Wisr Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Wisr Limited
ABN:	80 004 661 205
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

Key information				$
Revenues from ordinary activities	up	59%	to	1,206,522
Loss from ordinary activities after tax attributable to the owners of Wisr Limited	up	12%	to	(3,453,905)
Loss for the half-year attributable to the owners of Wisr Limited	up	12%	to	(3,453,905)

Dividends paid and proposed

There were no dividends declared or paid in the reporting period.

Explanation of key information and dividends

An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report. The Directors have determined not to pay dividends at this time.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.96	1.49

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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8. Attachments

Details of attachments (if any):

The Interim Report of Wisr Limited for the half-year ended 31 December 2018 is attached.

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9. Signed

Signed ______________________________ Date: 28 February 2019

Craig Swanger
Director
Sydney

Wisr Limited

ABN 80 004 661 205

Interim Report – For the half-year ended 31 December 2018

Wisr Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group' or 'Wisr') consisting of Wisr Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors
The following persons were directors of Wisr Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Nantes
Craig Swanger
Christopher Whitehead

Principal activities
During the financial half-year, the Group's primary activity was writing personal loans for 3 and 5 year maturities to Australian consumers, then on-selling these loans to either the DirectMoney Personal Loan Fund (the 'Fund')[1] or to institutional and wholesale investors. The Group then manages and services the loans on an ongoing basis.

Review of operations
Wisr reported an increase in revenue of 59% for the half-year ended 31 December 2018, up to $1.2 million from $759k during 1HFY18.

The increase was driven by strong growth in loan origination value. Wisr originated more than $28 million in new loans in the first half of this financial year, up more than 441% on the same period last year. In delivering this growth, marketing spend decreased 57% to $417k compared to 1HFY18, demonstrating the strength of the underlying business metrics and a key turning point in the scalability of the Wisr platform.

Other operational highlights from 1 July 2018 to 31 December 2018 included:

- Loan origination growth across the business - including settled loan application value for direct applications - increased by 62% in Q2FY19 versus Q1FY19.
- Further strength in the broker channel with existing broker aggregation partners and the addition of new partners such as Connective, Australia's leading mortgage broker aggregator.
- Through leveraging Wisr's underlying technology platform, the Group launched new non-loan products, such as Australia's first credit score comparison service - WisrCredit - bringing more than 21,000 new users to the Wisr ecosystem since launch in October 2018.
- Wisr received recognition in industry awards, such as Wisr CEO Anthony Nantes being named 2018 Business Leader of the Year at the national Optus My Business Awards.
- The Group increased its Net Promoter Score, a measure of customer satisfaction, across the business to NPS +60 during 1HFY19, up from NPS +54 the previous half-year. This is considered best-in-class when compared across the banking and finance industry.

Overall the Group reported a loss before tax of $3.5 million, a 12% increase on 1HFY18, reflecting higher employment costs as the Group rolls-out its growth strategy and new products.

The vision remains resolute to be guided by the purpose of financial wellness for all Australians.

<u>Capital</u>

As at 31 December 2018 the Group had cash on hand of $3.8 million and $3.9 million of loan assets on the balance sheet. The Group runs a predominantly off-balance sheet funding model, with loans initially being originated on-balance sheet shortly prior to being sold to funding partners. This is reflected in the statement of cash flows. For example, $931k worth of loans were prepared for sale on 2 January 2019 and subsequently sold, a material portion of which relate to loans originated prior to 31 December 2018. The current capital-light platform model allows the Group to invest its capital in business growth as opposed to loan funding.

[1] The DirectMoney Personal Loan Fund ARSN 602 325 628, issued by One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 as Responsible Entity of the Fund. Wisr Investment Management Pty Ltd (ACN 604 346 189) is investment manager of the Fund.

Review of operations (cont.)

In August 2018, Wisr announced it had completed a capital raising via a Placement of 83,909,999 fully paid ordinary shares ('Shares') at an issue price of $0.05 each for a total amount raised of $4.2 million, from both new and existing investors.

Loan sale facilities

Customer loans continue to be well funded through ongoing agreements with 255 Finance, Bendigo and Adelaide Bank and the Fund - allowing Wisr to sustain loan volume growth and maintaining balance sheet protection. The Group is in regular dialogue with the funding market in alignment with its strategy of funding diversification. The Group will continue to seek to attract new institutional loan investors to support future growth. Going forward as the Group continues to scale and deliver quality assets to the market, the Group expects to further increase its underlying ongoing margin from the loan book.

Notwithstanding the capital light off balance sheet model of the Group, credit quality and book performance are of great importance. Wisr continues to deliver consistently strong credit quality, exceeding its objectives for arrears and book performance, while also attracting more prime customers to the Group, with Wisr customers having higher income and credit scores than the national average. Wisr has remained consistently below the target Annualised Gross Default Rate[2] of 2% since FY16.

The Fund delivered a net return of 8.24% for the 12 months ended 31 December 2018 and 7.64% p.a. since inception on 13 May 2015, consistently exceeding the target return of the RBA Cash Rate plus 5-5.5%. Please refer to the PDS for further details about the Fund.

Governance and senior management

The Board and senior management team remained unchanged during the period.

Management was also recognised for their work with the Group by industry peer groups. In November 2018, Anthony Nantes, Chief Executive Officer was named Business Leader of the Year and the Company was named as a finalist in the Fintech of the Year category in front of more than 800 industry peers at the 2018 Optus My Business Awards.

Following the conclusion of the half-year reporting period, Wisr announced the appointment of Ms Vanessa Chidrawi as Company Secretary, effective immediately.

Revenue

The audited operational revenue result of $1.2 million for the financial half-year is an increase of 59% on $759k from first-half period last year (1HFY18).

The increase is attributed to revenue generating activities related to Wisr's primary personal loan product. Key revenue line items are effective interest income, including loan establishment fees, and ongoing loan book management fees.

Note the increase in revenue is non-linear with loan growth, due to higher interest revenue from loan assets held on balance sheet in 1HFY18 prior to the introduction of wholesale funding in October 2017.

Expenses

The audited loss for 1HFY19 was $3.5 million, a 12% increase versus 1HFY18. The increase is attributed to a 26% increase in staff costs to $2.2 million, as Wisr rolls-out its growth strategy and new products. The Company has forward-hired in line with its growth strategy.

Marketing costs decreased 57% to $417k while loan volumes increased 441% highlighting the efficient scaling of the business.

Partnership

The Company continues to strengthen its relationships through the Wisr@Work, Wisr & Co programs and other initiatives.

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[2] Quarterly Gross Default Rate = (Written Off loans + loans over 90 days in arrears) / Total Origination Amount of Cohort. This is then annualised based on the number of days to 31 December 2018 since the start of each cohort (quarter). An average of the four quarters for each financial year is then taken to obtain the annualised figure.

Review of operations (cont.)

At the date of this report, Wisr announced its partnership with global leader in engaging workplace cultures, O.C. Tanner, to provide employees with access to its Wisr@Work financial wellness program.

Wisr@Work was launched in July 2018, offering affordable personal loan products, financial smartphone apps and financial education to thousands of employees throughout Australia across a range of industries. The program is aimed at relieving employee financial stress, which is reported to cost Australian businesses $40 billion annually in lost productivity.

Wisr@Work will be available via all benefit programs delivered by O.C. Tanner to employees in Australia, alongside a comprehensive suite of discounted lifestyle products, services, gift cards and special offers from some of the country's best known brands.

O.C. Tanner helps thousands of companies create peak moments that inspire people to achieve with its Culture Cloud™.

The Company continues to roll-out the Wisr & Co platform, which is enabled through the Wisr proprietary technology platform and enables partners to offer consumer finance products through white label or co-branded programs.

The Company will announce further corporate partnerships as they are finalised.

Growth and technology

In October 2018, it was announced that Wisr's Intelligent Credit Engine (ICE), which performs sophisticated credit risk analysis, identity verification, personalised interest rate assessment and institutional lender matching, can now draw from a wider range of data sources to make lending decisions.

Wisr is now able to automatically pull down two years of available transactional data into ICE to better assess the financial behaviour of potential borrowers. The ICE platform then synthesises up to 110 data points, including living expenses, to determine borrower suitability and personalise the interest rate. This is particularly important in an environment when many other lenders have been criticised about their approach to credit assessment.

WisrCredit is the first service in Australia that allows customers to compare credit scores and information from major credit agencies. Since launching, the service has attracted more than 19,000 people to the Wisr platform.

The Company is committed to continually enhancing the use of its proprietary technology platform to deliver financial fairness to more Australians. It is now in the final stages of closed beta in preparation for the WisrApp launch, scheduled for release by the end of Q3FY19. The smartphone app will allow consumers to pay down debt using a unique transaction round-up model.

Wisr also continued to strengthen its broker channel during the period, including the appointment to the lender panel of Australia's leading mortgage broker aggregator, Connective, in August 2018.

Almost 3,000 brokers on the Connective platform are now able to introduce personal loans to Wisr. More than 20% of brokers in Australia aggregate through Connective, which had more than $45 billion in settled loans last year[3].

In conjunction with other key broker aggregation partners, today more than half of all finance brokers throughout Australia are able to assist their clients with a Wisr personal loan.

Growth through these channels, introduction of new products and continued performance of its technology platform positions Wisr for future growth.

Customer satisfaction

Wisr continues to lead the market in customer satisfaction, and in 2HFY18 Wisr launched its Net Promoter Score program to continually measure customer satisfaction across the Wisr business.

In this financial half-year (1HFY19) the Group's Net Promoter Score increased to an NPS of +60, up from +54 during the previous half-year. This is significantly better than many traditional lenders who, according to industry benchmarks, typically have an NPS of -8 to +6 for consumer financial services[4].

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[3] Total Connective settled loans between October 2017-September 2018, www.connective.com.au
[4] DBM Consumer MFI Net Promoter Score, Australian population +14 (from Aug 16; +18 for data prior)

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year other than those discussed in the ‘Review of operations’.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors:

Craig Swanger
Director

28 February 2019
Sydney

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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF WISR LIMITED

As lead auditor for the review of Wisr Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the period.

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

Tim Aman
Partner

BDO East Coast Partnership

Sydney, 28 February 2019

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General information

The financial statements cover Wisr Limited as a consolidated entity, consisting of Wisr Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Wisr Limited's functional and presentation currency.

Wisr Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 33, Level 8,
58 Pitt Street
Sydney NSW 2000

Principal place of business

Suite 33, Level 8,
58 Pitt Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

Wisr Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	31 Dec 2018 $	31 Dec 2017 $
Revenue	2	1,206,522	758,742
Other income	3	10,762	6,000
Expenses			
Employee benefits expense		(2,247,225)	(1,789,370)
Depreciation and amortisation expense		(30,715)	(11,254)
Other expenses	4	(2,047,448)	(1,742,620)
Finance costs		(63,585)	(21,368)
Share based payment expense	10	(282,216)	(293,173)
Loss before income tax		(3,453,905)	(3,093,043)
Income tax expense		-	-
Loss after income tax for the half-year		(3,453,905)	(3,093,043)
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(3,453,905)	(3,093,043)
		Cents	**Cents**
Basic earnings per share		(0.68)	(0.71)
Diluted earnings per share		(0.68)	(0.71)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Wisr Limited
Consolidated statement of financial position
As at 31 December 2018

	Note	31 Dec 2018 $	30 Jun 2018 $
Assets			
Current assets			
Cash and cash equivalents		3,818,566	1,548,888
Loan receivables	5	920,569	884,509
Trade and other receivables		165,970	326,242
Other assets		547,545	553,458
Total current assets		5,452,650	3,313,097
Non-current assets			
Loan receivables	5	3,022,963	2,745,745
Property, plant and equipment		15,487	41,168
Intangible assets	7	427,312	-
Other financial assets	6	518,000	518,000
Total non-current assets		3,983,762	3,304,913
Total assets		9,436,412	6,618,010
Liabilities			
Current liabilities			
Trade and other payables		1,268,207	1,346,009
Employee benefits		271,507	240,389
Convertible notes		257,000	373,000
Secured notes		2,000,000	-
Total current liabilities		3,796,714	1,959,398
Non-current liabilities			
Employee benefits		30,954	-
Total non-current liabilities		30,954	-
Total liabilities		3,827,668	1,959,398
Net assets		5,608,744	4,658,612
Equity			
Issued capital	9	33,376,820	29,323,980
Reserves		1,818,704	1,900,051
Accumulated losses		(29,586,780)	(26,565,419)
Total equity		5,608,744	4,658,612

The above statement of financial position should be read in conjunction with the accompanying notes

Wisr Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2018

	Issued Capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	28,604,725	1,394,508	(20,796,796)	9,202,437
Loss after income tax expense for the half-year	-	-	(3,093,043)	(3,093,043)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,093,043)	(3,093,043)
Transactions with owners in their capacity as owners:				
Issue of share capital (Note 9)	60,000	-	-	60,000
Costs of capital raising	-	-	-	-
Share based payments (Note 8 & 10)	-	365,856	-	365,856
Balance at 31 December 2017	28,664,725	1,760,364	(23,889,839)	6,535,250

	Issued Capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	29,323,980	1,900,051	(26,565,419)	4,658,612
Loss after income tax expense for the half-year	-	-	(3,453,905)	(3,453,905)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,453,905)	(3,453,905)
Transactions with owners in their capacity as owners:				
Issue of share capital (Note 9)	4,195,500	-	-	4,195,500
Costs of capital raising (Note 9)	(194,501)	-	-	(194,501)
Share based payments (Note 8 &10)		403,038	-	403,038
Transfer of share-based reserve to issued capital on exercise of options	51,841	(51,841)		-
Transfer of reserve to accumulated losses (Note 11)		(432,544)	432,544	-
Balance at 31 December 2018	33,376,820	1,818,704	(29,586,780)	5,608,744

The above statement of changes in equity should be read in conjunction with the accompanying notes

Wisr Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2018

	Note	Consolidated	
		31 Dec 2018	**31 Dec 2017**
		$	**$**
Cash flows from operating activities			
Net of lending and repayments		(27,448,029)	(3,595,785)
Net proceeds from sale of loans		27,688,945	5,270,802
Payments to suppliers and employees (inclusive of GST)		(3,725,444)	(3,208,311)
		(3,484,528)	(1,533,295)
Interest received		23,754	17,245
Management fees received		224,373	62,554
Interest and other finance costs paid		(50,024)	(22,961)
Proceeds from R&D		234,025	-
Net cash used in operating activities		(3,052,400)	(1,476,457)
Cash flows from investing activities			
Payments for technology assets		(432,346)	-
Net cash used in investing activities		(432,346)	-
Cash flows from financing activities			
Proceeds from issue of shares		4,195,500	-
Costs of raising capital paid		(194,501)	-
Repayment of convertible notes		(116,000)	(149,000)
Proceeds from borrowings		2,000,000	-
Transaction costs related to loans and borrowings		(130,575)	-
Net cash from / (used in) financing activities		5,754,424	(149,000)
Net increase / (decrease) in cash and cash equivalents		2,269,678	(1,625,457)
Cash and cash equivalents at the beginning of the financial half-year		1,548,888	3,479,300
Cash and cash equivalents at the end of the financial half-year		3,818,566	1,853,843

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated below.

These interim financial statements were authorised for issue on 28 February 2019.

a) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 9: Financial Instruments
The Group has adopted AASB 9 with an initial application date of 1 July 2018. The Group has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018, and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. The initial application of AASB 9 did not have a material effect on the Group and therefore comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have not been restated.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets:
- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and
- all other debt investments and equity investments are measured at fair value through profit or loss.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

The Group determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present, and determined that the initial application of AASB 9 had the following effects:
- The Group's investments that were classified as available-for-sale financial assets (under AASB 139) have been classified as financial assets at fair value through profit or loss as the cash flow of these investments are not solely payments of principal and interest on specified dates and the Group has not chose to designate these investments at fair value through other comprehensive income.
- Loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9, as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Note 1. Significant accounting policies (continued)

AASB 9: Financial Instruments (cont.)

- Loans and receivables classified as available-for-sale financial assets (under AASB 139) have been classified as financial assets at fair value through other comprehensive income, as they are held within a business model whose objective is both to collect cash flows and for sale, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value on these will be accumulated in a reserve until they are derecognised or reclassified. Once derecognised, the cumulative amount is transferred to profit or loss.

Impairment
As per AASB 9, an expected credit loss model is applied and not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

AASB 15: *Revenue from Contracts with Customers*
The Group has adopted AASB 15 with an initial application date of 1 July 2018. The adoption of AASB15 did not have any impact on the date of transition.

Note 2. Revenue

	Consolidated	
	31 Dec 2018	31 Dec 2017
	$	$
Effective interest income on financial assets	855,127	580,271
Management fee income	265,611	71,158
Other revenue	62,010	85,712
Interest on cash	2,670	4,211
Interest from investments	21,104	17,390
Revenue	1,206,522	758,742

Note 3. Other income

	Consolidated	
	31 Dec 2018	31 Dec 2017
	$	$
R&D tax incentive	10,762	-
Rental income	-	6,000
	10,762	6,000

Note 4. Other expenses

	Consolidated	
	31 Dec 2018	31 Dec 2017
	$	$
Other expenses include the following key categories:		
Property lease costs	82,680	50,350
Superannuation expense	166,301	133,747
Marketing costs	416,615	966,085
Legal expenses		
General legal expenses	16,372	49,440
Write off of loan assets		
Loan impairment	250,355	(57,141)
Bad debt expense	20,657	51,751
Loss on sale of loan assets	39,716	-
	310,728	(5,391)
Loan processing costs	454,069	85,586

Note 5. Loan receivables

	Consolidated	
	31 Dec 2018	30 Jun 2018
	$	$
Current		
Loan receivables	1,096,211	984,740
Less provision for impairment of receivables	(175,642)	(100,231)
	920,569	884,509
Non-current		
Loan receivables	3,301,403	2,849,241
Less provision for impairment of receivables	(278,440)	(103,496)
	3,022,963	2,745,745

Note 5. Loan receivables (cont.)

Loan receivables of $1,866,360 (net of impairments) are classified as financial assets subsequently measured at amortised cost.
Loan receivables of $2,077,172 are classified as financial assets subsequently measured at fair value through other comprehensive income.

Loan receivables comprise of personal loans between $5,000 to $50,000 using risk-based pricing with interest rates starting from 8.50% to 19.95%. The personal loans are repayable within the range of 3 to 5 years.

The fair value of the loan receivables is considered to approximate the carrying value.

Note 6. Other financial assets

	Consolidated	
	31 Dec 2018	**30 Jun 2018**
	$	**$**
Non-current		
Investment in DirectMoney Personal Loan Fund	518,000	518,000

The consolidated entity has invested $518,000 into the DirectMoney Personal Loan Fund. The DirectMoney Personal Loan Fund is a registered managed investment scheme where investors' money is pooled and invested into unsecured personal loans acquired from Wisr Finance Pty Ltd. The investment is classified as fair value through profit or loss in accordance with *AASB 9: Financial Instruments.*

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	**Fair Value at 31 Dec 2018 $000**	**Valuation Technique(s)**	**Inputs Used**
Other financial assets			
Investment in DirectMoney Personal Loan Fund (Fund)	518	Market approach using monthly valuation reports provided by Fund's Investment Manager and Fund's Administrator.	Monthly valuation report provided Fund's Investment Manager and Fund's Administrator.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Note 7. Intangible assets

	Consolidated	
	31 Dec 2018	**30 June 2018**
	$	**$**
Technology assets:		
Cost	66,575	-
Accumulated amortisation	(5,034)	-
Net carrying amount	61,541	-
Technology assets under development:		
Cost	365,771	-
Accumulated amortisation	-	-
Net carrying amount	365,771	-
Total intangible assets	427,312	-

Technology assets are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Technology assets are amortised over their useful lives ranging from 2 to 5 years on a straight line basis.

Note 8. Contingent liabilities

Macquarie Bank Agreement
On 19 February 2016, the parent entity entered into a Loan Sale and Management Deed with Macquarie Bank Limited (Agreement) in which Macquarie Bank Limited (Macquarie) agreed to purchase a $5 million loan portfolio from Wisr Finance Pty Ltd and provide certain services to the Company. A $5 million cash consideration for the $5 million loan portfolio was paid on 23 February 2016, at which point the loan portfolio was derecognised.

Note 19 of the Group's 2016 Annual Report detailed the various fees payable as tranches under the Agreement.

In accordance with the modification of the Agreement, Tranche 2 funder fee is the only contingent liability remaining under the Agreement and is payable for so long as Macquarie continues to hold an interest in the loan portfolio. As at 31 December 2018 the Company took up a funder fee expense of $101,145 (2017: $161,473) relating to Tranche 2.

255 Finance Agreement
In August 2017, the Company entered into an agreement with 255 Finance structured around the purchase of $50 million in Wisr originated loan assets over a multiple year period. The transaction included an issue of shares to 255 Finance and up to $200,000 in options that vest upon certain hurdles being met. As at 31 December 2018, the Company took up a funder fee expense of $108,779 (2017: $16,040) related to these options. $26,481 of options remain contingent on a certain volume of new loan originations being funded.

CEO Long Term Incentives
The following long term incentives may be awarded by the Company to the CEO and are noted as contingent liabilities:

- Grant of shares equivalent to 1% of the market capital value of the Company as at 30 June 2019, up to a maximum value to be determined by the Company in July 2017, but to be between 100% to 200% of base remuneration subject to the discretion of the Board and outcomes to be agreed with the Board, or absent agreement, as determined by the Board;
- Grant of shares equivalent to 0.5% of the market capital value of the Company on achieving a share price of 6c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the Vesting Date being 6c. The Vesting Date being within 20 business days following 30 June 2019; and
- Grant of shares equivalent to 0.5% of the market capital value of the Company on achieving a share price of 12c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the vesting date being 12c. The Vesting Date being within 20 business days following 30 June 2019.

As at 31 December 2018, the Company did not accrue for any CEO incentives (2017: $59,255 accrued for CEO Short Term Incentives).

CFO Long Term Incentives
The Company may award the CFO an issue of shares in the Company to a maximum value of $220,000 for each of the financial years to 30 June 2019 and subsequently, annually, subject to the discretion of the CEO and Board, and achievement of outcomes to be agreed with the CEO or absent agreement, as determined by the CEO. As at 31 December 2018, the Company has accrued $120,822 (2017: $73,428) related to CFO Long Term Incentives.

COO Long Term Incentives
The Company may award the current COO an issue of shares in the Company, through an Executive Staff Share Scheme, to an annual value of $70,000 unless agreed otherwise, effective from 1 July 2018 for each of the financial years, subject to the discretion of the CEO and Board, and achievement of outcomes to be agreed with the CEO or absent agreement, as determined by the CEO.

Former COO Long Term Incentives
The following long term incentives may be awarded by the Company to the former COO and are noted as contingent liabilities:

- Grant of shares equal to 1% market capital value of the Company as at 30 June 2019, up to a maximum value of 50% of total remuneration or $100,000, whichever is the lesser, for each of the relevant years;
- Grant of shares equal to 0.25% of the market capital value of the Company on achieving a share price of 6c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the Vesting Date being 6c. The Vesting Date being within 20 business days following 30 June 2019; and

Note 8. Contingent liabilities (cont.)

Former COO Long Term Incentives (cont.)

- Grant of shares equal to 0.25% of the market capital value of the Company on achieving a share price of 12c based on the average weighted price of the equity of the Company for a consecutive 30 day period in the 90 days immediately preceding the first day of the vesting date being 12c. The Vesting Date being within 20 business days following 30 June 2019.

Note 9. Issued capital

	Consolidated	
	31 Dec 2018	30 June 2018
	$	$
(a) Issued and paid up capital		
Ordinary shares fully paid	33,891,727	29,644,386
Costs of raising capital	(514,907)	(320,406)
	33,376,820	29,323,980

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on show of hands.

	31 Dec 2018		31 Dec 2017	
	Number of shares	$	Number of shares	$
(b) Reconciliation of issued and paid-up capital				
Opening balance as at 1 July	455,405,424	29,323,980	436,925,084	28,604,725
Issue of shares from Capital Raise	83,909,999	4,195,500	-	-
Costs of raising capital	-	(194,501)	-	-
Issue of shares as payment of funder fees (non-cash)	-	-	2,000,000	60,000
Issue of shares on exercise of options	2,581,035	51,841		
Closing Balance as at 31 December	541,896,458	33,376,820	438,925,084	28,664,725

Note 10. Share based payments

The share-based payment expense $282,216 (2017: $293,173) consists of:

- Performance rights expense of $44,875 (2017: $55,660);
- Funder fee expense totalling $101,145 (2017: $161,473) accrued during the period in relation to an agreement entered into between the Company and Macquarie Bank Limited on 19 February 2016;
- Funder fee expense totalling $108,779 (2017: $76,040) paid and accrued during the period in relation to an agreement entered into between the Company and 255 Finance in August 2017, of which the Company agreed to issue shares to 255 Finance and options that vest upon certain hurdles being met;
- Option expense of $6,722 (2017: nil) accrued in relation to the grant of call options to sophisticated investors of a $2 million working capital facility for the Group;
- Recruitment expense of $20,695 (2017: nil).

For the half-year ended 31 December 2018, the share-based payment reserve of $403,038 as noted in the Consolidated Statement of Changes in Equity includes the expenses discussed above and $120,822 in long-term incentives which were taken up as an employee benefits expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

For the half-year ended 31 December 2017, the share-based payment reserve of $365,856 as noted in the Consolidated Statement of Changes in Equity includes $132,863 in short and long-term incentives which were taken up as an employee benefits expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and $293,173 shared based expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income less $60,000 of shares issued to 255 Finance in relation to an August 2017 agreement between the Company and 255 Finance.

Note 10. Share based payments (cont.)

Performance rights

	31 December 2018		31 December 2017	
	Number of performance rights	**Exercise price**	**Number of performance rights**	**Exercise price**
Opening balance as at 1 July	37,082,562	Nil	37,175,000	Nil
- Granted	-	Nil	6,565,126	Nil
- Forfeited	(13,595,168)	Nil	-	Nil
- Exercised	-	Nil	-	Nil
Closing balance as at 31 December	23,487,394	Nil	43,740,126	Nil

Note 11. Transfer of reserve to accumulated losses

An amount of $432,544 was transferred out of employee benefits reserve to accumulated losses due to the expiration of staff performance rights.

Note 12. Events after the reporting period

The Group has awarded its staff an offer to participate in the Group’s Long Term Incentive Plan (LTIP) for FY2019 which may result in staff performance rights being granted if the Board determines that specific LTIP performance conditions have been met within the LTIP performance period of 1 July 2018 to 30 June 2019. The plan was finalised after the reporting date and will be communicated in the annual results.

Wisr Limited
Directors' declaration
For the half-year ended 31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Craig Swanger
Director

28 February 2019
Sydney

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Wisr Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Wisr Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

BDO East Coast Partnership

BDO

Tim Aman
Partner

Sydney, 28 February 2019