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 2017
Previous corresponding period:	Period ended 31 December 2016

		Percentage Change		31 December 2017 $'000s	31 December 2016 $'000s
Revenue from ordinary activities	Up	19.35%	to	1,912	1,602
Other Income	Up	25.00%	to	5	4
Loss from ordinary activities after tax	Up	164.57%	to	(5,585)	(2,111)
Net loss for the period attributable to members	Up	164.82%	to	(5,585)	(2,109)
EBITDA	Down	51.84%	to	(2,800)	(1,844)

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 2017 ¢	30 June 2017 ¢
Net tangible asset backing per ordinary share	Up	45.93%	to	(2.559)	(4.733)

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

None

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 2017.

TONY LEIBOWITZ
Chairman
Dated this Monday, 26 February 2018

Ensurance

ABN 80 148 142 634

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2017

The information contained in this interim report is to be read in conjunction with Ensurance Limited's 2017 annual report and any public announcements to the market by Ensurance Limited during the half-year ended 31 December 2017, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate directory

CURRENT DIRECTORS

Tony Leibowitz	*Chairman*	Appointed 29 September 2017
Adam Davey	*Non-executive Director*	Appointed 17 August 2012
Stefan Hicks	*Non-executive Director*	Appointed 1 May 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 2017.

1. Directors

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

- Mr Tony Leibowitz — Chairman (Appointed 29 September 2017)
- Mr Adam Davey — Non-Executive Director (resigned as Chairman 29 September 2017)
- Mr Stefan Hicks — Non-Executive Director (moved from Executive to Non-Executive Director 18 January 2018)
- Mr Brett Graves — Executive Director (resigned 21 September 2017)
- Mr Neil Pinner — Non-Executive Director (resigned 3 November 2017)
- Mr Grant Priest — Non-Executive Director (resigned 3 November 2017)

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 2017 the Company achieved the following outcomes:

The continued investment in the expansion of the business in Australia and in the United Kingdom has seen positive momentum during this reporting period, as reflected below.

<u>Ensurance UK</u>

Ensurance UK successfully partnered with Swiss Re Corporate Solutions on construction/engineering insurance products within the United Kingdom and parts of the European Union. This exclusive partnership agreement allows Ensurance to offer a range of insurance products, targeting construction and engineering contracts up to £100m. Ensurance UK has also received Lloyds Coverholder status, allowing it to do business with Lloyds syndicates and extending the relationship already held by Ensurance Underwriting in Australia.

Ensurance UK received Financial Conduct Authority (FCA) approval to apply for a licence. This means that the Company can now move from being an Authorised Representative to a fully FCA authorised Managed General Agent (MGA), all within 18 months of incorporation. Ensurance UK is also on track to reach its initial target of signing 65 strategic brokers, having already signed 50 new Terms of Business Arrangements with major clients/brokers, including large internationals, by the end of December 2017.

During the period, the Company also signed a five-year lease for 2nd Floor, 10 Philpott Lane, London, EC3M 8AA, a quality office space situated in the heart of the London insurance market. The EUK team moved into the premises on 22 December.

<u>Ensurance Now Platform</u>

The Company continued to develop its online platform, Ensurance Now, which permits partnered insurers to directly and instantly issue policies to the market. Ensurance's proprietary disruptive technology creates simpler, faster, automated online transactions. Over the lifecycle of the platform, the Company has a target of selling 50,000 home and contents policies.

The Company has a full Household product suite and in addition to its home and contents insurance, offers a range of other products, including owner-builder and trades policies. Ensurance Now customers, or those of its white label partners can evaluate and purchase from a range of 12 insurance products from 5 insurers in just minutes.

During the period, sales of new policies increased by 10% on the previous quarter, with quotes increasing by 2% over the same period. Overall revenue from Ensurance Now has increased by 18% quarter-on-quarter.

Distribution through Compare The Market (CTM), one of Australia's largest retail insurance comparison websites, increased by 9% during the December quarter. Ensurance considers CTM a tier-one white label partner, meaning it is an organisation capable of delivering in excess of 2,000 Ensurance policies per annum. Ensurance has a new product in the testing stage and is expected to be available on CTM in early 2018. The Company will update the market on this product in due course.

Directors' report

Ensurance Underwriting

Ensurance's underwriting platform, delivered through its wholly owned subsidiary Ensurance Underwriting Pty Ltd, permits partnered insurers to issue insurance products directly to the intermediated insurance market.

The platform creates simpler online transactions for members of the insurance broking community by producing multiple insurer quotes instantaneously for each client request. The platform offers 6 products through 4 insurers.

The December 2017 quarter was challenging for the underwriting business with gross written premiums (GWP) down 26% on the previous quarter, with quotes falling by 8.4% in the same period.

However, despite challenging market conditions, revenue has exceeded budget by 23% and Ensurance has found a replacement carrier for the trades product and will re-enter the market in early 2018.

Impairment of Intangible Assets

The directors have taken a conservative view to impair the full value of the software development costs until the economic benefits flowing from this asset are material and can be determined with reasonable accuracy. The directors are presently of the opinion that the additional economic benefits to be derived from this asset cannot be determined with reasonable accuracy. The decision to fully impair the carrying amount of the intangible asset has resulted in a one-off impairment charge to the profit & loss account in the sum of $2.01 million.

Share Placement

Following shareholder approval at the Company's Annual General Meeting on 29 November 2017, Ensurance issued 70m ordinary shares at $0.05 per share to raise proceeds of $3.5m before costs. Proceeds from the placement will be used to repay debt and expand operations in both Australia and the UK.

Executive Changes

In October 2017, Mr Tony Leibowitz was appointed Executive Chairman of the Company. In his role, Mr Leibowitz will spend his time in both Sydney and London, enabling him to play an active role in leading activities in the two key growth markets for the Company (particularly Australia and Europe).

With Mr Leibowitz's appointment, Adam Davey stepped down as Company chair to remain as a Non-Executive Director, while Stefan Hicks moved from the role of Managing Director to the newly created role of Business Development Director.

Subsequent to the end of the half-year, Mr Hicks resigned as an executive of the Company, to remain with the business in a Non-Executive Director capacity. In addition, Brett Graves stepped down from the board to focus on implementing the sales strategy and managing relationships with key underwriting partners in Australia. His role as Chief Operating Executive of the Australian operation continues under Tony's guidance and mentoring.

In November, Grant Priest and Neil Pinner tendered their resignations as Non-Executive Directors of the Company.

2.1. Financial Review

a. Operating results

Consolidated Operating Revenue increased by 19% on the equivalent period of the preceding year. During the half year underlying losses Before Interest, Tax, Depreciation, Amortisation and Impairment (Underlying EBITDA) increased by 51% to $2.79 million (2016 - $1.84 million). Net Loss for the period attributable to members increased by 165% to $5.58 million on the equivalent period of the preceding year. This result includes the impairment of intangible assets of $2.01 million. Notwithstanding that there was an increase in revenue of $309,493, the net loss realised was due to several factors including:

- Increase in Employment costs of $997,516 (mainly due to the appointment of the UK underwriting team);
- A one-off impairment of intangible assets of $2,007,461.
- Increase in Finance costs of $539,487.

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 9.

Directors' report

b. Financial position

The net assets of the Group have decreased from 30 June 2017 by $1,918,697 to a net deficiency of $3,917,536 at 31 December 2017 (June 2017: $1,998,839 net deficiency). This was mainly due to the impairment of intangible assets of $2.01 million.

As at 31 December 2017, the Group's cash and cash equivalents increased from 30 June 2017 by $116,914 to $686,787 at 31 December 2017 (June 2017: $569,873) and had a working capital deficit of $1,632,573 (June 2017: $1,228,955 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 20.

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 2017 has been received and can be found on page 4 of the Interim Financial Report.

A.H. Leibowitz

TONY LEIBOWITZ
Chairman
Dated this Monday, 26 February 2018

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 2017, 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 2017.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Rose Megale
Director

Dated in Sydney, this 26th day of February 2018.

MAZARS RISK & ASSURANCE PTY LIMITED
ABN: 39 151 805 275
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Consolidated statement of profit or loss and other comprehensive income
for half-year ended 31 December 2017

	Note	31 December 2017 $	31 December 2016 $
Continuing operations			
Revenue from ordinary activities	2	1,911,898	1,602,405
Other income	2	5,084	3,500
		1,916,982	1,605,905
Business development		(375,908)	(445,743)
Compliance costs		(119,271)	(118,144)
Computers and communications		(271,811)	(284,163)
Depreciation and amortisation	3	(168,503)	(196,654)
Employment costs	3	(3,265,345)	(2,267,829)
Finance costs	3	(609,273)	(69,786)
Impairment of Intangible Assets	1cii, 11	(2,007,461)	-
Legal and consulting fees		(248,108)	(37,562)
Occupancy costs		(236,652)	(130,070)
Travel and accommodation		(59,895)	(81,722)
Other expenses		(139,634)	(85,095)
Loss before tax		(5,584,879)	(2,110,863)
Income tax benefit		-	-
Net loss for the half-year		(5,584,879)	(2,110,863)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of assets		-	1,801
Other comprehensive income for the half-year, net of tax		-	1,801
Total comprehensive loss attributable to members of the parent entity		(5,584,879)	(2,109,062)
Earnings per share:		¢	¢
Basic and diluted loss per share (cents per share)	4c	(3.65)	(3.69)

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 2017

	Note	31 December 2017 $	30 June 2017 $
Current assets			
Cash and cash equivalents	5	686,787	569,873
Trade and other receivables	6	136,575	1,724,981
Trust account insurer assets	8a	7,115,752	4,369,736
Other current assets	7	195,424	74,030
Total current assets		8,134,538	6,738,620
Non-current assets			
Financial assets	9	96,438	30,266
Plant and equipment	10	246,612	96,027
Intangible assets	11	-	1,934,645
Total non-current assets		343,050	2,060,938
Total assets		8,477,588	8,799,558
Current liabilities			
Trade and other payables	12	1,298,784	1,881,567
Trust account insurer liabilities	8b	7,115,752	4,369,736
Provisions	14	447,306	374,950
Borrowings	13	905,269	1,341,322
Total current liabilities		9,767,111	7,967,575
Non-current liabilities			
Provisions	14	30,514	57,833
Trade and other payables		-	25,453
Borrowings	13	2,579,499	2,747,536
Total non-current liabilities		2,628,013	2,830,822
Total liabilities		12,395,124	10,798,397
Net (liabilities)/assets		(3,917,536)	(1,998,839)
Equity			
Issued capital	15	10,485,090	7,210,755
Reserves	16	1,548,940	1,157,093
Accumulated losses		(15,951,566)	(10,366,687)
Total equity		(3,917,536)	(1,998,839)

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 2017

	Note	Issued Capital $	Accumulated Losses $	Share-Based Payment Reserve $	Share Option Reserve $	Reval'n Reserve $	Foreign Currency Translation Reserve $	Option Premium on Convertible Notes $	Total $
Balance at 1 July 2016		6,097,054	(5,273,655)	8,980	-	9,687	-	-	842,066
Loss for the half-year attributable owners of the parent		-	(2,110,863)	-	-	-	-	-	(2,110,863)
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-	1,801	-	-	1,801
Total comprehensive loss for the half-year attributable owners of the parent		-	(2,110,863)	-	-	1,801	-	-	(2,109,062)
Transaction with owners, directly in equity									
Issue of convertible notes		-	-	-	-	-	-	171,321	171,321
Balance at 31 December 2016		6,097,054	(7,384,518)	8,980	-	11,488	-	171,321	(1,095,675)
Balance at 1 July 2017		7,210,755	(10,366,687)	8,980	838,242	11,488	-	298,383	(1,998,839)
Loss for the half-year attributable owners of the parent		-	(5,584,879)	-	-	-	-	-	(5,584,879)
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-	-	-	-	-
Total comprehensive loss for the half-year attributable owners of the parent		-	(5,584,879)	-	-	-	-	-	(5,584,879)
Transaction with owners, directly in equity									
Shares issued during the half-year	15a	3,500,000	-	-	-	-	-	-	3,500,000
Transaction costs		(225,665)	-	-	-	-	-	(29,271)	(254,936)
Share options issued during the half-year		-	-	-	470,710	-	-	-	470,710
Movement in half-year		-	-	-	-	-	(49,592)	-	(49,592)
Balance at 31 December 2017		10,485,090	(15,951,566)	8,980	1,308,952	11,488	(49,592)	269,112	(3,917,536)

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

Ensurance

Consolidated statement of cash flows
for the half-year ended 31 December 2017

		31 December 2017 $	31 December 2016 $
Cash flows from operating activities			
Receipts from customers		2,004,646	1,782,670
Interest received		13,486	14,918
Interest and borrowing costs paid		(324,919)	(22,368)
Payments to suppliers and employees		(5,452,193)	(3,349,471)
Payments of income tax		-	-
Net cash used in operating activities		(3,758,980)	(1,574,251)
Cash flows from investing activities			
Proceeds from asset development grant		342,285	-
Payment for development of software		(213,721)	(361,687)
Payment for financial assets		-	52,116
Purchase of plant and equipment		(155,667)	(8,488)
Net cash used in investing activities		(27,103)	(318,059)
Cash flows from financing activities			
Net proceeds/(repayment) of borrowings		(552,097)	165,430
Proceeds from issue of convertible notes		-	1,721,124
Payment of interest on convertible notes		(122,416)	-
Proceeds of rights issue received from underwriter		1,334,810	-
Proceeds from placement of shares		3,500,000	-
Payment of underwriter and other fees related to placement of shares		(257,300)	-
Net cash provided by financing activities		3,902,997	1,886,554
Net increase/(decrease) in cash held		116,914	(5,756)
Cash and cash equivalents at the beginning of the half-year	5	569,873	389,645
Cash and cash equivalents at the end of the half-year	5	686,787	383,889

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

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Notes to the Consolidated financial statements

for the half-year ended 31 December 2017
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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 26 February 2018 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 2017, 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 $5,584,879 (December 2016: $2,109,062 loss) and a net cash inflow of $116,914 (December 2016: $5,756 out-flow). The net assets of the Group have decreased from 30 June 2017 by $1,918,697 to a net deficiency of $3,917,536 at 31 December 2017 (June 2017: $1,998,839 net deficiency). As at 31 December 2017, the Group's cash and cash equivalents increased from 30 June 2017 by $116,914 to $686,787 at 31 December 2017 (June 2017: $569,873) and had a working capital deficit of $1,632,573 (June 2017: $1,228,955 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 may have to be amended The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows.

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 2017 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 1b.

Notes to the Consolidated financial statements
for the half-year ended 31 December 2017

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 (applicable for annual reporting periods commencing on or after 1 January 2018)*

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The Directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

ii. AASB 15 *Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018.*

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for 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:

(1) Identify the contract(s) with a customer;

(2) Identify the performance obligations in the contract(s);

(3) Determine the transaction price;

(4) Allocate the transaction price to the performance obligations in the contract(s); and

(5) Recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The Directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

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

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The Directors anticipate that the adoption of AASB 16 will require representing the Group's rental leases in Sydney, Melbourne and London as finance leases, with applicable accounting treatment applied. There will also be some minor adjustments for representing operating leases over office equipment, but given the scale and nature of these amendments the Directors believe that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures.

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.

Notes to the Consolidated financial statements

for the half-year ended 31 December 2017

Note 1 Statement of significant accounting policies

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.

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

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

iii. Key Estimate —Convertible notes and Valuation of options

Convertible notes are a debt instrument that may be converted to equity at a later date and thus a portion of the note has its derivative in equity. The Company has chosen to estimate the value of the equity derivative by 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.

During the half-year, the Company issued options for unissued shares in the Company (refer to Note 15c). These options were valued using the Black-Scholes valuation model, taking the stock price on the date of issue, the interest rate as the RBA 3-year risk free bond rate and volatility of the Company's share price over the preceding three months of trading.

Notes to the consolidated financial statements

for the half-year ended 31 December 2017

Note 2 Revenue and other income	31 December 2017 $	31 December 2016 $
a. Revenue		
Commissions	1,898,410	1,587,487
Interest	13,488	14,918
	1,911,898	1,602,405
b. Other Income		
Grants received	2,034	-
Other	3,050	3,500
	5,084	3,500

Note 3 Loss before income tax	Note	31 December 2017 $	31 December 2016 $
The following significant revenue and expense items are relevant in explaining the financial performance:			
a. Depreciation and amortisation:			
Depreciation and amortisation of plant and equipment		29,160	17,571
Amortisation of intangibles		139,343	179,083
		168,503	196,654
b. Employment costs:			
Non-Executive Directors fees		72,417	102,375
Increase in employee benefits provisions		45,036	65,278
Superannuation expenses		227,624	184,125
Wages and salaries		2,593,783	1,660,033
Other employment related costs		326,485	256,018
		3,265,345	2,267,829
c. Finance costs:			
Interest on convertible notes		239,559	47,419
Hire purchase payments		2,312	2,312
Short-term loan interest and finance costs		209,064	-
Interest on related party loans		111,595	4,658
Other interest		46,743	15,397
		609,273	69,786

Notes to the consolidated financial statements

for the half-year ended 31 December 2017

Note 4 Earnings per share (EPS)

	Note	31 December 2017 $	31 December 2016 $
a. Reconciliation of earnings to profit or loss			
Loss for the half-year		(5,584,879)	(2,110,863)
Loss used in the calculation of basic and diluted EPS		(5,584,879)	(2,110,863)

	Note	31 December 2017 $	31 December 2016 $
b. Number of ordinary shares outstanding at reporting date used in calculation of basic EPS	4e	153,113,862	57,140,909

	Note	31 December 2017 $	31 December 2016 $
c. Earnings per share			
Basic EPS (cents per share)	4d	(3.65)	(3.69)

d. At the end of the half-year ended 31 December 2017, the Group had 25,497,314 unissued shares under options (Dec 2016: nil) and 8,000,000 partly-paid shares on issue (Dec 2016: 8,000,000) and 6,500,000 performance rights (Dec 2016: 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 2017 the Group's unissued shares under option, performance rights and partly-paid shares were anti-dilutive.

e. In calculating the number of ordinary shares outstanding (the denominator of the EPS calculation) for the half-year ended 31 December 2017 the number of ordinary shares outstanding for the half-year ended 31 December 2017 shall be the actual number of ordinary shares of Ensurance outstanding at reporting date.

f. $3m convertible notes were issued by the Company on 11 July 2016. The convertible notes have a nominal interest rate of 8% per annum and an effective interest rate of 16% per annum. At 31 December 2017, the conversion price of each note was $0.05. The term of the notes is 3 years after the subscription date. At the balance date the notes had been fully subscribed (2016: $1.721 million subscribed). During the half-year ended 31 December 2017 the convertible notes were dilutive.

Note 5 Cash and cash equivalents

	31 December 2017 $	30 June 2017 $
Current		
Cash at bank	685,104	568,694
Cash on hand	1,683	1,179
	686,787	569,873

Notes to the consolidated financial statements

for the half-year ended 31 December 2017

Note 6 Trade and other receivables

	31 December 2017 $	30 June 2017 $
Current		
Trade receivables	66,141	47,886
R&D Tax rebate	-	342,285
Proceeds from Rights Issue	-	1,334,810
Emergency Services Levy	70,434	-
	136,575	1,724,981

Note 7 Other current assets

	31 December 2017 $	30 June 2017 $
Current		
Prepayments	195,424	74,030
	195,424	74,030

Note 8 Compliance of insurance assets versus insurance liabilities

	31 December 2017 $	30 June 2017 $
a. **Trust account insurer assets**		
Insurance debtors	2,751,063	2,223,384
Trust accounts	4,364,689	2,209,714
Less: intra-licensee balances	-	(63,362)
Total trust account insurance assets	7,115,752	4,369,736
b. **Trust account insurer liabilities**		
Underwriter's liability	6,571,248	4,087,659
Unearned commissions	460,223	277,316
Other	84,281	68,123
Less: intra-licensee balances	-	(63,362)
Total trust account insurance liabilities	7,115,752	4,369,736
c. Excess of insurance assets over insurance liabilities	-	-

Note 9 Financial assets

	31 December 2017 $	30 June 2017 $
Non-current		
Listed shares	5,868	5,868
Lease deposit bonds	90,570	24,398
	96,438	30,266

Notes to the consolidated financial statements

for the half-year ended 31 December 2017

Note 10 Property, plant, and equipment		31 December 2017 $	30 June 2017 $
Non-current			
Fixtures, furniture, and fittings		268,790	127,527
Accumulated depreciation		(59,926)	(77,825)
		208,864	49,702
Plant and equipment		199,482	186,616
Accumulated depreciation		(161,734)	(140,291)
		37,748	46,325
Total plant and equipment		246,612	96,027

Note 11 Intangible assets		31 December 2017 $	30 June 2017 $
Non-current			
Software development costs		3,664,739	3,452,579
Accumulated amortisation		(1,657,278)	(1,517,934)
Impairment		(2,007,461)	-
Total intangible assets	1cii	-	1,934,645

Note 12 Trade and other payables		31 December 2017 $	30 June 2017 $
Current			
Trade payables		309,907	544,923
Other payables		361,443	426,327
Other taxes payable		624,949	747,176
Related party payables		2,485	163,141
		1,298,784	1,881,567

Note 13 Borrowings		31 December 2017 $	30 June 2017 $
Current			
Bank overdrafts		-	146,472
Short term loans		-	623,900
Related party loans		625,681	454,906
Premium funding loans		279,588	116,044
		905,269	1,341,322
Non-current			
Convertible Notes (liability component)		2,597,499	2,747,536
		2,597,499	2,747,536

Notes to the consolidated financial statements
for the half-year ended 31 December 2017

Note 14 Employee benefit provisions

	31 December 2017 $	30 June 2017 $
Disclosed as:		
Current	447,306	374,950
Non-current	30,514	57,833
Carrying amount at reporting date	477,820	432,783

Note 15 Issued capital

	31 December 2017 No.	30 June 2017 No.	31 December 2017 $	30 June 2017 $
Fully paid ordinary shares	153,113,862	83,113,862	10,485,090	7,210,755

	6 months to 31 December 2017 No.	12 months to 30 June 2017 No.	6 months to 31 December 2017 $	12 months to 30 June 2017 $
a. Ordinary shares				
At the beginning of the period	83,113,862	57,140,909	7,210,755	6,097,054
Shares issued during the period:	70,000,000	25,972,953	3,500,000	2,077,851
Transaction costs relating to share issues	-	-	(225,665)	(964,150)
At reporting date	153,113,862	83,113,862	10,485,665	7,210,755

	31 December 2017 No.	30 June 2017 No.
b. Partly paid shares		
Partly-paid Shares	8,000,000	8,000,000
c. Options		
Options exercisable at 12 cents expiring 31 July 2020	1,000,000	1,000,000
Options exercisable at 9.2 cents expiring 31 July 2020	3,000,000	3,000,000
Options exercisable at 8 cents expiring 31 July 2020	6,097,314	6,097,314
Options exercisable at 8 cents expiring 15 December 2019	5,000,000	-
Options exercisable at 5 cents expiring 15 December 2019	3,150,000	-
Options exercisable at 5 cents expiring 15 December 2020	7,250,000	-
	25,497,314	10,097,314

d. **Performance Rights**	31 December 2017 No.	30 June 2017 No.
Performance rights Class A	6,000,000	6,500,000
Performance rights Class B	500,000	500,000
Carrying amount at reporting date	6,500,000	7,000,000

e. **Convertible Notes**		
Convertible notes	60,000,000	28,500,000
Converting loans	-	9,000,000
Carrying amount at reporting date	60,000,000	37,500,000

$3m convertible notes were issued by the Company on 11 July 2016 at an initial issue price of $0.22 per note. With any future raising of capital, the conversion price reduces in line with the price of the shares issued in the capital raising. At 31 December 2017, the conversion price of each note was $0.05. Each note entitles the holder to convert to one ordinary share. Conversion may occur at any time within a period of three years from the subscription date. If the notes have not been converted, they will be redeemed at this point. Interest of 8% will be paid quarterly up until the settlement date.

Note 16 Reserves

	31 December 2017 $	30 June 2017 $
Investment revaluation reserve	11,488	11,488
Convertible notes option premium reserve	269,112	298,383
Share-based payment reserve	8,980	8,980
Share option reserve	1,308,952	838,242
Foreign currency translation reserve	(49,592)	-
Total reserves at reporting date	1,548,940	1,157,093

Note 17 Related party transactions

a. Key management personnel (KMP) compensation

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

	31 December 2017 $	31 December 2016 $
Short-term employee benefits	1,024,562	710,919
Post-employment benefits	91,305	67,155
Total	1,115,867	778,074

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.

Remuneration paid to related parties of the KMP:		
K Graves	22,499	25,585
C Graham	14,235	-
J Huntly	10,970	3,963
Outstanding loans made to the Company by KMP and their related parties:		
B Graves	94,728	150,000
T Leibowitz via Kalonda Pty Ltd ATF Leibowitz Super Fund	510,000	-

Note 18 Commitments

The Company entered into a 5-year, non-cancellable operating lease for Level 2, 10 Philpot Lane, London, EC3M 8AA. The lease commenced on 31 December 2017. There were no other changes in the Company's commitments or contingencies since the year ended 30 June 2017 to the date of this report. During the half-year ended 31 December 2017, the Company made payments totalling $220,950 on non-cancellable operating leases, representing rent payments in Sydney, Melbourne and London.

Note 19 Operating segments

a. **Segment Performance**

Half-Year ended 31 December 2017	Insurance $	Insurance (United Kingdom) $	Information Technology $	Corporate Head Office $	Total $
Revenue					
Revenue	1,892,539	5,871	-	-	1,898,410
Interest revenue	12,076	-	-	1,412	13,488
Total segment revenue	1,904,615	5,871	-	1,412	1,911,898
Reconciliation of segment to group revenue					
Intra-segment income and expense	-	-	-	-	-
Other income	3,500	-	-	2,034	5,084
Total group revenue and other income					1,916,982
Segment net profit/(loss) from continuing operations before tax	462,573	(1,066,049)	(414,355)	(2,391,084)	(3,408,915)
Reconciliation of segment loss to group loss					
(i) Amounts not included in segment results but reviewed by Board:					
Depreciation, amortisation & software impairment	(230,892)	(4,175)	(1,938,498)	(2,399)	(2,175,964)
(ii) Unallocated items					-
Loss before income tax					(5,584,879)

Notes to the consolidated financial statements
for the half-year ended 31 December 2017

Note 19 Operating segments (cont.)

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					1,605,905
Segment net profit/(loss) from continuing operations before tax	(5,513)	(510,023)	(428,133)	(970,540)	(1,914,209)
Reconciliation of segment loss to group loss					
(iii) Amounts not included in segment results but reviewed by Board:					
Depreciation and amortisation	(21,483)	-	(173,182)	(1,989)	(196,654)
(iv) Unallocated items					-
Loss before income tax					(2,110,863)

b. **Segment Assets and Liabilities**

As at 31 December 2017	Insurance $	Insurance (United Kingdom) $	Information Technology $	Corporate Head Office $	Total $
Segment Assets	7,793,172	1,432,954	35,592	18,555,941	27,817,659
Reconciliation of segment to group assets					
Intra-segment eliminations					(19,340,071)
Total assets					8,477,588
Segment Liabilities	6,905,090	1,321,165	3,873,231	8,520,494	20,619,980
Reconciliation of segment to group liabilities					
Intra-segment eliminations					(8,224,856)
Total liabilities					12,395,124
As at 30 June 2017					
Segment Assets	6,006,212	128,133	1,741,599	11,708,489	19,584,433
Reconciliation of segment assets to group assets					
Intra-segment eliminations					(10,784,875)
Total assets					8,799,558
Segment Liabilities	5,415,103	1,142,995	3,226,384	2,927,657	12,712,139
Reconciliation of segment to group liabilities					
Intra-segment eliminations					(1,913,742)
Total liabilities					10,798,397

Notes to the consolidated financial statements
for the half-year ended 31 December 2017

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.

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

A.H. Leibowitz

TONY LEIBOWITZ
Chairman
Dated this Monday, 26 February 2018

MAZARS

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

Conclusion

We have reviewed the accompanying half-year financial report of Ensurance Limited and its controlled entities (the "Group"), which comprise the statement of financial position as at 31 December 2017, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory notes 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 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 2017 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 - Material Uncertainty in respect of Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1a ii. to the financial statements which contemplates the continuation of the Group as a going concern. The Group has incurred recurring losses from operations and realised net working capital deficiency at the half year ended 31 December 2017. The ability of the Group to continue as a going concern is dependent upon the ability of the Group to generate additional working capital either through operations or additional loan funds.

These conditions, along with other matters contemplated in Note 1a(ii) indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company 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.

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 2017 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 2017, 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 independence requirements of the *Corporations Act 2001*.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Rose Megale
Director

Dated in Sydney, this 26th day of February 2018.

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Ensurance