Raiz Invest Limited
ABN 74 615 510 177
Level 11, 2 Bulletin Place
Sydney NSW 2000
T 1300 754 748
www.raizinvest.com.au

28 August 2018

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Name of Entity: Raiz Invest Limited
ABN: 74 615 510 177
Reporting period ("Current period"): Year ended 30 June 2018
Previous corresponding period: Year ended 30 June 2017

Results for announcement to the market

Key Information	2018 $000	2017 $000	% Change
Revenue from ordinary activities	2,761	8,162	(66%)
Loss after tax from continuing operations attributable to owners	(8,686)	(419)	1,973%
Net Loss attributable to members of the parent entity	(7,172)	(261)	2,648%

Dividends Paid and Proposed

The Group did not recommend, declare, or pay a cash dividend during the financial year ending 30 June 2018 (2017: nil). A share dividend in specie arose during the financial year ending 30 June 2018 as a result of the demerger of Instreet Investment Australia Limited. This amounted to $858,324.

Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to pages 24 of the 30 June 2018 financial report and accompanying notes for Raiz Invest Limited and controlled entities (Group).

Statement of Financial Position with Notes to the Statement

Refer to page 25 of the 30 June 2018 financial report and accompanying notes for the Group.

Statement of Cash Flows with Notes to the Statement

Refer to page 28 of the 30 June 2018 financial report and accompanying notes for the Group.

Statement of Retained Earnings Showing Movements

	2018 $000	Restated 2017 $000
Balance at the beginning of the year	(637)	1,246
Restatement of prior year	-	(1,622)
Share option expense prior year restatement	(1,343)	-
Net loss attributable to owners of the parent entity	(7,172)	(261)
Share dividend from demerger	(858)	-
Balance at the end of the year	**(10,010)**	**(637)**

Net Tangible Assets per Share

	2018 $/share	2017 $/share
Net tangible assets per share	0.16	3.24

Control Gained or Lost over Entities in the Year

- 25 January 2018: Instreet Acorns Pty Ltd (**Instreet Acorns**) acquired from Acorns Grow, Incorporated (**Acorns US**) an additional 37.6% of Raiz Invest Australia Limited (**Raiz Invest Australia**) for the total amount of A$17,654,000 (Majority Acquisition). This increased Instreet Acorns' holding in Raiz Invest Australia to 90.37% of the total shares on issue, with Acorns US holding the remaining 9.63%. In order to fund the Majority Acquisition, Instreet Acorns undertook a private placement with select institutional and sophisticated investors. As a result of the Majority Acquisition, the joint venture arrangement ceased with Acorns US becoming a minority shareholder of Raiz Invest Australia.
- 20 February 2018: Raiz Invest Australia undertook an issue of shares in which Instreet Acorns participated, and Acorns US did not participate. Under that February 2018 share issue, Instreet Acorns further increased its shareholding in Raiz Invest Australia to 90.37%.
- 26 February 2018: Instreet Investment Australia Limited (and the business it conducts) was demerged from Instreet Investment, with Instreet Investment continuing in its role as responsible entity of the Raiz Invest Australia Fund.
- 1 March 2018: Raiz Invest Limited (**Raiz**) offered the shareholders of Instreet Investment Limited (**Instreet Investment**) the opportunity to exchange all of their shares in Instreet Investment for Shares in Raiz, on the basis of 10.7163 Shares for every Instreet Investment share held.
- 16 March 2018: Raiz offered the shareholders of Instreet Acorns the opportunity to exchange all of their shares in Instreet Acorns for Shares in Raiz, on the basis of 1.0747 Shares for every Instreet Acorns share held.
- 10 April 2018: Raiz had acquired all of the shares on issue in Instreet Investment.
- 11 April 2018: Raiz had acquired all of the shares on issue in Instreet Acorns (excluding those shares that were held by Instreet Investment).
- 19 April 2018: Raiz acquired from Acorns US its remaining minority holding in Raiz Invest Australia (being, the remaining 9.63%).
- 24 April 2018: Raiz holds directly all of the shares on issue in Raiz Invest Australia.
- 24 April 2018: Instreet Investment transferred the shares it held in Instreet Acorns to Raiz, so that Raiz holds directly all the shares on issue in Instreet Acorns.

Investment in Subsidiaries and Joint Ventures

	2018 %	2017 %
Material investments in subsidiaries and joint ventures are as follows:		
Raiz Invest Australia Limited	100.0	52.4
- as subsidirary	100.0	-
- as a joint venture	-	52.4
Instreet Investment Limited	100.0	100.0
Instreet Acorns Pty Ltd	100.0	85.4
PT. Raiz Invest Indonesia	80.0	-
Raiz Malaysia SDN BHD	100	-

The acquisition of the additional equity interest in Raiz Invest on 25 January 2018 has been presented as a business combination using the acquisition method of accounting in the financial report of the Group. As disclosed in the financial report, the consolidated entity has recognised an aggregated share of net profit from the joint ventures listed above amounting to $607,733 (2017: $1,106,084).

Commentary on the Results for the Period

Refer to the commentary on the results for the period contained in the "Operating Results" included within the operating and financial review section of the annual report.

Status of Audit

The 30 June 2018 financial statements and accompanying notes for the Group have been audited and are not subject to any disputes or qualifications. Refer to page 67 of the 30 June 2018 financial report for a copy of the auditor's report.

George Simon Lucas, Director

Dated: 28 August 2018

Notes:

1. All the documents comprise the information required by listing rule 4.3A. The Information should be read in conjunction with the audited 30 June 2018 annual financial report and all ASX announcements made by the Company during the year.

Raiz Invest Limited

ABN 74 615 510 177
and Controlled Entities

FINANCIAL REPORT

for the year ended 30 June 2018

Contents

CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board, it is my pleasure to be reporting to you in the Raiz Invest Limited ("Raiz") Annual Report.

The 2018 financial year was a momentous year for Raiz, as it saw the Company list on the Australian Securities Exchange on 21 June 2018, restructure the business in which our joint venture partner, Acorns US, became a minority shareholder and the Company rebranded to Raiz.

During this time, Raiz has achieved strong growth across key business metrics as a result of the successful implementation of the Company's strategy which was outlined in the prospectus.

Raiz's active paying customers increased by 56% year-on-year to over 160,000 customers, driven by the Company's high customer engagement, supported by educational tools and our deep understanding of millennials and customer needs through insights from proprietary research. Raiz has achieved a very high rate of engagement with over 80% of customers investing at least once a month.

Funds under management grew to over $199.8 million an increase of 129% year-on-year, led by existing customers increasing their investment savings, new products, new customers coming onto the platform and movements in the market.

Normalised revenue[1] increased 126% year-on-year to $2.36 million due to the growth in active users, funds under management and a rise in advertising revenue in the period. As a result of the capital raising and the growth of the business in FY18, our balance sheet is robust with cash, term deposits and cash equivalents of $11.6 million as at the 30 June 2018.

Raiz's focus is to provide its customers a simple micro-investing solution, allowing them to regularly save and invest. Through innovation and research, the Company aims to improve customer's overall experience, and this was reflected in the number of new features, such as Raiz Kids and Savings goals which were introduced during the year.

Our Raiz Rewards program continues to grow. Our customers are seeing benefits when they shop on line with our reward partners with these partners investing into their future with bonus investments being received into their Raiz account. These partner brands have grown to over 115 brands and outlets.

In the first quarter of FY19 the Company introduced Raiz Invest Super, an integrated superannuation product available on the Raiz app.

In 2018 and for the second consecutive year, Raiz won the Fintech Business award for Australia's Innovator of the Year and was recognised as one of the top 100 leading fintech companies promoting financial inclusion. Raiz's commitment to improving financial confidence and literacy is not only about savings and investing but also relates to every day financial issues experienced by its customers.

The Raiz technology is focused on a continuous cycle of platform improvements, managed by an in-house technology team and driven by customer feedback and data. This focus on research and development and continuous improvement, underpins the Company's strategy to grow and diversify its product portfolio and grow into new markets, including the expansion of operations into South East Asia.

As Australians are amongst the highest per capita users of smart phones in the world, the Board believes that Raiz customers will continue to develop and mature in the future by accessing a multitude of financial services through the Raiz platform. As a result, Raiz will continue to support its customers by providing an innovative range of financial services and products that are developed in response to requests from its customer base.

As we look to the broader financial services market in Australia, Raiz is well placed to benefit from dynamic growth in the sector, particularly as customers demand greater transparency and control over their personal finances. In South-East Asia, where smartphone use is increasing rapidly, the opportunity is significant.

I am joined on your Board by members with a strong and diverse skill set, including Nina Finlayson, Kieran Moore and David Gordon, who joined the Board in April 2018. Combined, the Board brings considerable experience and expertise in funds management, accounting, technology, consumer research and public relations. I am confident in their ability to provide strong guidance on governance and compliance matters and overall business operations to support Raiz.

I would like to thank you, our shareholders, for your support of Raiz and look forward to seeing you at the Annual General Meeting.

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[1] Revenue from funds under management, netting, advertising and management fee

I would also like to thank our valued customers, for their support and for choosing Raiz to be their preferred platform for improving financial confidence and achieving their financial goals.

Finally, I would like to thank George and the Raiz team for their hard work over this past year. The positive industry drivers, combined with Raiz's unique offering and strong management team, gives the Board confidence that Raiz is well positioned for future growth.

Sincerely,

Peter Anthony (Tony) Fay

Chairman

CEO'S REVIEW

Dear Fellow Shareholders,

I would like firstly to thank our loyal customers as without them our Company would not be possible, and I would like to thank you for investing in Raiz Invest Limited ("Raiz") either through the public offer process or since listing.

The last financial year has been a significant year for all of us at the Company. Our listing on the Australian Securities Exchange (ASX) was just one of many milestones achieved in the 2018 financial year.

As a first of its kind mobile-led financial services platform business, we continued to advance the Raiz technology and product offering, while delivering strong growth across all key business measures:

> Active customers grew by 56%,
> Funds under management grew from $86.9 million to over $199.8 million – up 129.9%.
> Revenue for the operating segment of the Raiz Platform grew in the period by 126% to $2.36 million.

Importantly, we were pleased to have successfully rebranded our business from Acorns Grow Australia to Raiz Invest, while maintaining high levels of customer engagement and momentum in customer sign-ups.

Strategy and Market Position

In line with our strategy to grow customers, in the 2018 financial year we commenced the journey of expanding the Raiz offering into South East Asian markets, focusing initially on Indonesia and Malaysia, where we have now incorporated businesses. We are on track to lodge the financial service licence in Indonesia in the first quarter of FY19. We continue to have positive conversations with the Malaysian regulators and partners and expect to have the licence application lodged in the third quarter of FY19.

The other side of the growth strategy is to develop and distribute new innovative financial services to our current and future customer base, which we have made strong progress on as we released features, such as Raiz Kids and Savings goals in the year.

As an end-to-end technology platform with a customer-centric approach, we continue to evolve our commercial model to further diversify our revenue streams by providing new products and features driven by our customer's needs. Through direct engagement and research projects, we are able to consistently build on our understanding of our customer base and industry. This knowledge enabled us to capitalise on the need for transparent and affordable financial products. The launch of Raiz Invest Super in the first quarter of FY19 is an example of where we see opportunity in the market to grow by providing transparent, affordable products to our customer base.

Our vision is for our customers to use the platform to meet their financial needs as they evolve, and as such we will continually work to bring further meaningful technological improvement to the Raiz platform to ensure that our customers have the best experience, complete offering and functionality.

And whilst we have managed to lead by providing innovative ways to save, invest and improve financial literacy, there is still opportunity to do more. We operate in a dramatically changing industry, in which consumers are increasingly moving away from the traditional finance models and incumbents to businesses that provide simple, affordable and trustworthy services. The current Royal Commission, Open Banking and recommendations coming from the Productivity Commission have greatly changed the way consumers engage with financial services, in our favour.

For us growing the Raiz business is a long-term strategy. While we have many customers using the platform there are no major institutional customers, therefore our recurring revenue is granular. There are no short-cuts, quick fixes or single events that will change our growth trajectory dramatically, however, we will continue to work passionately and diligently on every growth lever available to us.

Customer Experience and Technology

A strategic advantage of our business is its focus on millennials, that through the Raiz App, provides them with a modern and relevant customer experience. 86.6% of our customers are aged between 18 and 44 years old.

We apply the majority of our effort toward the customer experience either through the Raiz App or customer support and we see this as our true catalyst for future, long-term growth. Growth from existing customers will be a focus in FY19, leveraging the launch of Raiz Invest Super. Another area of focus will be to further grow our Raiz Rewards partnerships, assisting our customers to increase their savings as they shop.

Productivity is not a throwaway line at Raiz. The team has grown to 16 staff who together have onboarded over 250,000 customers through the AUSTRAC AML/CTF (Anti-Money Laundering/Counter Terrorism Financing) process, maintained and improved the technology platform, and who have overseen a marketing program which has now attracted over 500,000 sign ups. The ability for us to automate or delegate whole processes, in a compliant and efficient way, has accelerated the effectiveness of our team.

Our development pipeline is deep with innovation and much of the improvement in Raiz's software is behind the scenes. To reflect on the team's work, over the year we added more than 100 improvements to the backend software of our technology platform.

The software is more than just a system that provides investor reporting in near real-time – it is a complete end to end solution providing:

- administration,
- registry,
- operations,
- bank connections,
- AML/CTF,
- marketing and investor reporting, both through the app and via PDF statements.

Conclusion

It is the talented people in every part of our business that do the heavy lifting every single day. Raiz is fortunate to have a great team of dedicated, motivated, long-term staff whose deep product, technical and industry knowledge help drive the business to new highs. We are also fortunate our team includes a diverse mix of extraordinary young professionals drawn from a wide range of backgrounds and skills. This has created a vibrant, creative and ambitious team culture. We will continue to focus on this culture and our ability to retain, and develop even more talented, motivated staff, in order to better serve our customers.

Together with our customers, we intend to make significant headway towards Raiz's vision of improving the financial confidence of our customers. It's our customers that drive our business, but ultimately at the heart of any good business there are a lot of talented people, and that is particularly so at Raiz.

I am wholly committed to Raiz and its future. I love my job and the teams I am fortunate to work with. I am excited to be here every day helping contribute to creating more success and a better future for our customers. I thank each of our shareholders for their investment in the Company and giving us the opportunity to build an even better Raiz.

George Lucas

Founder/Managing Director/CEO

OPERATING AND FINANCIAL REVIEW

Principal Activities

The Company provides financial services and products through its mobile first micro-investing platform which offers its customers an easy way to regularly invest either small or large amounts of money using the Raiz mobile application or through the Raiz website in Australia.

Significant Changes to Activities

There were no significant changes in the nature of the principal activities during the financial year. Changes have however been made to the Group structure as highlighted on the following pages.

Our Business Model and Objectives

The Group has a recurring revenue model, generating revenue from offering financial services and products to the customers it has on the Raiz platform. Revenue is received on a monthly basis. Additionally, revenue is generated through highly targeted advertising using the metrics stored in the Raiz database. Due to the large number of active customers the income earned on a monthly basis is very granular.

Raiz's revenue fall under five main categories, and has two operating segments, which are further explained below.

Maintenance fees

Raiz charges a monthly maintenance fee of $1.25 (including GST) to active customers with account values of less than $5,000 at the end of each month (but greater than $1). The maintenance fee is direct debited from the customer's funding account, rather than from their Raiz Investment Account, which means that the maintenance fee does not impact upon the balance of a customer's Raiz Investment Account.

Account fees

If a Raiz Investment Account has a value equal to or greater than $5,000 at the end of the month, no maintenance fee will be payable for that month as an account fee will be charged.

For account balances equal to or greater than $5,000, Raiz applies an account fee of 0.275% (including GST) per annum charged monthly, computed daily.

Netting

Where the acquisition or disposal of Exchange Traded Fund (ETF) units on behalf of a Raiz's customer does not require a transaction on-market, Raiz applies a buy sell spread (at market or below), also known as netting. Raiz earns revenue from applying a buy sell spread rather than paying away the spread on the market. By netting, Raiz can absorb brokerage fees rather than passing this fee on to its customers.

Advertising

Raiz receives financial benefits from highly targeted advertising by utilising its rich data set through the Raiz smartphone application or emails. The financial benefit amount varies depending on the partner and commercial arrangements.

Other

Raiz receives other income from other activities such as sub-leasing its office space, recovering expenses and authorise representative fees from Instreet Investment Australia Limited for use of AFSL held by Raiz.

Operating Results

The consolidated loss of the consolidated group amounted to $7,198,058 for the year ending 30 June 2018 (2017: $419,243 loss), after providing for income tax and eliminating non-controlling equity interests. The consolidated loss after adding back non-cash items, the cost of the employee options and amortisation and depreciation and the one-off costs associated with the listing, restructuring and capital raise amounted to $1,137,620.

Financial Position

The net assets of the consolidated Group are $32,642,918 as at 30 June 2018 (2017: $4,069,836). The increase in net assets of $28,573,082 is due to the restructuring that occurred prior to the public offer.

The consolidated Group reduced its borrowings by $231,023, due to the restructuring that occurred prior to the public offer. The Group's working capital, being current assets less current liabilities, is $11,035,108 as at 30 June 2018 (2017: $905,127).

The directors believe the Group is in a strong and stable financial position to expand and grow its operations based on the company's current business strategy.

Significant Changes in State of Affairs

Raiz Invest Australia:

- On 25 January 2018, Instreet Acorns Pty Limited acquired from Acorns US an additional 37.6% of Raiz Invest Australia Limited for the total amount of A$17,654,000 (Majority Acquisition). This increased Instreet Acorns' holding in Raiz Invest Australia to 90.37% of the total shares on issue, with Acorns US holding the remaining 9.63%. The acquisition of the additional equity interest in Raiz Invest on 25 January 2018 has been presented as a business combination using the acquisition method of accounting in the financial report of the Group and has results in goodwill of $13,894,261.
- In order to fund the Majority Acquisition, Instreet Acorns undertook a private placement with select institutional investors. As a result of the Majority Acquisition, the joint venture arrangement ceased with Acorns US becoming a minority shareholder of Raiz Invest Australia.
- On 20 February 2018, Raiz Invest Australia undertook an issue of shares in which Instreet Acorns participated, and Acorns US did not participate. Under that February 2018 share issue, Instreet Acorns further increased its shareholding in Raiz Invest Australia to 90.37%.
- On 19 April 2018, the Group acquired the remaining minority holding in Raiz Invest Australia (being, the remaining 9.63%). This transaction has been reflected as an adjustment within equity.

Restructuring:

- The group underwent a restructure that resulted in Raiz Invest Limited (Raiz) entering the Group to become the ultimate holding company of the Group:
- On 1 March 2018, Raiz offered the shareholders of Instreet Investment the opportunity to exchange all of their shares in Instreet Investment for Shares in Raiz, on the basis of 10.7163 Shares for every Instreet Investment share held.
- On 16 March 2018, Raiz offered the shareholders of Instreet Acorns the opportunity to exchange all of their shares in Instreet Acorns for Shares in Raiz, on the basis of 1.0747 Shares for every Instreet Acorns share held.
- On 10 April 2018, Raiz acquired all of the shares on issue in Instreet Investment.
- On 11 April 2018, Raiz acquired all of the shares on issue in Instreet Acorns (excluding those shares that were held by Instreet Investment).
- On 24 April 2018, Raiz holds directly all of the shares on issue in Raiz Invest Australia.
- On 24 April 2018, Instreet Investment transferred the shares it held in Instreet Acorns to Raiz, so that Raiz holds directly all the shares on issue in Instreet Acorns.
- The restructure has been accounted for as the combination of businesses under common control, with a reorganised capital structure representing that of the Raiz as the new legal parent of the Group. The restructure also results in the demerger of Instreet Investment Australia Limited (via a dividend), which has been treated as a loss of control of a subsidiary.

Public offering:

- On 21 June 2018, the Company issued 8,400,000 ordinary shares at $1.80 as part of the public offering, under the Prospectus lodge with ASIC on the 9 May 2018.

Options:

> On 20 June 2018, the Company granted 1,940,000 options under the companies Long Term Equity Incentive Plan (LTEIP) and disclosed in the Prospectus.

Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated Group in future financial years.

Future Developments, Prospects and Business Strategies

The current areas of strategic focus of the Group were outlined in the recent Prospectus and include the following:

- promoting the new Raiz Invest Super product to leverage off the Group's existing customer base;
- accelerating the Group's growth in Australia;
- expanding the Raiz Group's operations into South East Asia; and
- developing and distributing new innovative financial services to meet the needs of the Raiz customer base.

Business Risks

The business risks were outlined in detail in the recent Prospectus. In summary the following business risk affect the Group:

- loss of key management personnel;
- loss of key suppliers;
- failure to attract customers; and
- data security.

Environment Regulation

Raiz is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Raiz Invest Limited's Corporate Governance Arrangements

The objective of the Board of Raiz Invest Limited is to create and deliver a trusted financial service to the members of the Raiz Invest Australia Fund (Fund) which will create value for shareholders in the long-term. While the Company's business activities hold significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various stakeholders and partners is critical to achieving the objective of creating and delivering long-term shareholder value.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, trust and openness among and between board members, management, employees, members of the Fund and suppliers.

Raiz Invest Limited and its subsidiaries operate as a single economic entity with a unified board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic Group.

Raiz Invest Limited is listed on the Australian Securities Exchange (ASX) and is a holder of an Australian Financial Service License (AFSL 434776). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2014 amendments) as well as best practise outlined by ASIC for a Responsible Entity. The corporate governance statement is current as at 30 June 2018 and has been approved by the Board and can be found on our website at https://raizinvest.com.au/investors/governance .

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Raiz Invest Limited and its controlled entities for the financial year ended 30 June 2018. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2018 and is to be read in conjunction with the following information:

GENERAL INFORMATION

Directors

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

> **Peter Anthony Fay** – Independent Non-Executive Chairman
> **James Poon** – Non-Executive Director (Resigned 18 April 2018)
> **Kieran Moore** – Independent Non-Executive Director (Appointed 18 April 2018)
> **Nina Finlayson** – Independent Non-Executive Director (Appointed 18 April 2018)
> **David Gordon** – Independent Non-Executive Director (Appointed 18 April 2018)
> **George Lucas** – Managing Director

Particulars of each director's experience and qualifications are set out below.

Information Relating to Directors and Company Secretary

Peter Anthony Fay	**Independent Non- Executive Chairman**
Qualifications and Experience	Peter (Tony) Fay has worked in financial markets since he graduated from Melbourne University in 1982. He has worked for several leading investment banks and brokerage firms and held senior positions with various industry bodies. He has a deep understanding of financial markets with particular expertise in derivative products. He was instrumental in establishing the agricultural derivatives markets in Australia and holds investments in a diverse portfolio of start-up ventures. Peter brings his expertise including management, product development, compliance, risk management, governance and marketing to the Board.
Interest in Shares and Options	2,945,898 ordinary shares in Raiz Invest Limited (including related entities).
Special Responsibilities	Independent Chairman and Member of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee.
Directorships held in other listed entities during the three years prior to the current year	Nil

Kieran Moore	**Independent Non-Executive Director**
Qualifications and Experience	Kieran is currently the Chair of Ogilvy PR Australia and CEO Public Relations and Public Affairs, WPP AUNZ. As CEO of WPP AUNZ, Kieran oversees 19 WPP agencies across the WPP AUNZ group's public relations, public affairs, and government relation agencies and has a client base of more than 500 organisations. Prior to becoming Chair of Ogilvy PR, Kieran was the CEO and during her seven-year tenure, grew the business to become the largest PR group in Australia. In that role she had responsibility for 120 people, across six businesses in Sydney, Canberra and Melbourne. Kieran has vast experience in managing large teams and people and brings this experience to the Board.

Interest in Shares and Options	27,777 ordinary shares in Raiz Invest Limited (including related entities).
Special Responsibilities	Independent Non-Executive Director and Chair of the Nomination and Remuneration Committee.
Directorships held in other listed entities during the three years prior to the current year	Nil
Nina Finlayson	**Independent Non-Executive Director**
Qualifications and Experience	Nina has over 26 years' experience as a leading market researcher and adviser to business on consumer attitudes, behaviour and experience. Nina's skills in sifting out critical customer and user insights, often in highly immersive environments, are invaluable in shaping strategy, user experience and brand propositions for Raiz.
Interest in Shares and Options	113,913 ordinary shares in Raiz Invest Limited (including related entities).
Special Responsibilities	Independent Non-Executive Director and Member of the Audit and Risk Committee.
Directorships held in other listed entities during the three years prior to the current year	Nil
David Gordon	**Independent Non-Executive Director**
Qualifications and Experience	David Gordon has over 30 years' experience in the advisory industry specialising in financial, tax and business advisory. David has been a partner since 1985 in GHR Accounting Group and is a foundation director of Premium Wealth Management Ltd (Premium). David is also on the board of Premium. David brings his extensive experience to the Board in providing financial services advice to clients, portfolio construction and in ensuring that managed investment schemes and structured and other financial products are relevant for individual investment portfolios.
Interest in Shares and Options	1,435,280 ordinary shares in Raiz Invest Limited (including related entities).
Special Responsibilities	Non-Executive Director and Chair of the Audit and Risk Committee.
Directorships held in other listed entities during the three years prior to the current year	Nil
George Lucas	**Chief Executive Officer and Managing Director**
Qualifications and Experience	George has over 30 years' experience in the investment banking and fund management industry. His experience spans retail product strategy, managing investment risk, portfolio management, financial quantitative methods and regulatory compliance. Prior to founding Raiz Invest Australia, George was the Chief Investment officer of Mariner Financial. He has been a director of two listed investment trusts and was the head of the London equity derivative trading and structuring for First Chicago. George is a regular presenter at finance industry forums and Sky Business and has written a book and tertiary courses regarding the use of derivatives and quantitative trading models. George holds a Bachelor of Science from the University of New South Wales and is a member of the Australian Institute of Company Directors.

Interest in Shares and Options	6,658,251 ordinary shares in Raiz Invest Limited (including related entities) and options to acquire a further 1,000,000 ordinary shares
Special Responsibilities	CEO and Managing Director and Member of the Nomination and Remuneration Committee.
Directorships held in other listed entities during the three years prior to the current year	Nil
Martin Conley	**Company Secretary**
Qualifications and Experience	Martin Conley has over 20 years of experience as a company secretary and corporate governance professional. His experience encompasses the management of the company secretariat and corporate governance advisory functions across large, complex and dynamic corporate structures.

Dividends Paid or Recommended

The Group did not recommend, declare, or pay a cash dividend during the financial year ending 30 June 2018 (2017: nil). A share dividend in specie arose during the financial year ending 30 June 2018 as a result of the demerger of Instreet Investment Australia Limited. This amounted to $858,324.

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

> On 25 January 2018, following the acquisition of a majority interest in Raiz Invest Australia by Instreet Acorns from Acorns US, Acorns US, Instreet Acorns, Instreet Investment, Raiz Invest Australia and Mr George Lucas entered into a technology agreement under which the parties granted certain technology licenses and non-compete covenants to each other. The Company at the same time indemnified Mr Lucas against any claim bought against him in his personal capacity.

> The Company has in place Directors & Officers liability cover for each of the directors above and company officers. The insurance premium for Directors & Officers liability is $76,399 aggregate.

Proceedings on Behalf of the Company

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

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

Non-audit Services

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

> all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

> the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable for non-audit services to Hall Chadwick (the Company's previous auditors) provided during the year ended 30 June 2018:

	$
Services associate with restructuring, pre-public offer and public offer	41,821
Other professional services	180,916
	222,737

Options

At the date of this report, the unissued ordinary shares of Raiz Invest Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
1st July 2015	1st July 2025	$0.20	2,025,029
1st June 2016	1st June 2026	$0.25	181,117
1st March 2017	1st March 2027	$0.95	1,086,702
1st October 2017	1st October 2027	$0.95	1,086,702
20th June 2018	20th June 2028	$1.80	1,940,000
			6,319,550

Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

Meetings of Directors

During the financial year, three Directors meetings were held prior to the restructure and rebrand, and one Directors meeting held after the restructure and rebrand. Attendances by each director during the year per the table below. There were no Audit & Risk or Nomination & Remuneration committee meetings until August 2018.

	Directors' Meetings Pre-restructure		Directors' Meetings Post restructure	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Peter Anthony Fay	3	3	1	1
Kieran Moore	-	-	1	1
Nina Finlayson	-	-	1	1
David Gordon	-	-	1	1
George Lucas	3	3	1	1
James Poon	3	3	-	-

Letter from the Chair of the Remuneration Committee

Dear Shareholder,

On behalf of the Board of Raiz Invest Limited Board, I am pleased to present the Directors' Remuneration Report.

Since listing on the Australian Securities Exchange (ASX) on June 21, 2018, Raiz has experienced an increase in customer numbers and engagement leading to growth in revenue and funds under management. This growth has been driven by Raiz's millennial customer base who are not only using the platform to save, but also to improve their financial literacy.

Raiz has a strong balance sheet and capital position to execute against current strategic initiatives. It remains customer focused and dedicated to delivering the best, most innovative experience for customers. The work thus far has positioned Raiz as the one of the market-leading investment and savings platforms.

To support the Raiz business strategy, careful consideration has been given by this Committee to the compensation and remuneration policies and frameworks for the Company. The following report is designed to enable **our** shareholders and other interested stakeholders (particularly **members of the Raiz Invest Australia Fund)** to understand the corporate governance framework that has been put in place to link remuneration with the Company's strategy, culture and performance.

The Company's remuneration policies and practices have been created to enable the Company to attract, retain and motivate directors, executives and employees, so that they provide the best experience to our customers while also creating value for shareholders. These policies have been designed within an appropriate cultural and risk framework and meet the objective of being equitable and externally competitive. The remuneration framework has also been created and executed to: increase goal congruence between investors in the Raiz Invest Australia Fund, shareholders, directors and executives; and empower key management personnel to drive the growth of the Company, their own development and individual and team performance.

Two methods have been applied to achieve this aim: the first including the setting of performance-based bonus based on agreed KPIs to help line up both the personal and stakeholders' interest; and the second being the granting of options to the majority of executives to encourage the alignment of personal and shareholder interests.

The Committee will monitor the Company's remuneration strategy and frameworks to ensure they continue to support the growth strategy for Raiz.

Yours sincerely

Kieran Moore

Kieran Moore

This remuneration report details the director and executive remuneration arrangements for Raiz Invest Limited and its controlled entities (Raiz) in accordance with the requirements of the *Corporations Act 2001* and Regulations thereto. The aim of this report is to enable our shareholders and other interested stakeholders (particularly members of the Raiz Invest Australia Fund) to understand the corporate governance framework that has been put in place to link remuneration with the Company's strategy, culture and performance.

Key Management Personnel (KMP)

Raiz Invest Limited's KMPs, comprise the Directors of the Company and Senior Executives. 'Senior Executives' refers to the CEO and those other executives with authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly.

The Board has considered what constitutes "independence" of Directors, noting that to describe a director as "independent" carries with it a particular connotation that the Director is not allied with the interests of management, a substantial security holder or other relevant stakeholders and can and will bring an independent judgment to bear on issues before the Board. The Board assesses the materiality of the Directors interests, positions, associations or relationships on a case-by case basis to determine whether it might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board has considered and approved each of the Non-Executive Directors of the Company as being Independent from their appointment and until at the date of this Report.

The names and details of the Director and Senior Management KMPs of Raiz in office during the financial year are as follows:

Directors

Peter Anthony Fay – Independent Non-Executive Chairman

Nina Finlayson – Independent Non-Executive

David Gordon – Independent Non-Executive

Kieran Moore – Independent Non-Executive

George Lucas – Managing Director (Executive)

Senior Executives

George Lucas - Chief Executive Officer (& Managing Director)

Brendan Malone – Chief Operating Officer

James Poon – Chief Product Officer & International

Nomination and Remuneration Charter & Remuneration Committee

The Nomination and Remuneration Committee Charter of Raiz is current as at 30 June 2018 and has been approved by the Board and can be found on our website at: https://raizinvest.com.au/investors/wp-content/uploads/2018/06/RaizInvestLimitedACN615510177-NominationandRemunerationCommitteeCharter.pdf

Remuneration Policy

The Company's remuneration policy has been designed to align KMP objectives with the Company's culture, strategy and objectives by providing a fixed remuneration component and offering specific short and long-term incentives based on key performance areas. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated Group in a way that creates congruence between directors, executives, stakeholders and shareholders.

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

- The remuneration policy is developed by the remuneration committee and approved by the Board. Professional advice may be sought from independent external consultants.
- Under the Raiz Invest Limited Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director of the Company, subject to the aggregate paid in any financial year not exceeding the amount fixed by the Company's general meeting.

- All Senior Executive KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.
- Performance incentives are generally only paid based on predetermined key performance indicators (KPIs).
- Performance incentives paid in the form of options or rights are intended to align the interests of the KMP and the Company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The remuneration committee reviews KMP packages annually with reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

Remuneration – Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

As disclosed in the Company's Prospectus, the total amount payable to Non-Executive Directors has been fixed by the Company at the date of listing on the ASX at $270,000 per annum (exclusive of superannuation contributions required by law to be made by the Company). Under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed the aggregate in any financial year the amount fixed by the Company's general meeting.

Non- Executive Directors	Annual Fees (excluding superannuation)
Peter Anthony Fay	$75,000
Kieran Moore	$65,000
Nina Finlayson	$65,000
David Gordon	$65,000

Remuneration – Senior Executives

The performance of Senior Executive KMP is measured against criteria agreed annually with each executive. All bonuses and incentives must be linked to predetermined performance criteria, with "Compliance" being the main criteria by weight. The Board may, exercise its discretion in relation to approving short and long-term incentives and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results.

KMP receive a superannuation guarantee contribution required by the government, which is currently 9.5%. Senior Executive KMP (excluding the CEO) have chosen to either sacrifice part of their salary to increase their payments towards superannuation or be paid additional salary of the amount over and above the maximum superannuation base.

Senior Executive KMP are also entitled and encouraged to participate in the employee share and option arrangements to align KMP interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the vesting date has been met and the interim or final financial report has been disclosed to the public. The value of options granted is measured using the Black-Scholes methodology.

Performance-based Remuneration

KPIs are set annually in consultation with KMP. Compliance with financial services laws makes up the largest component of KPIs. The measures are specifically tailored to the area of the business each individual is involved in and has a level of control over. The KPIs target areas that the Board believes hold greater potential for the Group expanding the financial and non-financial goals of the Company. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

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

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between investors in the Raiz Invest Australia Fund, shareholders, directors and executives. Two methods have been applied to achieve this aim: the first being a performance-based bonus based on KPIs; and the second being the granting of options to the majority of executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth in future years.

As disclosed in the Prospectus, the Company's Board has adopted a long-term equity incentive plan (LTEIP) to: assist in the reward, retention and motivation of the Company's Directors, Senior Executives and other key employees; and to align the interests of participants in the LTEIP more closely with the interests of Shareholders by providing an opportunity for participants to receive an equity interest in the form of an award granted under the LTEIP.

Also disclosed in the Prospectus, was the Company's Historical Option Plan (HOP). Under the HOP, a number of Management Options were granted to certain members of Senior Executive and employees of the Raiz Invest Group. No further options will be granted under the HOP. The key terms of the previously granted Options under the HOP were set out in the Company's Prospectus.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on professionalism, compliance, customer satisfaction as well as operating revenue. The KPIs for each KMP are tailored by the Board with advice from the Remuneration Committee based on job description and short and long-term goals of the Group.

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

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were members of Senior Executive KMP of the consolidated Group during the financial year. The employment terms and conditions of all Senior Executive KMP are formalised in contracts of employment effective from 1 June 2018 and summarised below:

Senior Executive KMP	Position held as at 30 June 2018	Employment status	Annual Base Salary $	Superannuation $
George Lucas	Chief Executive Officer & Managing Director	Full-time employee	$500,000	$20,049
Brendan Malone	Chief Operating Officer	Full-time employee	$300,000	$20,049
James Poon	Chief Product Officer & International	Full-time employee	$280,000	$20,049

The terms of agreement for the Senior Executive KMP are ongoing as per above and each Senior Executive KMP must provide 6 month's written notice of intention to terminate employment. The Board may terminate the employment of a Senior Executive KMP on provision of 12 months' notice in writing.

The following table details the benefits and payments made to KMP (Directors and Senior Executives) for the year ended 30 June 2018. Such amounts have been calculated in accordance with Australian Accounting Standards.

	Short-term		Post-employment	Long-term benefits	Share-based payments	Total (Gross)
	Salary & fees (Gross)	Cash Bonus (Gross) #	Superannuation contributions (SGC)	Annual and long service leave		
	$	$	$	$	$	$
Non- Executive Directors						
Peter Anthony Fay	12,500	-	1,187	-	-	**13,687**
David Gordon	10,833	-	1,029	-	-	**11,862**
Nina Finlayson	10,833	-	1,029	-	-	**11,862**
Kieran Moore	10,833	-	1,029	-	-	**11,862**
Sub-total non-executive directors	**44,999**	**-**	**4,274**	**-**	**-**	**49,273**
Senior Management						
George Lucas	520,622	1,000,000	1,670	694	6,170	1,529,156
Brendan Malone	225,997	300,000	18,129	17,694	329,775	891,595
James Poon	294,416	135,000	1,670	398	1,234	432,718
Sub-total Senior Executives	**1,041,035**	**1,435,000**	**21,469**	**18,786**	**337,179**	**2,853,469**
Total	**1,086,034**	**1,435,000**	**25,743**	**18,786**	**337,179**	**2,902,742**

Director fees & superannuation paid from date of appointment to 30 June 2018.

Senior Management entered new employment contracts with Raiz Invest Limited commenced 1 June 2018.

During the eleven months from 1 July 2017 to 31 May 2018, Mr George Lucas and Mr James Poon were contractors to another Group entity (Instreet Investment Limited) (IIL). For this period, Mr Lucas was paid $475,750 + GST and Mr Poon was paid $268,700 + GST under their contractual arrangements with IIL.

During the eleven months from 1 July 2017 to 31 May 2018, Mr Brendan Malone was employed by a related entity, Raiz Invest Australia Limited (formerly Acorns Grow Australia Limited) (RIAL). During this period RIAL paid Mr Malone $173,250 gross salary and $16,458 in superannuation contributions were made on his behalf by RIAL.

As disclosed in the Prospectus, approximately $2,000,000 of the funds raised under the public offer were to be applied as one-off cash bonus payments to key employees of the Raiz Group. In determining that these cash bonus payments were to be made to these key employees, and the relevant amount of each cash bonus payment, the Board had regard to the fact that each of these key employees played a key role in establishing the business operations in Australia, and since then each has:

i. continue to be pivotal to the growth and success of the business;

> invested significant effort and time in the business; and

> in addition to the continued performance of their current roles in the Company and the Raiz Group, they have attended to the majority of the demands required to be undertaken in preparation for the Offer and Listing.

The remaining amount was distributed amongst other employees of Raiz.

Options granted to Senior Executive KMP under the Raiz LTEIP and Historical Option Plan

Options awarded, vested and lapsed before or during the year for KMP of Raiz.

The options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry.

Raiz Invest Limited LTEIP								
KMP	**Options awarded during the year**	**Date Options granted**	**Vesting date**	**Exercise price A$**	**Expiry date**	**Number vested up to end of the year**	**Number lapsed during the year**	**Value of Options granted as at issue date $**
George Lucas	1,000,000	20 June 2018	21 June 2021	1.80	20 June 2028	-	-	614,100
Brendan Malone	250,000	20 June 2018	21 June 2021	1.80	20 June 2028	-	-	153,525
James Poon	200,000	20 June 2018	21 June 2021	1.80	20 June 2028	-	-	122,820

Historical Option Plan								
KMP	**Options granted in prior years**	**Date Options granted**	**Vesting date**	**Exercise price A$**	**Expiry date**	**Number vested up to end of the year**	**Number lapsed during the year**	**Value of Options granted as at issue date $**
Brendan Malone	2,025,029	1 July 2015	By 1 July 2019	0.20	1 July 2025	1,012,514	-	1,657,689
Brendan Malone	241,489	1 March 2017	By 1 March 2021	0.95	1 March 2027	60,372	-	197,683

Key Management Personnel Historical Share Option Plan

The options are granted subject to the completion of four years' continued employment with Raiz Invest Limited and subject to the individual meeting predetermined performance criteria. The options vest evenly at the anniversary of the grant date for four years. Should the performance criteria not be met for a particular year, the portion of option which were available for vesting for that year shall be considered forfeited.

Raiz Invest Employee Share Option Plan

The Group established the Riaz Invest Limited long term equity incentive plan as disclosed in the Prospectus as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance. All employees (other than Key Management Personnel) are entitled to participate in the share option scheme upon completion of five years' employment with the consolidated Group. Employees are granted options which evenly vest over five years, subject to meeting specified performance criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and Group earnings per share growth.

On 20 June 2018, 1,940,000 share options were granted to employees and senior executives under the consolidated Group under the Raiz Invest Limited employee share option plan to take up ordinary shares at an exercise price of $1.80 each. The options are exercisable on or before 20 June 2028. The options hold no voting or dividend rights and are not transferable.

Shareholdings

The number of shares in the Company held during the financial year by each Director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

Shareholdings in Raiz held by KMP							
	Number of shares held / controlled at Listing date	**Number of Shares acquired under Raiz Prospectus**	**Number of shares acquired since listing date**	**Number of shares held at 30 June 2018**	**Balance at 30 June 2018 $**	**Number of Shares subject to Escrow**	**Restriction ends**
Non-Executive Directors							
Peter Anthony Fay	2,875,898	-	70,000	2,945,898	3,682,373	2,306,725	24 months from Listing
David Gordon	1,425,280	-	10,000	1,435,280	1,794,100	1,425,280	24 months from Listing
Nina Finlayson	107,163	-	6,750	113,913	142,391	107,163	24 months from Listing
Kieran Moore	-	27,777	-	27,777	34,721	-	n/a
Senior Executives							
George Lucas	6,548,251	-	110,000	6,658,251	8,322,814	6,542,695	24 months from Listing
Brendan Malone	273,675	-	15,000	288,675	360,844	138,000	12 months form Listing
James Poon	759,296	-	-	759,296	949,120	753,740	24 months from Listing
Total	**11,989,563**	**27,777**	**211,750**	**12,229,090**	**15,286,363**	**11,273,603**	

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group	
		2018 $000	**2017 $000**
(i)	*Other related parties:*		
	Purchase of goods and services:	165	48
	In 2018 financial year, the Group purchased services from companies associated with the directors, including Cannings Advisory Services Pty Limited, Howorth Communications Pty Limited and Buzz Strategic Insights Pty Limited.		
(ii)	*Key management personnel:*		
	Management fees and occupancy fees paid which directors and executives have a beneficial interest	1,879	192

(iii)	*Loans from other key management personnel related entities:*		
	Beginning of the year	535	366
	Loans advanced	304	279
	Loan repayment received	(608)	(158)
	Interest charged	73	48
	End of the year	304	535
(iv)	*Payments received from related parties:*		
	Authorised Representative fees	751	-
	Management fees	231	-
	Total	**982**	**-**

Raiz receives authorise representative fees and management fees from Instreet Investment Australia Limited for use of the Raiz AFSL and recovery of expenses.

Key management personnel compensation

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2018 $000	2017 $000
Short-term employee benefits	2,521	566
Post-employment benefits	26	-
Other long-term benefits	19	-
Share-based payments	890	-
Total KMP compensation	**3,456**	**566**

This concludes the remuneration report which has been audited.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found following the Directors Report of the financial report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:

George Simon Lucas, Director

Dated: 28 August 2018

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF RAIZ INVEST LIMITED

As lead auditor of Raiz Invest Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Raiz Invest Limited and the entities it controlled during the period.

Arthur Milner
Partner

BDO East Coast Partnership

Sydney, 28 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group 2018 $000	Consolidated Group 2017 $000
Continuing operations			
Revenue	2	2,761	8,162
Employee benefits expense	3	(4,321)	(402)
Depreciation and amortisation expense	3	(875)	(266)
Sales and administrative expense		(1,601)	(3,970)
Professional fees		(1,740)	(1,373)
Marketing expenses		(1,135)	(84)
Other expenses		(1,324)	(1,076)
Share of loss in Joint Venture	12	(608)	(1,106)
Loss from continuing operations before income tax		**(8,843)**	**(115)**
Tax benefit/(expense)	4	157	(304)
Net Loss from continuing operations for the year		**(8,686)**	**(419)**
Net Loss after income tax from discontinued operations	27	1,488	-
Loss for the year		**(7,198)**	**(419)**
Other comprehensive income net of tax		-	-
Total comprehensive income (loss) for the year attributable to the owners of Raiz Invest Limited		(7,198)	(419)
Owners of the parent entity		(7,172)	(261)
Non-controlling interest		(26)	(158)
Loss for the year		**(7,198)**	**(419)**
Earnings per share			
From continuing & discontinuing operations:			
Basic earnings per share (cents)		(0.49)	(0.20)
Diluted earnings per share (cents)		(0.49)	(0.20)
From continuing operations:			
Basic earnings per share (cents)	7	(0.59)	(0.20)
Diluted earnings per share (cents)	7	(0.59)	(0.20)
From discontinuing operations:			
Basic earnings per share (cents)		0.10	-
Diluted earnings per share (cents)		0.10	-

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Consolidated Group	
			Restated
		2018	2017
		$000	$000
ASSETS			
Cash and cash equivalents	8	4,446	4,479
Trade and other receivables	9	859	21,797
Other Financial assets	10	7,392	139,401
Other assets		92	133
TOTAL CURRENT ASSETS		**12,789**	**165,810**
Investments accounted for using the equity method		-	2,479
Property, plant and equipment		37	51
Deferred tax assets	4	673	94
Intangible assets	11	22,012	696
TOTAL NON-CURRENT ASSETS		**22,722**	**3,320**
TOTAL ASSETS		**35,511**	**169,130**
LIABILITIES			
Trade and other payables	15	1,660	24,606
Other financial liabilities	16	-	139,935
Current tax liabilities	4	-	336
Provisions		94	27
TOTAL CURRENT LIABILITIES		**1,754**	**164,904**
Trade and other payable	15	304	-
Deferred tax liabilities	4	797	98
Provisions		14	58
TOTAL NON-CURRENT LIABILITIES		**1,115**	**156**
TOTAL LIABILITIES		**2,869**	**165,060**
NET ASSETS		**32,642**	**4,070**
EQUITY			
Issued capital	17	66,162	4,744
Restructuring reserve		(26,328)	-
Share option reserve		2,818	-
Accumulated losses	28	(10,010)	(637)
Equity attributable to owners of the parent entity		32,642	4,107
Non-controlling interest		-	(37)
TOTAL EQUITY		**32,642**	**4,070**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Year ended 30 June 2018	Issued Capital	Restructuring Reserve	Share Option Reserve	Non-controlling interests	Accumulated Losses	Total Equity
	$000	$000	$000	$000	$000	$000
Adjusted Balance at 1 July 2017	4,744	-	-	(37)	(637)	**4,070**
Share option expense prior year restatement	-	-	1,343*	-	(1,343)	**-**
Loss attributable to members of the parent equity	-	-	-	(26)	(7,172)	**(7,198)**
Total comprehensive loss for the year	**4,744**	**-**	**1,343**	**(63)**	**(9,152)**	**(3,128)**
Transactions with owners in capacity as owners:						
Issue of Shares	61,436	-	-	-	-	**61,436**
Capital re-organisation	1,401	(26,328)	109	63		**(24,755)**
Cost in relation to capital raising	(1,419)	-	-	-	-	**(1,419)**
Transaction with equity owner						
Dividend	-	-	-	-	(858)	**(858)**
Share option expenses	-	-	1,366	-	-	**1,366**
Balance at 30 June 2018	**66,162**	**(26,328)**	**2,818**	**-**	**(10,010)**	**32,642**

The accompanying notes form part of these financial statements.

*Raiz Invest Australia Limited subsidiaries, which are now part of the Group, underestimated the share option expenses in prior years and it has been corrected by restating the opening balance of share option reserve in equity. This is a non-cash adjustment and does not affect the number of shares on issue or options granted.

Consolidated Statement of Changes in Equity is continued over next page.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Year ended 30 June 2017	Issued Capital $000	C-Class Share Capital $000	Non-controlling interests $000	Accumulated Losses $000	Total Equity $000
Balance at 1 July 2016	3,193	2,252	121	1,246	**6,812**
Loss attributable to members of the parent equity	-	-	-	(261)	**(261)**
Loss attributable to non-controlling interests	-	-	(158)	-	**(158)**
Restatement of prior year (note 28)	-	(2,052)	-	(1,622)	**(3,674)**
Total comprehensive loss for the year	**3,193**	**200**	**(37)**	**(637)**	**2,719**
Transactions with owners in capacity as owners:					
Issue of Shares	1,551	(200)		-	**1,351**
Adjusted Balance at 30 June 2017	**4,744**	**-**	**(37)**	**(637)**	**4,070**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group	
		2018 $000	**2017 $000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,486	870
Payments to suppliers and employees		(10,781)	(4,616)
Other revenue activities		-	5,695
R&D refund		354	-
Income tax paid		(435)	(119)
Net cash (used in) / from operating activities	20a	**(6,376)**	**1,830**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for short term deposits		(7,000)	-
Payment for intangible assets		(1,473)	(57)
Payment for acquisitions	20b	(17,654)	-
Contribution to Joint Venture investment		(1,160)	(2,310)
Loan to related parties		-	(93)
Net cash used in investing activities		**(27,287)**	**(2,460)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares from public offer	17	15,120	-
Proceeds from Capital raising		20,700	1,621
Share issue cost		(1,959)	-
Repayment of convertible note		(535)	-
Proceeds from related parties		304	-
Net cash from financing activities		**33,630**	**1,621**
Net increase in cash and cash equivalents		(33)	991
Cash and cash equivalents at the beginning of financial year		4,479	3,488
Cash and cash equivalents at the end of financial year*	8	**4,446**	**4,479**

The accompanying notes form part of these financial statements.

*Cash and cash equivalents at the end of financial year is defined as cash on call all held in cash equivalents with a term of less than 91 days.

The consolidated financial statements and notes represent those of Raiz Invest Limited and Controlled Entities (the "consolidated Group" or "Group").

The separate financial statements of the parent entity, Raiz Invest Limited, have been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 28 August 2018 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Raiz Invest Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in the ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

b. **Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

c. **Business Combinations Under Common Control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory.

Where an entity within the Group acquires an entity under common control, the acquirer consolidates the carrying values of the acquired entity's assets and liabilities. The consolidated financial statements of the Group include the acquired entity's income and expenses. Any difference between the fair value of the consideration paid/transferred by the acquirer and the net assets/(liabilities) of the acquired entity are taken to the restructuring reserve within other equity.

d. **Income Tax**

The income tax expense for the period comprises current income tax expense and deferred tax expense.

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 are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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 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.

e. **Fair Value of Assets and Liabilities**

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

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

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

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

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

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

f. **Property, Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the 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. The depreciation rates used for each class of depreciable assets are 20%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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.

g. **Financial Instruments**

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

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

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

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

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's Accounting Policy.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

h. **Impairment of Assets**

At each reporting date, the Company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

i. **Interests in Joint Venture**

Joint Venture represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

j. **Intangible Assets Other than Goodwill**

License costs and development expenditure on software is recognised at cost of acquisition or when the expenditure is incurred. Such capitalised expenditure has a finite life and is carried at cost less any accumulated amortisation and any impairment losses. The capitalised expenditure is amortised over its estimated useful life of 5 years.

k. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is 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 currency.

l. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) 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 based on 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.

Equity-settled compensation

The Group operates an employee option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

m. **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 result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

o. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting. The carrying amount of the investment in the associate must be decreased by the amount of dividends received or receivable from the associate.

Revenue recognition relating to the provision of services is determined as to the services delivered. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Finance income is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

p. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. 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.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

q. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

r. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

s. **Parent Entity Information**

In accordance with the Corporations Act 2001, these financial statements present the results of Raiz only. Supplementary information about the Parent entity is disclosed in Note 26**.**

t. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Impairment*

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

(ii) *Continuation Accounting – 'pooling of interests'*

The 'pooling of interest's method', treats the consolidated group as if they had been combined throughout the current and comparative accounting periods. Under this method, acquisitions have been recognised in the consolidated financial report at their book value. Investments in subsidiaries have been eliminated based upon the initial investment in the subsidiary, which matched the value of shares issued by Raiz Invest Limited to common shareholders. Refer to Note 13 for further information.

u. **New Accounting Standards for Application in Future Periods**

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

– **AASB 9*: Financial Instruments*** and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

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

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Group.

– **AASB 15: *Revenue from Contracts with Customers*** (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The group have not yet started their assessment of the impact of AASB 15 on the financial statements. It is impracticable at this stage to provide a reasonable estimate of such impact.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

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

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

– **AASB 16: *Leases*** (applicable to annual reporting periods beginning on or after 1 July 2019).

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

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;

- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

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

The group have not yet started their assessment of the impact of AASB 16 on the financial statements. It is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: REVENUE AND OTHER ACTIVITIES

		Consolidated Group	
		2018 $000	2017 $000
Revenue from continuing operations			
Sales revenue:			
–	provision of services	2,590	8,003
–	interest received	24	12
–	rental revenue	147	147
Total Sales Revenue		**2,761**	**8,162**

Revenue only includes 5 months of revenue from the Raiz Invest Micro Investing platform segment.

NOTE 3: PROFIT FOR THE YEAR

	Consolidated Group	
	2018 $000	2017 $000
Profit before income tax from continuing operations includes the following specific expenses:		
Employee benefits expense	4,321	402
Depreciation expenses	18	18
Amortisation expenses	857	248
Foreign currency translation losses	33	(6)
Rental expense on operating leases	279	261
Finance cost	85	52

NOTE 4: TAX EXPENSE / (BENEFIT)

	Note	Consolidated Group	
		2018 $000	2017 $000
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		(7,355)	(115)
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%)		(2,023)	(32)
ADD:			
Tax effect of:			
– Share of loss in joint venture		167	304
– Share option expense not deductible		376	-
– Other non-allowable items		-	34
– Losses carried forward not recognised		1,598	1
– Losses cancelled		56	-
LESS:			
Tax effect of:			
– Other adjustments		(331)	-
– Impact of reduction in tax rate		-	(3)
Income tax credit/expense		**(157)**	**304**
Income tax credit comprises:			
– Current Tax		20	336
– Deferred taxation		(177)	(32)
Unrecognised temporary differences			
Unused tax losses for which no deferred tax asset recognised		8,620	462
Potential benefit at 27.5%		2,371	127
Deferred Tax Asset		673	94
Deferred Tax Liabilities		797	98
Provision for Income Tax		249	336
Deferred Tax Asset Reconciliation			
Opening Balance		94	112
Losses cancelled		(56)	-
Movement in Provisions		23	8
Movement in Accrued Expenses		3	(3)
Losses utilised		-	(23)
Other (Black Hole Expenditure)		609	-
Balance at 30 June 2018		**673**	**94**
Deferred Tax Asset comprises:			
Employee provisions		46	24
Black Hole Expenditure		609	-
Accruals		18	13
Losses		-	57

NOTE 4: TAX EXPENSE / (BENEFIT)

	Note	Consolidated Group	
		2018 $000	2017 $000
Balance at 30 June 2018		673	94
Deferred Tax Liability Reconciliation			
Opening Balance		98	144
Liabilities Exiting group from demerger		(99)	-
Movement in Accrued Expenses		1	-
Fixed Assets		797	(46)
Balance at 30 June 2018		797	98
Deferred Tax Liability Comprises:			
Fixed Assets		797	98

NOTE 5: AUDITOR'S REMUNERATION

	Consolidated Group	
	2018 $	2017 $
Remuneration of the auditor for:		
Audit of the financial statements of the Group and its controlled entities for 30 June 2018 (BDO East Coast Partnership)	83,000	-
Review of the financial statements of the Group and its controlled entities for 31 December 2017 (Hall Chadwick)	28,842	-
Audit of the financial statements of the Group and its controlled entities for 30 June 2017 (Hall Chadwick)	-	45,613
Taxation services (Hall Chadwick)	-	17,324
	111,842	62,937

NOTE 6: DIVIDENDS

The Group did not recommend, declare, or pay a cash dividend during the financial year ending 30 June 2018 (2017: nil). A share dividend in specie arose during the financial year ending 30 June 2018 as a result of the demerger of Instreet Investment Australia Limited. This amounted to $858,324.

Franking account balance

	2018 $000	2017 $000
The amount of the franking credit for subsequent reporting period are:		
Balance at the end of the reporting period	755	422
Franking credits that will arise from the payment of the amount of provision for income tax	20	333
Franking credit available for subsequent reporting period based on a tax rate of 27.5%	**775**	**755**

NOTE 7: EARNINGS PER SHARE

		Consolidated Group 2018 $000	Restated 2017 $000
a.	**Reconciliation of earnings to profit / (loss):**		
	Total Loss for the year	(7,198)	(419)
	Earnings used in the calculation of dilutive EPS	(7,198)	(419)
b.	Reconciliation of earnings to profit / (loss) from continuing operations:		
	Loss from continuing operations	(8,686)	(419)
	Earnings used in the calculation of dilutive EPS from continuing operations	(8,686)	(419)
c.	Reconciliation of earnings to profit / (loss) from discontinued operations:		
	Profit from discontinued operations	1,488	-
	Earnings used to calculate basic EPS from discontinuing operations	1,488	-
		No.	**No.**
d.	Closing number of ordinary shares outstanding as at 30 June 2018 (30 June 2017)	66,229,988	2,175,434
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	14,827,185	2,045,406
e.	Basic EPS are not reflected for discontinued operations	(0.59)	(0.20)
f.	Diluted EPS are not reflected for discontinued operations	(0.59)	(0.20)

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group 2018 $000	2017 $000
Cash at bank and on hand	1,446	4,479
Short-term bank deposits	3,000	-
	4,446	**4,479**

The effective interest rate on short-term bank deposits was 2.6% (2017: nil); these deposits have an average maturity of 90 days

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
		Restated
	2018 $000	2017 $000
CURRENT		
Trade receivables	291	21,267
Provision for impairment	(8)	-
Other receivables	226	167
Amounts receivable from related parties	350	363
Total current trade and other receivables	**859**	**21,797**

Movement in the trade receivables was driven by the restructure of the Group for the public offering. The majority of trade receivables were part of Instreet Investment Australia Limited and the reduction of $20.2 million was due to the demerger. See Business Combination note 13.

Age current receivable analysis

Age of Receivable $000	0 - 30 days	31- 60 days	Older then 60 days	Total
at 30 June 2018	800	35	24	859
at 30 June 2017	21,267	-	530	21,797

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has credit risk exposures in Australia given the substantial operations in those regions. The Group’s exposure to credit risk for receivables at the end of the reporting period in those regions is as follows:]

	Consolidated Group	
		Restated
AUD	2018 $000	2017 $000
Australia	859	21,797

The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated Group	
	2018 $000	2017 $000
Financial assets		
CURRENT		
Held-for-trading Australian listed shares*	117	-
Term Deposits (6-month maturity)	7,169	-
Receivable from Instreet Structured product	-	139,401
Other financial assets	106	-
Financial assets	**7,392**	**139,401**

Movement in the financial assets was driven by the restructure of the Group for the public offering. The majority of financial assets were part of Instreet Investment Australia Limited and the reduction of $132 million was due to the demerger.

*Shares held for trading are held for the purpose of tracking the Raiz Invest Australia Fund performance or managing the risks associated with the platform. These are not traded for the purpose of short-term profit taking. Changes in fair value are included in the statement of comprehensive income.

In previous years, the Group was party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in the value of its investment products issued to the group's investors in accordance with the group's financial risk management policies (refer to note 25).

Hedged Securities

In previous years the Group entered into hedging instruments with financial institutions to hedge its exposure to fluctuations in the value of its investment and loan products. The hedging instruments are fair valued by financial institutions to reflect the market value of the hedged instruments. The hedge assets are selected so that the fair value of the hedged liabilities equates to the fair value of the hedged assets and loans. In this way the liabilities and assets are hedged, and the risk associated with changes in market conditions has been neutralised.

Information about the Group's exposure to market risk, liquidity risk and credit risk is disclosed in Note 25.

NOTE 11: INTANGIBLE ASSETS & GOODWILL

	Consolidated Group 2018 $000	Consolidated Group 2017 $000
Goodwill:		
Cost	13,894	435
Impairment losses	-	(275)
Net carrying amount	13,894	160
Computer software and other Intangible assets:		
Cost	8,949	1,787
Accumulated amortisation	(831)	(1,251)
Net carrying amount	8,118	536
Total intangible assets	**22,012**	**696**

	Goodwill $000	Computer Software - Intangible Assets $000
Consolidated Group:		
Year ended 30 June 2017		
Balance at the beginning of the year	251	738
Additions	-	46
Amortisation charge	-	(248)
Impairment losses	(91)	-
Year ended 30 June 2017	**160**	**536**
Balance at the beginning of the year	160	536
Acquisitions through business combinations	13,894	8,500
Disposals	(160)	(506)
Additions	-	445
Amortisation charge	-	(857)
Closing value at 30 June 2018	**13,894**	**8,118**

Forensic Advisory Services Pty Limited (FAS Global) independently assessed the valuation of the software, that powers the Raiz micro-investing platform, as at 30 April 2018 (Valuation Date) and provided a fair market value.

The scope of the engagement was to prepare a valuation for tax purposes. The fair market value, based on the relief from royalty method (and cross checked against other methods) was used with a range of $7.1m to $9.9m, with a mid-point valuation of $8.5m.

The mid-point valuation was used from 1 May 2018 and the previous intangible asset associated with the software was written up to reflect the new valuation. At the same time, as disclosed in the Prospectus the goodwill on the balance sheet was reduced by the software valuation. The software valuation, as outlined in our accounting standards for intangible asset, will be amortised at 20% over the next 5 years.

The accounting for the acquisition has been carried out on a provisional basis.

NOTE 11: INTANGIBLE ASSETS & GOODWILL

Impairment disclosures

Goodwill is allocated to cash-generating units which are based on the Group's reporting segments:

	2018 $000	2017 $000
Raiz Invest Micro Investing Platform segment	13,894	-
Other segment	-	160
Total	**13,894**	**160**

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five-year period for the Raiz micro investing platform segment only with the period extending beyond five years by calculating a terminal value by applying a P.E ratio of 15 to the fifth year EBITDA from this segment. The cash flows and terminal value are discounted using a 14% discount factor.

Key Assumptions used in value-in-use calculation

Growth Rates

Growth rates used reflect management's plans for the Raiz Invest Micro Investing platform segment only and where possible are based on historic performance.

Discount Rate

The discount rate of 14% (2017: 14%) post-tax reflects management's estimate of the time value of money. Any residual value will be calculated based on the price earnings ratio of 15 then discounted at 14%.

There were no other key assumptions.

Key estimates and judgements

Impairment on non-financial assets other than goodwill

Raiz assess impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to Raiz and the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value-in-use calculations, which incorporate a number of key estimates and assumptions.

Estimation of useful lives of assets

Raiz determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation or amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

NOTE 12: ASSOCIATES AND JOINT VENTURE

a. **Information about Principal Joint Venture**

Raiz Invest Limited (the parent) held a 52.4% interest in Raiz Invest Australia Limited a Joint Venture, a joint arrangement structured as a strategic partnership between the Group and one other parties. The Joint Venture agreement ceased on 25 January 2018.

b. **Commitments and Contingent Liabilities in Respect of Joint Ventures**

The Group has no further capital commitments relating to Joint Ventures and is not liable for any contingent liabilities.

c. **Financial information relating to Joint Venture**

	Raiz Invest Australia Limited (Joint-Venture)	
	2018 $000	**2017 $000**
Summarised Financial Position		
Total current assets	-	133
Total non-current assets	-	1,114
Total current liabilities	-	622
Total non-current liabilities	-	20
NET ASSETS	**-**	**605**
Group's share (%)*	-	52.4%
Group's share of joint venture's net assets*	-	52.4%

* The Joint Venture agreement ceased on 25 January 2018 when Raiz Invest Australia Limited became a subsidiary of the Group.

Summarised Financial Performance		
Revenue	1,179	1,035
Total expenses	(2,339)	(3,146)
Loss after tax from continuing operations	(1,160)	(2,111)
Total comprehensive income	(1,160)	(2,111)
Group's share of joint venture's total comprehensive income (52.4%)	(608)	(1,106)
Reconciliation to Carrying Amounts		
Group's share of joint venture's opening net assets	-	317
Group's share of joint venture's closing net assets (closing carrying amount of investment)	**-**	**317**

NOTE 13: BUSINESS COMBINATION AND CAPITAL RE-ORGANISATION

The main operating entity of the Group, Raiz Invest Australia Limited (formerly, Acorns Grow Australia), was previously a joint venture arrangement (formed March 2015) with Acorns Grow Inc (which was founded in the US in 2012). In January 2018, the joint venture arrangement ceased as Acorns US became a minority shareholder of Raiz Invest Australia Limited. In connection with this transaction, it was agreed that the Australian operation would cease to use the Acorns brand, and accordingly, rebranded to “Raiz”. The Group then acquired from Acorns US its remaining minority holding in Raiz Invest Australia Limited. As a result, the Group now holds directly all of the shares on issue in Raiz Invest Australia.

Corporate structure

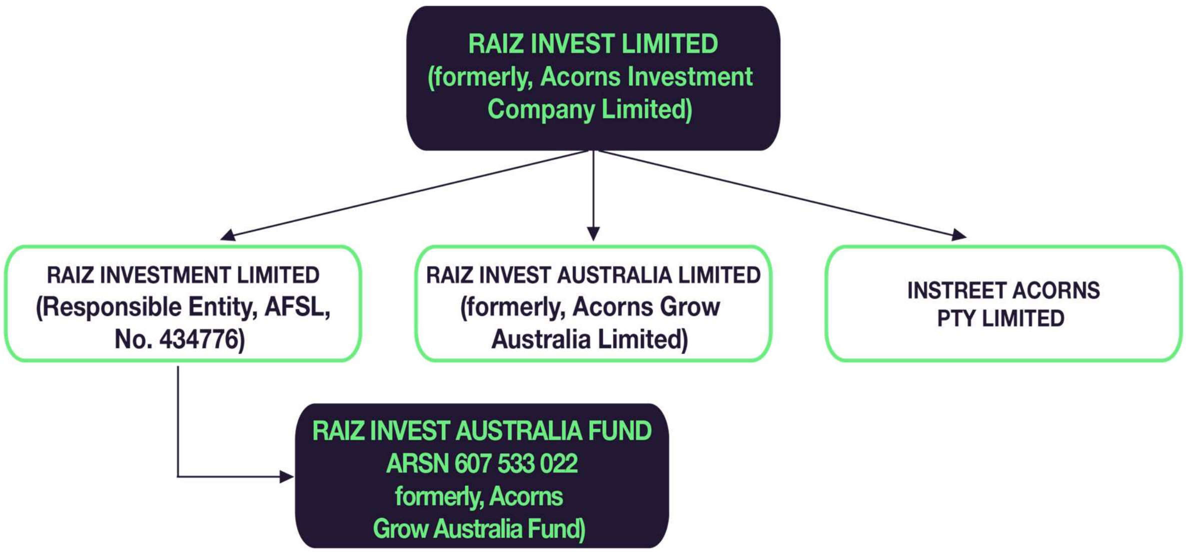
The Group underwent a group restructure which resulted in the Raiz Invest Limited becoming the ultimate holding company of the Group. The aim of the restructure was to:

i. demerge Instreet Investment Australia Limited (and the business it conducts) from Instreet Investment Limited, with Instreet Investment Limited continuing in its role as responsible entity of the Raiz Invest Australia Fund (for which Instreet Investment Limited holds an AFSL);

ii. combine Instreet Investment Limited (the responsible entity of the Raiz Invest Australia Fund) with the Raiz Group’s business; and

ii. hold directly all of the shares on issue in Raiz Invest Australia Limited.

The following diagram shows the entities in the corporate structure of the Raiz Group:



Raiz Invest Limited was incorporated on 24 October 2016 as a public company limited by shares. It is the ultimate holding company of the Group. As part of the Group restructure, Raiz Invest Limited made an offer to the shareholders of each of Instreet Investment and Instreet Acorns to exchange their respective shares in these entities for Shares in Raiz. As a result, Raiz now holds directly all of the shares on issue in Instreet Investment, Instreet Acorns and also Raiz Invest Australia (as detailed further below).

The prior period comparative statement of financial position comprises of Instreet Investment Limited, Instreet Acorns Pty Ltd, Instreet Structured Investment Pty Limited, Instreet Structured Investment 2 Pty Limited, Vestin Financial Pty Limited, Emerald Club Limited, and The Wealth Know How Pty Ltd. For the current period, the new cominbed group is illustrated above.

NOTE 13: BUSINESS COMBINATION (CONT)

Instreet Investment Limited is the responsible entity of the Raiz Invest Australia Fund, AFSL 434776. The Raiz Invest Australia Fund is a registered managed investment scheme.

> 26 February 2018: Instreet Investment Australia Limited (and the business it conducts) was demerged from Instreet Investment, with Instreet Investment continuing in its role as responsible entity of the Raiz Invest Australia Fund.

> 1 March 2018: Raiz Invest Limited offered the shareholders of Instreet Investment the opportunity to exchange all of their shares in Instreet Investment for Shares in Raiz, on the basis of 10.7163 Shares for every Instreet Investment share held.

> 10 April 2018: Raiz Invest Limited had acquired all of the shares on issue in Instreet Investment. This increased the restructure reserve see Consolidated Statement of changes in equity.

Raiz Invest Australia Limited is the Group company that undertakes the operational business of promoting, distributing, operating and managing the Fund. In addition, Raiz Invest Australia also provides administration, accountancy, scheme compliance, AML/CTF and other regulatory services to the Fund.

> 25 January 2018: Instreet Acorns acquired from Acorns US an additional 37.6% of Raiz Invest Australia for the total amount of A$17,654,000 (Majority Acquisition). This increased Instreet Acorns' holding in Raiz Invest Australia to 90.37% of the total shares on issue, with Acorns US holding the remaining 9.63%. In order to fund the Majority Acquisition, Instreet Acorns undertook a private placement with select institutional investors raising $20.7 million. As a result of the Majority Acquisition, the joint venture arrangement ceased with Acorns US becoming a minority shareholder of Raiz Invest Australia. Goodwill was acquired during this transaction of $13,894,261 see note 11.

> 20 February 2018: Raiz Invest Australia undertook an issue of shares in which Instreet Acorns participated, and Acorns US did not participate. Under that February 2018 share issue, Instreet Acorns further increased its shareholding in Raiz Invest Australia to 90.37%.

> 19 April 2018: Raiz Invest Limited acquired from Acorns US its remaining minority holding in Raiz Invest Australia (being, the remaining 9.63%).

> 24 April 2018: Raiz Invest Limited holds directly all of the shares on issue in Raiz Invest Australia.

From the 20 February, the transactions have been treated as a common control combination with the 'pooling of interests' method. This approach has been adopted as the formation of the Group under Raiz Invest Limited (parent entity) did not change the overall ownership of the operating entities normal manner in which they operate. Shares in the parent entity were issued for acquisition of the shares in the shares in the common controlled group entities. The 'pooling of interests method', treats the consolidated group as if they had been combined throughout the current and comparative accounting periods. Under this method, acquisitions have been recognised in the consolidated financial report at their book value. Investments in subsidiaries have been eliminated based upon the initial investment in the subsidiary, which matched the value of shares issued by Raiz Invest Limited to common shareholders.

Instreet Acorns Pty Ltd was incorporated on 3 March 2015 so to, at that time, hold the interest in Raiz Invest Australia.

> 16 March 2018: Raiz Invest Limited offered the shareholders of Instreet Acorns the opportunity to exchange all of their shares in Instreet Acorns for Shares in Raiz, on the basis of 1.0747 Shares for every Instreet Acorns share held.

> 11 April 2018: Raiz Invest Limited had acquired all of the shares on issue in Instreet Acorns (excluding those shares that were held by Instreet Investment).

> 24 April 2018: Instreet Investment transferred the shares it held in Instreet Acorns to Raiz Invest Limited, so that Raiz Invest Limited holds directly all the shares on issue in Instreet Acorns.

As a result of the Group restructure, Raiz Invest Limited is now the ultimate holding company of Instreet Acorns Pty Limited, and also holds directly all of the shares on issue in Raiz Invest Australia Limited. Accordingly, Instreet Acorns Pty Limited holds no assets or liabilities and generates no cash flow.

NOTE 14: INTERESTS IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2018	2017	2018	2017
		%	%	%	%
Raiz Invest Australia Limited	NSW Australia	100.0	52.4	-	47.60
Instreet Investment Limited	NSW Australia	100.0	100.0	-	-
Instreet Acorns Pty Ltd	NSW Australia	100.0	85.4	-	14.6
PT. Raiz Invest Indonesia	Jakarta Indonesia	80.0	-	20.0	-
Raiz Malaysia SDN BHD	Kuala Lumper Malaysia	100.0	-	-	-

The Indonesian and Malaysian subsidiaries are not operating entities, with no material assets, and were incorporated as part of the applying for financial services licence in these jurisdictions.

The non-controlling interests in, Raiz Invest Australia Limited were material to the Group for 30 June 2017.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. **Significant Restrictions**

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

c. **Acquisition of Controlled Entities**

	Fair Value $000
Purchase consideration:	
– cash	17,654
– previously held equity interest	1,894
– non-controlling interest	(37)
Identifiable assets acquired, and liabilities assumed	(5,617)
Goodwill at 30 June 2018	**13,894**

g. **Deed of Cross Guarantee**

A Deed of Cross Guarantee (pursuant to ASIC (wholly-owned companies) instrument 2016/785 and ASIC Class Order 98/1418) was entered into between Raiz Invest Limited and its wholly owned subsidiaries, Instreet Investment Limited and Raiz Invest Australia Limited during the financial year ended 30 June 2018 and relief was obtained from preparing financial statements for Raiz Invest Australia Limited under ASIC Class Order 98/1418. Pursuant to this Deed of Cross Guarantee, the wholly-owned subsidiaries rely upon relief afforded to the financial reporting requirements of Chapter 2M Corporations Act 2001, such that Raiz Invest Limited prepares audited financial statements on a Group basis.

		Parties to Deed of Cross Guarantee 2018 $000
Financial information in relation to:		
(i)	Statement of profit or loss and other comprehensive income:	
	Revenue	5,183
	Sales and Administration expense	(1,652)
	Employee benefits expense	(4,321)
	Depreciation and amortisation	(428)
	Professional fees	(1,576)
	Marketing expenses	(1,135)
	Other expenses	(1,352)
	Profit before income tax	(5,281)
	Income tax credit	157
	Profit after income tax	(5,124)
	Profit/(loss) attributable to owners of the parent entity	**(4,949)**
(ii)	**Statement of financial position:**	
	Cash and cash equivalents	4,475
	Trade and other receivables	859
	Other financial assets	21,453
	Non-current assets held for sale	-
	Other assets	92
	TOTAL CURRENT ASSETS	**26,879**
	Property, plant and equipment	38
	Investment	56,836
	Deferred tax assets	94
	Intangible assets	8,210
	Other non-current assets	-
	TOTAL NON-CURRENT ASSETS	**65,178**
	TOTAL ASSETS	**92,057**
	Trade and other payables	17,141
	Provisions	94
	TOTAL CURRENT LIABILITIES	**17,235**
	Other financial liabilities	304
	Deferred tax liabilities	(1)
	Provisions	14
	TOTAL NON-CURRENT LIABILITIES	317
	TOTAL LIABILITIES	**17,552**
	NET ASSETS	**74,505**
	EQUITY	
	Issued capital	76,111
	Share option reserve	2,818

Other reserve	(534)
Retained earnings	(3,890)
TOTAL EQUITY	**74,505**

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Group	
		Restated
	2018 $000	2017 $000
CURRENT		
Trade payables	1, 627	24,606
Amounts payable to related parties	33	-
	1,660	24,606
NON-CURRENT		
Related party loan	304	-
	304	-

Movement in the trade payable was driven by the restructure of the Group for the public offering. The majority of trade payable were part of Instreet Investment Australia Limited and the reduction of $22.7 million was due to the demerger. See Business Combination note 13.

NOTE 16: OTHER FINANCIAL LIABILITIES

	Consolidated Group	
	2018 $000	2017 $000
CURRENT		
Derivative Liability	-	22,953
Payable to Masti Investors	-	116,447
Convertible Notes	-	535
Total current liabilities	**-**	**139,935**

Movement in the financial liabilities was driven by the restructure of the Group for the public offering. The majority of financial liabilities were part of Instreet Investment Australia Limited and the reduction of $139.9 million was due to the demerger.

NOTE 17: ISSUED CAPITAL

	Consolidated Group	
		Restated
	2018 No.	2017 No.
Fully paid ordinary shares	66,229,988	2,175,434
	66,229,988	2,175,434

	Consolidated Group
	Restated

	Date	2018 No.	2017 No.
a. **Ordinary Shares**			
At the beginning of the reporting period		2,175,434	4,848,302
Restatement of prior year			(2,672,924)
Shares issued during the year		-	56
Shares Issued to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	26,644,798	-
Cancellation of shares to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	(2,175,434)	-
Shares Issued to acquire 42% of Instreet Acorns Pty Ltd from various other investors	11 Apr 2018	24,597,880	-
Shares issued to acquire 9.63% of Raiz Invest Australia Limited	11 Apr 2018	5,186,309	-
Business Combination - Raiz Invest Limited	24 Apr 2018	1,401,001	-
Shares issued from public offering	21 Jun 2018	8,400,000	-
At the end of the reporting period		66,229,988	2,175,434

		Consolidated Group	
			Restated
	Date	2018 $	2017 $
b. **Ordinary Shares**			
At the beginning of the reporting period		4,743,594	5,444,688
Restatement of prior year (note 28)			(2,052,188)
Shares issued during the year		-	1,351,094
Cost in relation to Capital Raising	25 Jan 2018	(1,082,347)	
Shares Issued to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	24,109,521	-
Cancellation of shares to acquire 55% of Instreet Acorns Pty Ltd from Instreet Investment Limited	10 Apr 2018	(4,743,594)	-
Shares Issued to acquire 42% of Instreet Acorns Pty Ltd from various other investors	11 Apr 2018	22,258,301	-
Shares issued to acquire 9.63% of Raiz Invest Australia Limited	11 Apr 2018	4,692,834	-
Business Combination – Raiz Invest Limited	24 Apr 2018	1,401,001	
Shares issued from public offer	21 Jun 2018	15,120,000	-
Costs in relation to public offer	21 Jun 2018	(875,223)	-
Cost in relation to public offer (tax benefit)	30 Jun 2018	538,331	
At the end of the reporting period		**66,162,418**	**4,743,594**

c. **Options**

(i) For information relating to the Raiz Invest Limited Long Term Equity Incentive Plan (LTEIP), including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end.

(ii) For information relating to share options issued to key management personnel during the financial year, refer to Remuneration Report.

d. **Capital Management**

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

The Group's debt and capital include ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

The Group maintains liquid capital to meet its obligations as a responsible entity.

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

There have been no changes in the strategy adopted by management to control the capital of the Group.

	Note	Consolidated Group	
		2018 $000	**2017 $000**
Total liabilities		2,869	165,060
Less cash and cash equivalents	8	(4,446)	(4,479)
Net debt		(1,577)	160,581
Total equity		**32,642**	**4,070**
Total assets		**35,511**	**169,130**
Gearing ratio		(4.44%)	94.95%

NOTE 18: LEASING COMMITMENTS

	Note	Consolidated Group	
		2018 $000	**2017 $000**
a. **Operating Lease Commitments**			
Payable – minimum lease payments:			
– not later than 12 months		132	252
– between 12 months and 3 years		68	92
		200	344

The Lease commitments include rental agreements for Sydney and Indonesia Offices. The current Sydney property lease terminates in October 2018. Management is currently negotiating a new lease and are confident that a new lease will be entered into before termination.

NOTE 19: OPERATING SEGMENTS

Description of segments

Identification of reportable operating segments

Raiz Invest is currently organised into two operating segments, Raiz Invest Micro-Investing Platform (Australia) and Other Financial Services. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing the performance and in determining the allocation of resources. There is no aggregation of operating segments below this level.

The Board also uses EBITDA (earnings before interest, tax, depreciation and amortisation excluding share-based payments and non-recurring items) as a principal profit measure. The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements.

The information reported to the Board is on at least a quarterly basis.

Types of services

The principal service is the provision of financial services via the Raiz Invest micro-investing platform

Major customers

Raiz Invest Micro-Investing Platform does not rely on any major customers. The largest single customer accounts for only 0.04% of total revenue.

The majority of Other Financial Services are paid by Instreet Investment Australia Limited (IIAL), for rent and other expenses as well as a corporate authorises representative (CAR) fee. IIAL has applied for its own Australian Financial Services licences. Once this is granted the Company will no longer receive the CAR fee.

Segment Income

Year ended 30 June 2018	Raiz Invest Micro Investing Platform $000	Other Financial Services* $000	Total $000
Segment Revenue	1,267***	3,496	4,763
EBITDA**	(6,424)	146	(6,278)
Depreciation and amortisation expenses	(839)	(153)	(992)
Interest expenses	-	(85)	(85)
Loss before income tax*	(7,263)	(92)	(7,355)

Year ended 30 June 2017	Raiz Invest Micro Investing Platform $000	Other Financial Services $000	Total $000
Segment Revenue	-	8,162	8,162
EBITDA*	-	2,942	2,942
Depreciation and amortisation expenses	-	(266)	(266)
Interest	-	(2,791)	(2,791)
Earnings before income tax	-	(115)	(115)
Loss before income tax	-	(115)	(115)

* The other financial services operating segment includes discontinued operations.

** EBITDA represents earnings before interest, tax, depreciation and amortisation excluding non-recurring items and share based payments.

***The segment revenue is only for 5 months of operation not the full 12 months.

NOTE 19: OPERATING SEGMENTS

As at 30 June 2018	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	$000	$000	$000
Segment assets	24,340	11,171	35,511
Segment liabilities	2,292	577	2,869

As at 30 June 2017 Restated	Raiz Invest Micro Investing Platform	Other Financial Services	Total
	$000	$000	$000
Segment assets	-	169,130	169,130
Segment liabilities	-	165,060	165,060

NOTE 20: CASH FLOW INFORMATION

		Consolidated Group	
		2018 $000	2017 $000
a.	**Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax**		
	Profit after income tax	(7,198)	(419)
	Non-cash flows in profit:		
	– Amortisation (non-cash)	992	266
	– impairment of non-current investments	-	91
	– share of joint ventures' net profit after income tax and dividends	608	1,106
	– Share option expenses (non-cash)	1,343	-
	– Tax benefit	(157)	-
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– decrease in trade and term receivables	(331)	(923)
	– (increase)/decrease in inventories	(1221)	-
	– (decrease)/increase in trade payables and accruals	-	1,596
	– (decrease)/increase in income taxes payable	(336)	213
	– (decrease)/increase in deferred taxes payable	-	18
	– (increase)/decrease in deferred taxes receivable	(99)	(46)
	– (decrease)/increase in provisions	23	29
	– (increase)/decrease in other current assets	-	(101)
	Cash flows from operating activities	(6,376)	1,830

NOTE 21: SHARE-BASED PAYMENTS

a. Raiz Invest Limited has in place two share option schemes:

Key Management Personnel Historical Share Options Plan

The options are granted subject to the completion of four years' continued employment with Raiz Invest Limited and subject to the individual meeting predetermined performance criteria. The options vest evenly at the anniversary of the grant date for four years. Should the performance criteria not be met for a particular year, the portion of option which were available for vesting for that year shall be considered forfeited.

Raiz Invest Employee Share Option Plan

The Group established the Raiz Invest Limited long term equity incentive plan as disclosed in the Prospectus as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance. All employees (other than Key Management Personnel) are entitled to participate in the share option scheme upon completion of five years' employment with the consolidated Group. Employees are granted options which evenly vest over five years, subject to meeting specified performance criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and Group earnings per share growth.

b. On 20 June 2018, 1,940,000 share options were granted to employees under the consolidated Group under the Raiz Invest Limited employee share option plan to take up ordinary shares at an exercise price of $1.80 each. The options are exercisable on or before 20th June 2028. The options hold no voting or dividend rights and are not transferable.

c. A summary of the movements of all Group options issues is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2016	2,206,146	
Granted	1,086,702	0.95
Options outstanding as at 30 June 2017	3,292,848	
Granted	3,026,702	1.80
Options outstanding as at 30 June 2018	6,319,550	

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

The fair value of options granted during the year was $2,080,928 (2017: $889,574). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$1.80
Weighted average life of the option:	10 years
Expected share price volatility:	45%
Risk-free interest rate:	2%

Historical volatility of Companies judged to be similar (due to no trading history for the Company) has been the basis for determining expected share price volatility.

The share option expense recognised during the financial year to 30 June 2018 was $1,366,069. The prior year expense was $588,983 which has been adjusted for in the current period. This adjustment does not affect the number of share options granted.

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 23: RELATED PARTY TRANSACTIONS

a. **Related parties**

The Group's main related parties are as follows:

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is Raiz Invest Limited, which is incorporated in New South Wales, Australia.

(ii) *Key management personnel:*

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

For details of disclosures relating to key management personnel, refer to Note 24.

(iii) *Entities subject to significant influence by the Group:*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in subsidiaries, refer to Note 14.

(iv) *Joint ventures accounted for under the equity method:*

The Group in FY2017 and part of FY2018 had a 52.4% interest in the joint venture, Raiz Invest Australia Limited. The interest in joint venture is accounted for in these consolidated financial statements of the Group using the equity method of accounting.

For details of interests held in joint ventures, refer to Note 12.

(v) *Other related parties:*

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

b. **Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group	
		2018 $000	2017 $000
(i)	*Other related parties:*		
	Purchase of goods and services:	165	48
	In 2018 financial year, the Group purchased services from companies associated with the directors, including Cannings Advisory Services Pty Limited, Howorth Communications Pty Limited and Buzz Strategic Insights Pty Limited.		
(ii)	*Key management personnel:*		
	Management fees and occupancy fees paid which directors and executives have a beneficial interest	1,879	192
(iii)	*Loans from other key management personnel related entities:*		
	Beginning of the year	535	366
	Loans advanced	304	279
	Loan repayment received	(608)	(158)
	Interest charged	73	48
	End of the year	304	535
(iv)	*Payments received from related parties:*		
	Authorised Representative fees	751	-
	Management fees	231	-
	Total	**982**	**-**

Raiz receives authorise representative fees and management fees from Instreet Investment Australia Limited for use of the Raiz AFSL and recovery of expenses.

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2018 $000	2017 $000
Short-term employee benefits	2,521	566
Post-employment benefits	26	-
Other long-term benefits	19	-
Share-based payments	890	-
Total KMP compensation	**3,456**	**566**

Short-term employee benefits

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

Other long-term benefits

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

NOTE 25: FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
			Restated
		2018 $000	2017 $000
Financial assets			
Cash and cash equivalents	8	4,446	4,479
Financial assets at fair value through profit or loss:			
– held for trading	10	117	139,401
Held-to-maturity investments	10	7,169	-
Loans	10	106	-
Receivables	9	859	21,797
Total financial assets		12,697	165,677
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	15	1,660	24,606
– other financial liabilities	16	-	139,935
– borrowings	15	304	-
Total financial liabilities		1,964	164,541

Financial Risk Management Policies

The COO has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The COO monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of the limits. The COO also reviews the effectiveness of internal controls relating to market risk, counterparty credit risk, foreign currency risk, liquidity risk, and interest rate risk.

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 risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

	Note	Consolidated Group	
		2018	2017
		$000	$000
Cash and cash equivalents:			
– AA rated	8	4,446	4,479
Held-to-maturity securities:			
– AA rated	10	7,169	169

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 this risk through the following mechanisms:

> preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;

> only investing surplus cash with major financial institutions; and

> comparing the maturity profile of expected liabilities with the realisation profile of expected revenue and financial asset revenue.

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		Greater than 1 Year		Total	
		Restated		Restated		Restated
	2018	2017	2018	2017	2018	2017
	$000	$000	$000	$000	$000	$000
Financial liabilities due for payment						
Trade and other payables	1,627	24,606	304	-	1,931	24,606
Amounts payable to related parties	33	-	-	-	33	-
Finance Liabilities	-	139,935	-	-	-	139,935
Total expected outflows	1,660	164,541	304	-	1,964	164,541
Financial assets – cash flows realisable						
Cash and cash equivalents	4,446	4,479	-	-	4,446	4,479
Trade, term and loan receivables	965	21,797	-	-	965	21,797
Held-for-trading investments	117	139,401	-	-	117	139,401
Held-to-maturity investments	7,169	-	-	-	7,169	-
Total anticipated inflows	12,697	165,677	-	-	12,697	165,677
Net (outflow)/ inflow on financial instruments	11,037	1,136	(304)	-	10,733	1,136

NOTE 25: FINANCIAL RISK MANAGEMENT (CONT)

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 25(c) for further details.

Market risk

(i) *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.

Consolidated Group	Effective Average Fixed Interest Rate Payable		Notional Principal	
Maturity of notional amounts	2018	2017	2018	2017
	%	%	$000	$000
Less than 1 year	0	11%	0	535

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the Group to interest rate risk, which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

(ii) *Foreign currency risk*

Exposure to foreign currency risk result from payments to foreign companies for services provided. Fluctuations in the US dollar may impact on the Group's financial results as those exposures are not hedged.

The Group is also exposed to securities price risk linked to funds under management which are influenced by changes in securities price. This risk is unhedged

Sensitivity analysis

Year ended 30 June 2018	Consolidated Group Earnings $000
+/–0.50% in interest rates	55
+/–2% in $A/$US	45
+/–10% in listed securities	40

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 1(e) for detailed disclosures regarding the fair value measurement of the Group's financial assets and financial liabilities.

Consolidated Group	Note	2018 Carrying Amount $000	2018 Fair Value $000	2017 Restated Carrying Amount $000	2017 Restated Fair Value $000
Financial assets					
Cash and cash equivalents[(i)]	8	4,446	4,446	4,479	4,479
Total trade and other receivables	9	965	965	21,797	21,797
Financial assets at fair value through profit or loss:					
– investments – held-for-trading	10	117	117	139,401	139,401
Investments – held-to-maturity	10	7,169	7,169	-	-
Total financial assets		12,697	12,697	165,677	165,677
Financial liabilities					
Trade and other payables[(i)]	15	1,660	1,660	24,606	24,606
Borrowing	15	304	304	-	-
Other financial liabilities		-	-	139,935	139,935
Total financial liabilities		1,964	1,964	164,541	164,541

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

(ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

NOTE 26: PARENT INFORMATION

The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

	2018 $000	2017 $000
Statement of Financial Position		
ASSETS		
Current assets	13,845	21,381
Non-current assets	52,312	4,329
TOTAL ASSETS	66,157	25,710
LIABILITIES		
Current liabilities	500	16,447
Non-current liabilities	5	785
TOTAL LIABILITIES	505	17,232
EQUITY		
Issued capital	67,582	6,796
Retained earnings	(3,296)	1,682
Share option reserve	1,366	-
TOTAL EQUITY	65,652	8,478
Statement of Profit or Loss and Other Comprehensive Income		
Total profit / (loss)	(2,276)	1,793

Total comprehensive income	(2,276)	1,793

Guarantees

During the reporting period, Raiz Invest Limited entered into a deed of cross guarantee with its subsidiaries Instreet Investment Limited and Raiz Invest Australia Limited.

NOTE 27: DISCONTINUED OPERATIONS

On 26 February 2018, as part of the restructure and business combination (note 13), Instreet Investment Australia Limited (and the business it conducts) was demerged from the Raiz Group.

a) *Financial performance information*

	2018 $000	2017 $000
Revenue	2,002	7,299
Expense	(514)	(8,033)
Profit / (loss) – EBITDA	1,488	(734)

b) *Carrying amounts of assets and liabilities*

	2018 $000	2017 $000
Total Assets	-	149,122
Total Liabilities	-	148,640
Net Assets	-	482

c) *Cash flow information*

	2018 $000	2017 $000
Net cash flow from operating activities	1,488	(95)
Net cash used in investing activities	-	10,108
Net cash provided by financial activities	-	(9,145)
Net decrease in cash from discontinued operations	1,488	868

NOTE 28 RESTATEMENT OF COMPARATIVES

During the preparation of the financial statement for the current financial year, an inaccuracy was identified in respect to the treatment of employee share option scheme of the subsidaires in prior financial years, where the scheme was treated as loan receivable instead of option (FY2008) and the loan carried on the balance sheet. The inaccuracy has been corrected by restating each of the affected balance sheet items for the prior year as follows (Statement of profit or loss or number of shares on issue is not affected by this):

Statement of Balance Sheet (Extract)

	2017 Reported $	Adjustments $	2017 Restated $
Trade and other receivable (current)	21,297	500	21,797
TOTAL CURRENT ASSETS	**165,310**	**500**	**165,810**
Trade and other receivable (non-current)	3,575	(3,575)	-
TOTAL NON-CURRENT ASSETS	**6,895**	**(3,575)**	**3,220**
TOTAL ASSETS	**172,205**	**(3,075)**	**169,130**
Trade and other payable (current)	24,006	600	24,606
TOTAL CURRENT LIABILITIES	**164,304**	**600**	**164,904**
NET ASSETS	**7,745**	**(3,675)**	**4,070**
Issued Capital	6,796	(2,052)	4,744
Retained Earnings	986	(1,623)	(637)
TOTAL EQUITY	**7,745**	**(3,675)**	**4,070**
Basic EPS	(0.09)	(0.11)	(0.20)
Diluted EPS	(0.09)	(0.11)	(0.20)

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Raiz Invest Limited, the directors of the Company declare that:

1. the attached financial statements and notes thereto, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated Group;
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; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Operating Officer.

The Company and its wholly owned subsidiaries, Instreet Investment Limited and Raiz Invest Australia Limited, have entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

Director: George Lucas

Dated this 28 day of August 2018

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Raiz Invest Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Raiz Invest Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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 2018 and of its financial performance for the year ended on that date; and

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

Basis for 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 *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 Company, 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.

Key audit matters

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.

Accounting for the acquisition of Raiz Invest Australia Limited

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 13 of the financial report, the Group acquired Raiz Invest Australia Limited during the year. The audit of the accounting for this acquisition is a key audit matter due to the significant judgment and complexity involved in assessing the determination of the fair value of the assets and liabilities acquired.	Our procedures included but were not limited to: • Reviewing the acquisition agreements to understand the key terms and conditions, and to confirm our understanding of the transaction; • Comparing the assets and liabilities recognised on acquisition against the executed agreements and the historical financial information of the acquired businesses; • Evaluating the methodology and assumptions in management's determination of the fair value of the assets and liabilities acquired; • For the valuation of identifiable intangible assets, we performed the following procedures, assisted by our valuation specialists: o Assessed the competency and objectivity of the external valuer, considered the valuation methodologies adopted and determined that we could use the external valuation as evidence for the purpose of our audit; o Challenged the associated underlying forecast cash flows and assessed key assumptions, including forecast growth rates; and o Evaluated the appropriateness of royalty rates/license fee rates used by reference to external data; • Assessing the adequacy of the Group's disclosures of the acquisition.

Accounting for Group restructure

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 13 of the financial report, the Group underwent a restructure during the year which resulted in Raiz Invest Limited becoming the ultimate holding company of the Group. The accounting for the restructure of the Group was a key audit matter given its material effect on the Group and the complexity of the transactions which occurred to give effect to the restructure.	Our procedures included but were not limited to: • Reviewing transaction documents to understand the key terms and conditions of the transactions; • Evaluating Management's conclusion that the restructure was a common control transaction accounted for under the pooling of interest method; • Reviewing the accounting for the underlying transactions including the demerger of Instreet Investment Australia Limited and the combination of the existing Instreet Investment Limited business with Raiz Invest Limited, the legal parent of the Group; and • Considering the adequacy of the Group's disclosures pertaining to the restructure.

Accounting for the granting of options

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 21 of the financial report, during the year the Company issued options to key management personnel. The valuation of the options granted requires significant judgements and estimates and, given the materiality of the amount recognised in the financial report and the adjustments to the prior year financial report as a result of incorrect accounting for options previously issued (refer to Note 28), it was a key audit matter.	Our procedures included but were not limited to: • Reviewing the terms of the options to ensure they had been appropriately considered in the option valuation model; • Evaluating the assumptions and inputs in the valuation module and checking the mathematical accuracy of the calculation; and • Considering the adequacy of the Group's disclosures pertaining to the valuation methodology.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do 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 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The financial report of the Group for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on the financial report on 30 October 2017.

Responsibilities of the directors for the Financial Report

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

In 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 has 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Raiz Invest Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Arthur Milner
Partner

Sydney, 28 August 2018

ASX Additional Information

The shareholder information set out below is as 24 August 2018.

Distribution of Equitable Securities

Range	Number of holders of ordinary shares	Number of holders of ordinary unquoted shares escrowed to 25th January 2019	Number of holders of ordinary unquoted shares escrowed to 10th April 2019	Number of holders of ordinary unquoted shares escrowed to 21st June 2020
1 to 1,000	202	-	4	1
1,001 to 5,000	1,102	-	18	3
5,001 to 10,000	159	-	9	1
10,001 to 100,000	202	18	39	2
100,001 and over	111	25	46	10
Total	**1,776**	**43**	**116**	**17**
Holding less than a marketable parcel	4	-	3	1

Equity security holders

Twenty largest quoted equity security holders. The names of the twenty largest security holders of quoted equity securities:

	Registered Holder of Securities	Number of Securities Held	% of total Securities issued
1	BBH-GL NOMINEES PTY LTD <BACK BEACH P/L & FAMILY A/C>	6,355,838	9.60%
2	ACORNS GROW INCORPORATED	5,186,309	7.83%
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <REGAL EMERG COMP FUND A/C>	4,045,730	6.11%
4	ROSLYNDALE NOMINEES PTY LTD	2,652,223	4.00%
5	INSTREET SHARE SCHEME NOMINEE PTY LIMITED <JUSTIN BYRNE A/C>	1,721,853	2.60%
6	ST HELENS INVESTMENTS PTY LTD	1,640,515	2.48%
7	SUZIAN INVESTMENTS PTY LTD <IAN & SUZANNE RAE PSF A/C>	1,388,158	2.10%
8	BANGALLEY HOLDINGS PTY LTD <BANGALLEY EMPLOYEE FUND A/C>	1,357,391	2.05%
9	BOLLINGER INVESTMENTS LTD <BRIDGESIDE A/C>	1,332,628	2.01%
10	BBH-GL NOMINEES PTY LTD <CAREY CORPORATION & FAM A/C>	1,232,375	1.86%
11	CVC LIMITED	1,106,595	1.67%
12	FIFTY SECOND CELEBRATION P/L	1,074,700	1.62%
13	RUBI HOLDINGS PTY LTD <JOHN RUBINO SUPER FUND A/C>	1,074,700	1.62%

14	GLENEAGLE ASSET MANGEMENT LTD <ALIUM ALPHA FUND A/C>	1,055,000	1.59%
15	BODHI INVESTMENT LTD	1,020,332	1.54%
16	TOM HALE PTY LTD	941,676	1.42%
17	MR DAVID GORDON + MRS SYLVIA GORDON <D&S GORDON PERSONAL S/F A/C>	831,587	1.26%
18	RESILIENT INVESTMENT GROUP P/L	793,250	1.20%
19	THORNEY OPPORTUNITIES LTD	716,468	1.08%
20	THORNEY TECHNOLOGIES LTD	716,468	1.08%
	TOTAL FOR TOP 20:	**36,243,796**	**54.72%**
	TOTAL OTHER INVESTORS:	**29,986,192**	**45.28%**
	TOTAL SECURITIES ON ISSUE:	**66,229,988**	**100.00%**

Corporate directory

Company's registered office

Level 11
2 Bulletin Place
Sydney NSW 2000

Australian Legal Adviser

KPMG Law

Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Auditor

BDO East Coast Partnership

Level 11
1 Margaret Street
Sydney NSW 2000

Company website

http://www.raizinvest.com.au

Share Registry

Computershare Investor Services Pty Limited

Level 4
60 Carrington Street
Sydney NSW 2000

Investor Enquiries

ir@raizinvest.com.au

Media Enquiries

lstutchbury@cannings.net.au

Securities Exchange Listing

ASX Code: RZI

Corporate Governance Statement

The Corporate Governance Statement which was approved by the Board can be found at https://raizinvest.com.au/important-documents/