelled as part of the consideration for the sale of Savill Hicks Corp Pty Ltd. 62,500,000 shares currently stand to be issued. Conversion may occur at any time for a period of three years from the subscription date. If the notes have not been converted, they will be redeemed at this point. Interest of 8% will be paid quarterly up until the settlement date.

Prior to year-end, existing holders of the remaining $2.5m convertible notes were offered an extension of the notes to 30 June 2021 on the same terms. Holders that opted to extend the terms were granted one option to acquire fully paid ordinary shares in the Company for every four shares into which their convertible notes would convert. $2,221,488 of the notes were extended and $278,518 were declined and will be redeemed as per the original terms of the agreement.

d. Performance Rights

The Company has:

- 1,500,000 Performance Rights Class A (**Class A Rights**) on issue. Upon the Company achieving the target share price of $0.80, based on a 30 day volume weighted average share price, within 5 years, the Class A Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class A Right.
- 500,000 Performance Rights Class B (**Class B Rights**) on issue. Class B Rights will vest on the introduction to, and entry into an agreement with, a strategic partner to the Company which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, at the discretion of the Board of the Company.

e. Partly Paid Shares

The Company has the following:

- 8,000,000 Partly Paid Shares issued at a price of 20 cents of which 0.01 of one cent is paid on issue with the balance payable, at the election of the holder, any time within five years from the date of Shareholder approval of the special resolution, being 30 November 2020.

f. 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.
- **Unlisted Options and Performance Rights**: Options and performance rights do not entitle the holders to vote nor participate in dividends, when declared, until such time as the options are exercised and subsequently registered as ordinary shares.

g. Substantial Shareholders as at 05 September 2019.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Kalonda Pty Ltd <Leibowitz Super Fund A/C>	61,159,739	19.35
Church Street Trustees Limited <The Matlas A/C>	29,412,063	9.25
Museum Investments Limited	17,164,047	5.43

Additional Information for Listed Public Companies

h. Distribution of Shareholders as at 05 September 2019.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	14	2,714	0.00
1,001 – 5,000	1	4,546	0.00
5,001 – 10,000	71	705,663	0.22
10,001 – 100,000	172	7,870,436	2.49
100,001 – and over	172	307,503,460	97.29
	430	316,086,819	100.00

i. Unmarketable Parcels as at 05 September 2019.

As at 05 September 2019 there were 137 fully paid ordinary shareholders holding less than a marketable parcel of shares.

j. On-Market Buy-Back

There is no current on-market buy-back.

k. Restricted Securities

The Company has no shares on escrow or other restricted securities.

l. 20 Largest Shareholders — Ordinary Shares as at as at 05 September 2019

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Kalonda Pty Ltd <Leibowitz Super Fund A/C>	61,159,739	19.35
2.	Church Street Trustees Limited <The Matlas A/C>	29,412,063	9.25
3.	Museum Investments Limited	17,164,047	5.43
4.	Goldstake Corporation Pty Ltd	13,454,505	4.26
5.	BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd DRP	13,000,000	4.11
6.	Megalith Development Pty Ltd	12,933,325	4.09
7.	Citicorp Nominees Pty Limited	12,510,002	3.96
8.	Capricorn Eleven Superannuation Fund Pty Ltd <Capricorn Eleven S/F AC>	11,304,349	3.58
9.	HSBC Custody Nominees (Australia) Limited	6,716,851	2.13
10.	Sliberman Holdings Pty Ltd	5,452,074	1.72
11.	Mr Robert John Peters + Mrs Sandra Lillian Peters <Peters Super Fund a/c>	4,312,500	1.36
12.	Flue Holdings Pty Ltd <Bromley Superannuation A/C>	4,000,000	1.27
13.	Tabachnik Super Pty Ltd <Tabachnik Super Fund A/C>	3,997,500	1.26
14.	Mr Allan Graham Jenzen + Mrs Elizabeth Jenzen <AG & E Jenzen p/l no2 sf a/c>	3,750,000	1.19
15.	J & TW Dekker Pty Ltd <J & TW Dekker Family A/C>	3,556,362	1.13
16.	Fidan Holdings Pty Ltd <Fleischer Super Fund A/C>	3,497,500	1.11
17.	Briar Place Pty Limited <MJ Family A/C>	3,388,016	1.07
18.	Mr Richard Elkington + Mrs Christine Elkington <E S/F A/C>	3,115,945	0.99
19.	Mr David Alan Stern	3,000,000	0.95
20.	The Brand Laboratories FZE\C	2,800,000	0.88
	TOTAL	218,344,778	69.07

2 The name of the Company Secretary is Sam Hallab.

3 Principal registered office

As disclosed in Note 2 'Company details' on page 35 of this Annual Report.

4 Registers of securities

As disclosed in the Corporate directory on page i of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the Corporate directory on page i of this Annual Report.

6 Use of funds

The Company has used its funds in accordance with its initial business objectives.

Ensurance