ENSURANCE LIMITED
ACN 148 142 634

Appendix 4D

Half-Year Report Period

Results for announcement to the market

Reporting Periods

Current period:	Period ended 31 December 2016
Previous corresponding period:	Period ended 31 December 2015

		Percentage Change		31 December 2016 $'000s	31 December 2015 $'000s
Revenue from ordinary activities	Up	12.58%	to	1,602	1,423
Other Income	Down	99.45%	to	4	636
Loss from ordinary activities after tax	Up	259.01%	to	(2,111)	(588)
Net loss for the period attributable to members	Up	259.01%	to	(2,111)	(588)
EBITDA	Down	745.87%	to	(1,844)	(218)

Dividends	Amount per security $	Franked amount $
Current period:		
Interim Dividend	Nil	N/A
Date the Dividend is Payable:	N/A	N/A
Record Date for determining entitlements to the Dividend:	N/A	N/A
Previous corresponding period:		
Interim Dividend	Nil	N/A

Net Tangible Assets per Security				31 December 2016 ¢	30 June 2016 ¢
Net tangible asset backing per ordinary share	Down	232.14%	to	(5.384)	(1.621)

Details of entities over which control has been gained or lost during the period

Ensurance UK Limited was incorporated in the United Kingdom on 10th August 2016 as a wholly owned subsidiary. This company has been established to expand the Ensurance business into the UK and Europe. Expenses have been incurred to establish this business and these costs have been included in the results for the half-year ended 31 December 2016, but as at balance date, this company had not yet derived any revenue. Refer to Note 19 "Operating segments".

Results for announcement to the market

Commentary on Results

Commentary on the results for the reporting period can be found in the Directors' Report and the interim consolidated financial statements for the half-year ended 31 December 2016.

ADAM DAVEY

Chairman

Dated this Monday, 27 February 2017

Ensurance

ABN 80 148 142 634

(Previously known as Parker Resources Limited)

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2016

The information contained in this interim report is to be read in conjunction with Ensurance Limited's 2016 annual report and any public announcements to the market by Ensurance Limited during the half-year ended 31 December 2016, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate directory

CURRENT DIRECTORS

Adam Davey	*Chairman*	Appointed 17 August 2012
Stefan Hicks	*Managing Director*	Appointed 6 May 2015
Brett Graves	*Executive Director*	Appointed 6 May 2015
Neil Pinner	*Non-executive Director*	Appointed 6 May 2015
Grant Priest	*Non-executive Director*	Appointed 7 September 2015

COMPANY SECRETARY

Sam Hallab (appointed
1 February 2017)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Street:	Level 2/2 Glen Street Milsons Point NSW 2061
Postal:	PO Box 523 Milsons Point NSW 1565
Telephone:	+61 (0)2 9806 2000
Facsimile:	+61 (0)2 9806 2099
Website:	ensurance.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000

Telephone:	1300 850 505 (investors within Australia)
Telephone:	+61 (0)3 9415 4000
Email:	web.queries@computershare.com.au
Website:	www.investorcentre.com

SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Telephone:	131 ASX (131 279) (within Australia)
Telephone:	+61 (0)2 9338 0000
Facsimile:	+61 (0)2 9227 0885
Website:	www.asx.com.au
ASX Code:	ENA

SOLICITORS TO THE COMPANY

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

AUDITORS

Mazars Risk & Assurance Pty Limited
Level 12, 90 Arthur Street
NORTH SYDNEY NSW 2060

Telephone:	+61 (0) 2 99 22 11 66
Website:	www.mazars.com.au

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Directors' report

Your directors present their report on the consolidated entity, consisting of Ensurance Limited (Ensurance or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2016.

1. Directors

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

Mr Adam Davey	Chairman
Mr Stefan Hicks	Managing Director
Mr Brett Graves	Executive Director
Mr Neil Pinner	Non-Executive Director
Mr Grant Priest	Non-Executive Director

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

2. Operating and financial review

During the half-year ended 31 December 2016 the Company achieved the following outcomes:

On 11 July, the Company announced that it will launch operations in the UK in August 2016 and will undertake a capital raising to fund its international and domestic expansion. The Company will fund its growth via a $3 million convertible note placement to high net worth and strategic investors. As at the balance date $1.721m had been subscribed. The convertible note will have an interest rate of 8% per annum and strike price of $0.22. The term of the note is 3 years after the subscription date. The UK expansion will give the Company a strategic entry point into the European Union and both these markets represent a significant opportunity for the Company with the total value of insurance premiums estimated at circa $750 billion annually. The expansion comes on the back of the successful roll out of the Ensurance platform in Australia, where the Company has commenced a campaign to introduce its bespoke IT platform to 14,000 mortgage brokers and 36,000 real estate businesses.

On 18 July, the Company announced that it had entered into an agreement with Compare The Market (CTM) that will enable the insurance comparison website to feature and sell Ensurance branded Home and Contents policies. The agreement will significantly extend the market reach of Ensurance as CTM is one of Australia's largest insurance comparison websites, assisting approximately 400,000 users a month. This further demonstrates that Ensurance's market offering of unique insurance products is just as important as the medium of distribution. It is anticipated that CTM will be live on the platform and generating revenue by the fourth quarter of the 2017 financial year.

On 24 August, the Company announced that it had appointed Mr Sam Hallab as Chief Financial Officer (CFO)

On 18 October, the Company announced that following agreements with two global insurers, one based out of Australia and the other based out of the United Kingdom, the company has seen a significant increase in the number of White Label Partners signing up to the online platform.

On 5 December, the Company announced that the number of White Label Partners signing up to the online platform continues to grow, as a result of continued enhancement and resource building of its sales force and the introduction of a range of dedicated marketing/promotional tools. As at 30 November 2016, Ensurance had 84 White Label Partners using the online platform, with 35 joining the platform as White Label Partners in November 2016 – an increase of more than 70% on what company had secured in the 18 months prior to 1 November 2016. Ensurance is confident it will achieve its target of 120 White Label Partners in January 2017.

On 20 December, the Company announced it had successfully established significant European operations as part of its global growth strategy. The European operations will be managed via a recently established wholly owned subsidiary called Ensurance UK Ltd, which has been formed as a Managing General Agency (MGA – an Underwriting Agency) initially specialising in construction and engineering insurance.

Directors' report

2.1. Financial Review

a. Operating results

The Group delivered a loss before tax of $2,110,863 (Dec 2015: $588,292 loss) for the half year, representing a decline in profitability. The increase in loss was due to several main factors:

- An increase in revenue of $179,007

Offset by:

- Decreases in:
  - Other income of $632,910 (the reduction being primarily the Government grant received in the half-year ended 31 December 2015);
- Increases in:
  - Employment costs of $768,443 (mainly due to the appointment of key management personnel);
  - Business development costs of $196,185.
  - Computer and communication costs of $187,677.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1 "Statement of significant accounting policies" in paragraph 1a.ii – Financial position, on page 8.

b. Financial position

The net assets of the Group have decreased from 30 June 2016 by $1,937,741 to a net liability of $1,095,675 at 31 December 2016 (June 2016: $842,066 net assets).

As at 31 December 2016, the Group's cash and cash equivalents decreased from 30 June 2016 by $5,756 to $383,889 at 31 December 2016 (June 2016: $389,645) and had a working capital deficit of $1,639,438 (June 2016: $1,090,661 working capital deficit).

2.2. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 21 "Events subsequent to reporting date", on page 19.

2.3. Future Developments, Prospects and Business Strategies

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

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2016 has been received and can be found on page 3 of the Interim Financial Report.

ADAM DAVEY
Chairman
Dated this Monday, 27 February 2017

MAZARS

Auditors' Independence Declaration

In relation to our review of the financial report of Ensurance Limited and its controlled entities for the half-year ended 31 December 2016, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ensurance Limited and its controlled entities during the half-year ended 31 December 2016.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

R. Megale
Director

Dated in Sydney, this 27th day of February 2017.

MAZARS RISK & ASSURANCE PTY LIMITED
ABN: 39 151 805 275
LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY NSW 2060 PO BOX 1994, NORTH SYDNEY NSW 2059
TEL: +61 2 9922 1166 - FAX: +61 2 9922 2044
EMAIL: MAIL@MAZARS.COM.AU

Consolidated statement of profit or loss and other comprehensive income

for half-year ended 31 December 2016

	Note	31 December 2016 $	31 December 2015 $
Continuing operations			
Revenue from ordinary activities	2	1,602,405	1,423,398
Other income	2	3,500	636,410
		1,605,905	2,059,808
Business development		(445,743)	(249,558)
Compliance costs		(118,144)	(107,362)
Computers and communications		(284,163)	(96,486)
Depreciation and amortisation	3	(196,654)	(363,195)
Employment costs	3	(2,267,829)	(1,499,386)
Finance costs		(69,786)	(6,898)
Legal and consulting fees		(37,562)	(31,215)
Occupancy costs		(130,070)	(131,369)
Travel and accommodation		(81,722)	(91,662)
Other expenses		(85,095)	(70,969)
Loss before tax		(2,110,863)	(588,292)
Income tax benefit		-	-
Net loss for the half-year		(2,110,863)	(588,292)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of assets		1,801	1,911
Items that may be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the half-year, net of tax		1,801	1,911
Total comprehensive loss attributable to members of the parent entity		(2,109,062)	(586,381)
Earnings per share:		¢	¢
Basic and diluted loss per share (cents per share)	4d	(3.69)	(1.03)

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

Consolidated statement of financial position
as at 31 December 2016

	Note	31 December 2016 $	30 June 2016 $
Current assets			
Cash and cash equivalents	5	383,889	389,645
Trade and other receivables	6	45,325	19,426
Trust account insurer assets	8a	2,974,628	3,720,652
Other current assets	7	79,431	33,872
Total current assets		3,483,273	4,163,595
Non-current assets			
Financial assets	9	46,474	96,789
Plant and equipment	10	120,816	129,899
Intangible assets	11	1,980,700	1,768,131
Total non-current assets		2,147,990	1,994,819
Total assets		5,631,263	6,158,414
Current liabilities			
Trade and other payables	12	1,489,994	1,163,051
Trust account insurer liabilities	8b	2,974,628	3,720,652
Provisions	14	307,801	233,114
Borrowings	13	350,288	137,439
Total current liabilities		5,122,711	5,254,256
Non-current liabilities			
Provisions	14	54,424	62,092
Convertible notes	22	1,549,803	-
Total non-current liabilities		1,604,227	62,092
Total liabilities		6,726,938	5,316,348
Net (liabilities)/assets		(1,095,675)	842,066
Equity			
Issued capital	15,1e	6,097,054	6,097,054
Reserves	16	20,468	18,667
Option premium on convertible notes	22a	171,321	-
Accumulated losses		(7,384,518)	(5,273,655)
Total equity		(1,095,675)	842,066

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

Consolidated statement of changes in equity
for the half-year ended 31 December 2016

	Note	Issued Capital $	Accumulated Losses $	Share-based Payment Reserve $	Revaluation Reserve $	Option Premium on convertible notes $	To
Balance at 1 July 2015		6,097,054	(3,496,225)		(2,042)	-	2,598,7
Loss for the half-year attributable owners of the parent		-	(588,292)		-	-	(588,2
Other comprehensive income for the half-year attributable owners of the parent		-	-		1,911	-	1,9
Total comprehensive loss for the half-year attributable owners of the parent		-	(588,292)		1,911	-	(586,3
Transaction with owners, directly in equity							
Shares issued during the half-year	15a	-	-		-	-	
Transaction costs		-	-		-	-	
Acquisition of minority interest		-	-		-	-	
Balance at 31 December 2015		6,097,054	(4,084,517)		(131)	-	2,012,4
Balance at 1 July 2016		6,097,054	(5,273,655)	8,980	9,687		842,0
Loss for the half-year attributable owners of the parent		-	(2,110,863)		-		(2,110,8
Other comprehensive income for the half-year attributable owners of the parent		-	-		1,801		1,8
Total comprehensive loss for the half-year attributable owners of the parent		-	(2,110,863)		1,801		(2,109,0
Transaction with owners, directly in equity							
Shares issued during the half-year	15a	-	-		-	-	
Transaction costs		-	-		-	-	
Issue of convertible notes		-	-			171,321	171,3
Acquisition of minority interest		-	-		-	-	
Balance at 31 December 2016		6,097,054	(7,384,518)	8,980	11,488	171,321	(1,095,6

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

Consolidated statement of cash flows
for the half-year ended 31 December 2016

	31 December 2016 $	31 December 2015 $
Cash flows from operating activities		
Receipts from customers	1,782,670	1,542,299
Interest received	14,918	49,231
Interest and borrowing costs paid	(22,368)	(6,898)
Payments to suppliers and employees	(3,349,471)	(2,444,008)
Payments of income tax	-	(1,541)
Net cash used in operating activities	(1,574,251)	(860,917)
Cash flows from investing activities		
Proceeds from asset development grant	-	498,528
Payment for development of software	(361,687)	(950,594)
Payment for financial assets	52,116	-
Purchase of plant and equipment	(8,488)	(49,385)
Net cash used in investing activities	(318,059)	(501,451)
Cash flows from financing activities		
Proceeds from borrowings	165,430	15,549
Proceeds from issue of convertible notes	1,721,124	-
Net cash provided by financing activities	1,886,554	15,549
Net decrease in cash held	(5,756)	(1,346,819)
Cash and cash equivalents at the beginning of the half-year	389,645	2,346,703
Cash and cash equivalents at the end of the half-year	383,889	999,884

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

Notes to the Consolidated financial statements

for the half-year ended 31 December 2016

Note 1 Statement of significant accounting policies

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

The interim financial statements were authorised for issue on 22 February 2017 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ensurance Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

i. Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

ii. Going Concern

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

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

The Group incurred a loss for the half-year of $2,110,863 (December 2015: $588,292 loss) and a net cash out-flow of $5,756 (December 2015: $1,346,819 out-flow). The net assets of the Group have decreased from 30 June 2016 by $1,937,741 to a net deficiency of $1,095,675 at 31 December 2016 (June 2016: $842,066 net assets). As at 31 December 2016, the Group's cash and cash equivalents decreased from 30 June 2016 by $5,756 to $383,889 at 31 December 2016 (June 2016: $389,645) and had a working capital deficit of $1,639,438 (June 2016: $1,090,661 working capital deficit).

Based on a cash flow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending 12 months from the date of this report. Should the Group be unable to generate sufficient funds from its operations or it is unable to raise sufficient capital, the planned operations and software development may have to be amended. The Board is confident in securing sufficient additional capital to fund the operations and software development program. The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds.

Further, Ensurance is currently in the process of raising a total of $3.0 million via a Convertible Notes issue. The convertible note has an interest rate of 8% per annum and strike price of $0.22. The term of the note is 3 years after the subscription date. At the balance date $1.721 million had been subscribed.

iii. Reverse acquisition

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

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

iv. Use of estimates and judgments

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2016 annual report.

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

Notes to the Consolidated financial statements

for the half-year ended 31 December 2016

Note 1 Statement of significant accounting policies

b. New Accounting Standards and Interpretations not yet mandatory or early adopted

The following accounting standards have been issued by the AASB but are not yet effective:

i. AASB 9 *Financial Instruments*

Revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, hedge accounting and impairment. The standards will be effective from 1 January 2018 and available for early adoption.

The group has determined not to early adopt this standard and will assess the impact of the standard within the required time frame.

ii. AASB 15 *Revenue from Contracts with Customers*

Introduces a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received for that transfer. The standard will be effective from 1 January 2018.

The group has determined not to early adopt this standard and will assess the impact of the standard within the required time frame.

iii. AASB 16 *Leases*

Recognise right of use assets and liabilities arising from all leases, with exceptions for low value and short term leases. The standard will be effective from 1 January 2019.

The group has determined not to early adopt this standard and will assess the impact of the standard within the required time frame.

c. Critical Accounting Estimates and Judgments

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

i. Key Estimate – Taxation

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

ii. Key Estimate —Intangible assets and amortisation

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

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of eight years. Intangible assets' residual values and useful lives are under a process of continual review by the Board, and adjusted if appropriate, at the end of each reporting period.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of eight years. Management make decisions representing their best estimates regarding the future economic benefit from the assets and the existence or otherwise of impairment indicators. Where impairment is determined to exist, revaluations are made accordingly.

Notes to the Consolidated financial statements
for the half-year ended 31 December 2016

Note 1 Statement of significant accounting policies

iii. Key Estimate —Convertible notes

Convertible notes are a debt instrument that may be converted to equity at a later date and thus a portion of the note has it's derivative in equity. The Company has chosen to estimate the value of the equity derivative using the Black-Scholes valuation model, applying a discount rate of 3% per quarter over the three year period of the note. The present value of the principal and interest payable over the term of the note represent the liability component, with the balance representing equity.

Notes to the consolidated financial statements
for the half-year ended 31 December 2016

Note 2 Revenue and other income

	31 December 2016 $	31 December 2015 $
a. Revenue		
Commissions	1,587,487	1,399,362
Interest	14,918	24,036
	1,602,405	1,423,398
b. Other Income		
Grants received	-	633,410
Other	3,500	3,000
	3,500	636,410

Note 3 Loss before income tax

The following significant revenue and expense items are relevant in explaining the financial performance:

	Note	31 December 2016 $	31 December 2015 $
a. Depreciation and amortisation:			
Depreciation and amortisation of plant and equipment		17,571	17,835
Amortisation of intangibles		179,083	345,360
		196,654	363,195
b. Employment costs:			
Non-Executive Directors fees		102,375	91,583
Increase / (decrease) in employee benefits provisions		65,278	94,930
Superannuation expenses		184,125	108,823
Wages and salaries		1,660,033	1,077,462
Other employment related costs		256,018	126,588
		2,267,829	1,499,386

Notes to the consolidated financial statements

for the half-year ended 31 December 2016

Note 4 Earnings per share (EPS)

	Note	31 December 2016 $	31 December 2015 $
a. Reconciliation of earnings to profit or loss			
Loss for the half-year		(2,110,863)	(588,292)
Loss used in the calculation of basic and diluted EPS		(2,110,863)	(588,292)

	Note	31 December 2016 $	31 December 2015 $
b. Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS	4e	57,140,909	57,140,909

	Note	31 December 2016 $	31 December 2015 $
c. Earnings per share			
Basic EPS (cents per share)	4d	(3.69)	(1.03)

d. At the end of the half-year ended 31 December 2016, the Group has no unissued shares under options (Dec 2015: 1,000,000) and 8,000,000 partly-paid shares on issue (Dec 2015: 8,000,000) and 7,000,000 performance rights (Dec 2015: 7,000,000). The Group does not report diluted earnings per share on annual losses generated by the Group. During half-year ended 31 December 2016 the Group's unissued shares under option, performance rights and partly-paid shares were anti-dilutive.

e. In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS calculation) for the half-year ended 31 December 2016 the number of ordinary shares outstanding for the half-year ended 31 December 2016 shall be the actual number of ordinary shares of Ensurance outstanding during that period.

f. Ensurance is currently in the process of raising a total of $3.0 million via a Convertible Notes issue. The convertible note has an interest rate of 8% per annum and strike price of $0.22. The term of the note is 3 years after the subscription date. At the balance date $1.721 million had been subscribed. During the half-year ended 31 December 2016 the convertible notes were dilutive.

Note 5 Cash and cash equivalents

	31 December 2016 $	30 June 2016 $
Current		
Cash at bank	382,879	388,635
Cash on hand	1,010	1,010
	383,889	389,645

Notes to the consolidated financial statements
for the half-year ended 31 December 2016

Note 6 Trade and other receivables

	31 December 2016 $	30 June 2016 $
Current		
Trade receivables	45,325	19,426
	45,325	19,426

Note 7 Other assets

	31 December 2016 $	30 June 2016 $
Current		
Prepayments	79,431	33,872
	79,431	33,872

Note 8 Compliance of insurance assets versus insurance liabilities

	31 December 2016 $	30 June 2016 $
a. **Trust account insurer assets**		
Insurance debtors	1,187,078	1,316,878
Trust accounts	1,817,442	2,466,734
Less: intra-licensee balances	(29,892)	(62,960)
Total trust account insurance assets	2,974,628	3,720,652
b. **Trust account insurer liabilities**		
Underwriter's liability	2,797,277	3,579,492
Unearned commissions	144,688	142,744
Other	62,555	61,376
Less: intra-licensee balances	(29,892)	(62,960)
Total trust account insurance liabilities	2,974,628	3,720,652
c. Excess of insurance assets over insurance liabilities	-	-

Note 9 Financial assets

	31 December 2016 $	30 June 2016 $
Non-current		
Listed shares	4,050	19,467
Unlisted shares or funds	34,916	33,435
Deposits	7,508	43,887
	46,474	96,789

Notes to the consolidated financial statements

for the half-year ended 31 December 2016

Note 10 Property, plant, and equipment

	31 December 2016 $	30 June 2016 $
Non-current		
Fixtures, furniture, and fittings	123,324	118,200
Accumulated depreciation	(70,904)	(67,601)
	52,420	50,599
Plant and equipment	173,889	170,630
Accumulated depreciation	(105,493)	(91,330)
	68,396	79,300
Total plant and equipment	120,816	129,899

Note 11 Intangible assets

	31 December 2016 $	30 June 2016 $
Non-current		
Software development costs	3,300,966	2,909,315
Accumulated amortisation	(1,320,266)	(1,141,184)
Total intangible assets	1,980,700	1,768,131

Note 12 Trade and other payables

	31 December 2016 $	30 June 2016 $
Current		
Unsecured		
Trade payables	425,359	310,670
Other payables	406,609	271,010
Other taxes payable	598,874	578,886
Unearned commissions	56,667	-
Related party payables	2,485	2,485
	1,489,994	1,163,051

Note 13 Borrowings

	31 December 2016 $	30 June 2016 $
Current		
Bank overdrafts	146,972	132,187
Borrowings	203,316	-
Lease liabilities	-	5,252
	350,288	137,439
Non-current		
Convertible Notes (liability component)	1,549,803	-
	1,549,803	-

Notes to the consolidated financial statements
for the half-year ended 31 December 2016

Note 14 Provisions

Provisions represent accrued employee annual leave and long service leave balances in accordance with local legislation.

	31 December 2016 $	30 June 2016 $
Disclosed as:		
Current	307,801	233,114
Non-current	54,424	62,092
Carrying amount at the end of year	362,225	295,206

Note 15 Issued capital

	Note	31 December 2016 No.	30 June 2016 No.	31 December 2016 $	30 June 2016 $
Fully paid ordinary shares		57,140,909	57,140,909	6,097,054	6,097,054

	Note	6 months to 31 December 2016 No.	12 months to 30 June 2016 No.	6 months to 31 December 2016 $	12 months to 30 June 2016 $
a. **Ordinary shares**					
At the beginning of the period	1e	57,140,909	57,140,909	6,097,054	6,097,054
Shares issued during the period:					
Conversion of notes		-	-	-	-
Transaction costs relating to share issues		-	-	-	-
At reporting date		57,140,909	57,140,909	6,097,054	6,097,054

	31 December 2016 No.	30 June 2016 No.
b. **Partly paid shares**		
Partly-paid Shares	8,000,000	8,000,000
c. **Options**		
Options (expired 19 September 2016)	-	1,000,000
d. **Performance Rights**		
Performance rights Class A	6,500,000	6,500,000
Performance rights Class B	500,000	500,000
Carrying amount at end of half-year	7,000,000	7,000,000

Note 16 Reserves

	Note	31 December 2016 $	30 June 2016 $
Investment revaluation reserve		11,488	9,687
Share-based payment reserve		8,980	8,980
Total reserves		20,468	18,667
Convertible note option premium reserve		171,321	-

Note 17 Commitments

There is no change in the Company's commitments or contingencies since the year ended 30 June 2016 to date of this report. During the half-year ended 31 December 2016, the Company made payments totalling $115,209 on non-cancellable operating leases, representing rent payments.

Note 18 Related party transactions

a. Key management personnel (KMP) compensation

The totals of remuneration paid to KMP during the half-year are as follows:

	31 December 2016 $	31 December 2015 $
Short-term employee benefits	710,919	630,849
Post-employment benefits	67,155	57,067
Total	778,074	687,916

b. Other related party transactions

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

- Payments made in respect to remuneration of related parties of the KMP:

	31 December 2016 $	31 December 2015 $
K Graves	25,585	23,163
P Huntly	-	38,472
J Huntly	3,963	-

- Outstanding loans made to the Company by KMP and their related parties:

	31 December 2016 $	31 December 2015 $
B Graves	150,000	-

Notes to the consolidated financial statements
for the half-year ended 31 December 2016

Note 19 Operating segments

a. **Segment Performance**

Half-Year ended 31 December 2016	Insurance $	Insurance (United Kingdom) $	Information Technology $	Corporate Head Office $	Total $
Revenue					
Revenue	1,587,487	-	-	-	1,587,487
Interest revenue	13,768	-	-	1,150	14,918
Total segment revenue	1,601,255	-	-	1,150	1,602,405
Reconciliation of segment to group revenue					
Intra-segment income and expense	(82,265)	-	(76,343)	158,608	-
Other income	3,500	-			3,500
Total group revenue and other income					1,662,572
Segment net profit/(loss) from continuing operations before tax	(5,513)	(510,023)	(428,133)	(970,540)	(1,800,875)
Reconciliation of segment loss to group loss					
(i) Amounts not included in segment results but reviewed by Board:					
Depreciation and amortisation	(21,483)	-	(173,182)	(1,989)	(196,654)
(ii) Unallocated items					-
Loss before income tax					(2,110,863)

Notes to the consolidated financial statements
for the half-year ended 31 December 2015

Note 19 Operating segments (cont.)

Half-Year ended 31 December 2015	Insurance $	Insurance (United Kingdom) $	Information Technology $	Corporate Head Office $	Total $
Revenue					
Revenue	1,399,361	-	-	-	1,399,361
Grant funding	-	-	633,410	-	633,410
Interest revenue	13,528	-	-	10,509	24,037
Total segment revenue	1,412,889	-	633,410	10,509	2,056,808
Reconciliation of segment to group revenue					
Intra-segment income and expense	(319,846)	-	(35,220)	355,066	-
Other income	3,000	-			3,000
Total group revenue and other income					2,059,808
Segment net profit/(loss) from continuing operations before tax	(202,975)	-	489,447	(511,570)	(225,098)
Reconciliation of segment loss to group loss					
(iii) Amounts not included in segment results but reviewed by Board:					
Depreciation and amortisation	(28,411)	-	(334,783)	-	(363,194)
(iv) Unallocated items					-
Loss before income tax					(588,292)

b. **Segment Assets and Liabilities**

As at 31 December 2016	Insurance $	Insurance (United Kingdom) $	Information Technology $	Corporate Head Office $	Total $
Segment Assets	5,186,139	-	1,794,131	13,998,854	20,979,124
Reconciliation of segment to group assets					
Intra-segment eliminations					(15,347,861)
Total assets					5,631,263
Segment Liabilities	4,570,116	-	2,508,852	6,124,619	13,203,587
Reconciliation of segment to group liabilities					
Intra-segment eliminations					(6,476,649)
Total liabilities					6,726,938
As at 30 June 2016					
Segment Assets	5,482,654	-	1,642,440	12,182,925	19,308,019
Reconciliation of segment assets to group assets					
Intra-segment eliminations					(13,149,605)
Total assets					6,158,414
Segment Liabilities	4,840,837	-	1,755,844	2,998,308	9,594,989
Reconciliation of segment to group liabilities					
Intra-segment eliminations					(4,278,641)
Total liabilities					5,316,348

Notes to the consolidated financial statements
for the half-year ended 31 December 2016

Note 20 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting period.

Note 21 Events subsequent to reporting date

There are no material events subsequent to reporting date.

Note 22 Convertible notes

A $3m convertible note was issued by the Company on 11 July 2016 at an issue price of $0.22 per note. Each note entitles the holder to convert to one ordinary share. Conversion may occur at any time for a period of three years from the subscription date. If the notes have not been converted, they will be redeemed at this point. Interest of 8% will be paid quarterly up until that settlement date.

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company as follows:

	31 December 2016 $
Proceeds of issue	1,721,124
Liability component at date of issue	(1,549,803)
Equity component	171,321

The equity component of $171,321 has been credited to equity (option premium on convertible notes).

The liability component is measured at amortised cost. The interest expense for the half-year ($47,419) is calculated by applying an effective interest rate of 8% for the period since the loan notes were issued. Interest paid in the period since issue is $15,927.

a Option premium on convertible notes

	31 December 2016 $	30 June 2016 $
Balance at beginning of year	-	-
Recognition of option premium on issue of convertible notes	171,321	-
Balance at 31 December 2016	171,321	-

Ensurance

Directors' declaration

The Directors of the Company declare that:

(a) 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

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

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

On behalf of the Directors

ADAM DAVEY
Chairman
Dated this Monday, 27 February 2017

TO BE REPLACED BY MAZARS REPORT

Independent Auditor's Review Report to the members of Ensurance Limited

Report on the Condensed Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ensurance Limited and its controlled entities ("the group"), which comprises the statement of financial position as at 31 December 2016 and statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year ended 31 December 2016.

Directors' responsibility for the half-year financial report

The directors of the group 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 presentation of the half-year financial report that gives a true and fair view and 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its 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 Ensurance Limited and its controlled entities during the half-year ended 31 December 2016, 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.

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MAZARS

Independence

In conducting our review, we have complied with independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

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 Ensurance Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its 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*.

Emphasis of matter - going concern

Without qualification to the conclusion expressed above, we draw attention to Note 1a(ii) of the financial statements which contemplates the continuation of the group as a going concern. The group has incurred losses from operations and realised a net working capital deficiency at the half year ended 31 December 2016. The continuation of the group as a going concern is dependent upon its ability to generate sufficient working capital by way of either increased operating cash flows or the generation of sufficient additional capital.

These conditions, along with other matters contemplated at Note 1a(ii) indicate the existence of a material uncertainty which may cast significant doubt about the ability of the group to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Further, the group may not be able to fulfil its financial conditions attached to the financial services licenses held by the group.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

R. Megale
Director

Dated in Sydney, this 27th day of February 2017.

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Ensurance