










# **APPENDIX 4E**

## **Preliminary Final Report**

**30 June 2020**

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## Appendix 4E

### Preliminary final report

Name of entity

<b>Ensurance Limited</b>
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ABN or equivalent company  
reference

<b>80 148 142 634</b>
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Half yearly  
(tick)

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Preliminary  
final (tick)

<b>X</b>
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~~Half year~~/financial year ended ('current  
period')

<b>30 June 2020</b>
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## Results for announcement to the market

	Previous Period				Current Period
2.1 Revenues from continuing operations	<b>1,533,647</b>	Up	147.52%	to	<b>3,796,117</b>
2.2 Profit (loss) from continuing operations after tax attributable to members	(4,908,657)	Down	41.64%	to	(2,864,589)
2.3 Net profit (loss) for the period attributable to members	(1,401,735)	Up	53.65%	to	(2,153,771)
2.4 Dividends	Amount per security		Franked amount per security		
Final dividend	<b>nil</b>		<b>n/a</b>		
Interim dividend	<b>nil</b>		<b>n/a</b>		
2.5 Record date for determining entitlements to the dividend:	<b>n/a</b>				
2.6 Brief explanation of any of the figures reported above					
Please refer to commentary in Executive Chairman’s Report on pages 8-9.					

## Supplementary information

### 3. Statement of Financial Performance

Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income on Page 10

### 4. Statement of Financial Position

Refer to Consolidated Statement of Financial Position on Page 11

### 5. Statement of Cash Flows

Refer to Consolidated Statement of Cash Flows on Page 14

### 6. Statement of Changes in Equity

Refer to Consolidated Statement of Changes in Equity on Page 12

#### 7a. Details of individual and total dividends

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	<i>(Preliminary final report only)</i>			
	<b>Final dividend:</b> Current year	Nil	N/A	N/A
	Previous year	Nil	N/A	N/A
	<i>(Half yearly and preliminary final reports)</i>			
	<b>Interim dividend:</b> Current year	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A

#### 7b Total dividend per security (interim plus final)

(Preliminary final report only)

Ordinary securities

Preference securities

Current year	Previous year
N/A	N/A
N/A	N/A

#### 7c Dividend payment details

Date the dividend is payable

N/A

Record date to determine entitlements to the dividend

(ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)

N/A

If it is a final dividend, has it been declared?

*(Preliminary final report only)*

N/A

## 7d Final dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
<sup>+</sup> Ordinary securities <i>(each class separately)</i>	N/A	N/A
Preference <sup>+</sup> securities <i>(each class separately)</i>	N/A	N/A
Other equity instruments <i>(each class separately)</i>	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>

## 8 Dividend reinvestment plans

The dividend plans shown below are in operation.

N/A
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## 9 Net Tangible Assets per security

	Current period	Previous corresponding Period
Net Assets/(Deficiency) \$	(1,064,195)	(2,293,658)
Less: Intangible assets \$	(125,665)	-
Net Tangible assets/(Deficiency) \$	(1,189,860)	(2,293,658)
Ordinary securities on issue at period end (per financial statements)	570,956,232	316,086,819
<b>Net tangible asset backing per ordinary security</b>	<b>(0.21) cents</b>	<b>(0.73) cents</b>

## 10 Control gained or loss of control over entities having material effect

Control lost over entities during the period:

Name of entities (item 10.1)	Ensurance Underwriting Pty Limited
Date(s) of loss of control (item 10.2)	1 March 2020
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 10.3).	\$(145,660)
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	\$(140,992)

## 11 Details of aggregate share of profits / (losses) of associates and joint venture entities

Not applicable

## 12 Any other significant information

Refer to commentary update at 2.6 covering this Appendix 4E

## 13 Accounting standards for foreign entities

The financial information provided in the Appendix 4E is based on the preliminary final report (attached), which has been prepared in accordance with Australian Accounting Standards.

## 14 Commentary on results

Refer to commentary update at 2.6 covering this Appendix 4E. The results for the period are as expected.

14.1 Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	<b>(0.38) cents</b>	<b>(0.44) cents</b>
Diluted EPS	<b>N/A</b>	<b>N/A</b>

The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group.

### 14.2 Returns to shareholders including distributions and buy-backs

**n/a**

### 14.3 Significant features of operating performance

Refer to commentary in Executive Chairman's Report on pages 8-9

### 14.4 Results of segments that are significant to an understanding of the business as a whole.

Refer to commentary in Executive Chairman's Report on pages 8-9

### 14.5 Trends in performance.

Refer to commentary in Executive Chairman's Report on pages 8-9

### 14.6 Any other factors which have affected the results in the period or likely to affect results in the future

Refer to commentary in Executive Chairman's Report on pages 8-9

## Compliance statement

This report is based on accounts to which one of the following applies.

☐

The +accounts have been audited.

☐

The +accounts have been subject to review.



The +accounts are in the process of being audited or subject to review.

☐

The +accounts have *not* yet been audited or reviewed.



Signature:

Date: 28 August 2020

(Director/~~Company Secretary~~)

Print name: A H Leibowitz

## Executive Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the financial report for Ensurance Limited for the financial year ended 30 June 2020.

### *Operating review*

#### a. Disposal of Australian underwriting business completes 2.5 years of restructuring

The financial year ended 30 June 2020 (FY20) was another highly active period for the business in which Ensurance completed the sale of its Underwriting business and closed its Australian office. The Australian business is no longer revenue generating, and a reduction in overheads and efficiencies have been realised from the disposal of non-core parts of the business. Australian-based personnel have now been reduced to the Company's Executive Chairman, part-time Financial Controller, part-time Company Secretary, part-time Administrative Assistant; and two Non-Executive Directors. This now concludes a significant restructuring of the business, which has spanned over 2.5 years, resulting in the establishment of a fast-growing UK-based operation that is positioned to deliver long-term shareholder value.

#### b. Established UK operations continue strong upward growth trajectory

The Company's UK operations performed strongly during the year, continuing to trade normally despite the global uncertainty of the impact of COVID-19. Ensurance's UK operations continued its upwards growth trajectory during FY20, with the financial performance of the business exceeding initial forecast expectations.

Ensurance delivered strong growth in both gross written premiums and the rate of annual policy renewals in FY20, following continued investment in the UK business. Gross written premiums for FY20 were £17m, up 143% on FY19 (FY19: £7m), with annual policy renewals achieving an 85%+ retention rate for the period. This strong result sets a base of recurring revenue for FY21 and provides strong validation of the business' product offering and customer satisfaction. The UK business now boasts a renewable book over the next 12 months of £7.6m.

#### c. New products expand global reach and offering

Ensurance UK launched Terrorism and Sabotage insurance for the US and Australia, significantly expanding the Company's global reach and UK offering. The product provides cover for an act of terrorism or sabotage which results in damage to buildings, profits, employees or customers and is available to a business of any size and across all industries. The Company will launch an IT platform during the 1<sup>st</sup> half of FY21 that will support the sale of this product and provide further improved internal operating efficiency.

#### d. Technology supports greater efficiency and supports business to scale

Over the past 12 months Ensurance UK has engaged with a new IT supplier to provide a fully integrated front office and back office system, which is expected to provide major efficiencies across all departments. It will provide increased service levels for our clients and support growth and profitability of the business. The new system is expected to go live in the September 2020 quarter and the benefits to the business will be seen instantly.

#### e. Key departures follow restructuring

As a result of the restructuring activity completed during the financial year, the Company's Chief Financial Officer, Mr Arjan van Ameyde, and Head of Underwriting Australia, Mr Michael Huntley departed the business during the financial year, reflecting the reduced demands of the streamlined business, with the sale of the Australian operations.



f. Well supported entitlement issue delivers significant funds during the period

The Company raised \$2.86 million before costs via an entitlement issue to eligible shareholders in November 2019. The issue was well supported by eligible shareholders, Blue Ocean Equities as Underwriter; and sub-underwriters.

*Financial review*

a. Operating results

For the year ended 30 June 2020, the Group delivered a loss of \$2.15m after tax, representing an increase of \$0.75m on the prior year loss of \$1.4m. The increase was due to losses in the Australian businesses, which have now been sold.

Revenue from the Group's continuing operations increased to \$3.796m (2019: \$1.534m). Ensurance UK continues to demonstrate strong growth; operating as an MGA in the UK to provide wholesale insurance for construction and engineering in the UK and EU, as well as Terrorism and Sabotage across three continents. Fully authorised by the FCA, Ensurance UK can sell insurance globally and develop an Appointed Representative Network.

b. Financial position

The net assets of the Group have improved from 30 June 2019 by \$1.230m to a net deficiency of \$1.064m at 30 June 2020 (2019: Net deficiency of \$2.294m).

As at 30 June 2020, the Group's cash and cash equivalents decreased from 30 June 2019 by \$1.258m to \$1.276m at 30 June 2020 (2019: \$2.534m) and had working capital of \$(2.243)m (2019: \$2.102m).

**Outlook**

We are confident that the restructuring that has taken place and the ongoing investment into our business operations, capabilities and products support our aggressive expansion plans in the UK and internationally over the longer term.

Our UK business is beginning to be profitable and we are expecting positive cash flows from the UK in the short to medium term.

A H Leibowitz

Chairman  
28 August 2020  
Sydney

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Continuing operations</b>			
Revenue	1	3,796,117	1,533,647
Business development		(158,050)	(196,467)
Compliance costs		(324,527)	(286,971)
Computers and communications		(237,334)	(282,301)
Depreciation and amortisation	2	(344,241)	(46,925)
Employee costs	2	(4,322,579)	(3,986,266)
Finance costs	2	(740,740)	(557,002)
Legal and consulting fees		(109,151)	(299,671)
Occupancy costs		(174,879)	(497,107)
Travel and accommodation		(156,034)	(102,254)
Other expenses		(93,171)	(187,340)
<b>Loss before tax</b>		<b>(2,864,589)</b>	<b>(4,908,657)</b>
Income tax benefit	3	-	-
<b>Loss from continuing operations</b>		<b>(2,864,589)</b>	<b>(4,908,657)</b>
Loss from discontinued operations	19	(145,660)	(140,992)
Gain on disposal of discontinued operation	19	856,478	3,647,914
<b>Total net loss for the year</b>		<b>(2,153,771)</b>	<b>(1,401,735)</b>
<b>Other comprehensive income, net of income tax</b>			
Revaluation of property, plant and equipment		(120)	(880)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(120)</b>	<b>(880)</b>
<b>Total comprehensive loss attributable to members of the parent entity</b>		<b>(2,153,891)</b>	<b>(1,402,615)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Non-controlling interest		-	-
Owners of the parent		(2,153,771)	(1,401,735)
<b>Total comprehensive income/(loss) attributable to:</b>			
Non-controlling interest		-	-
Owners of the parent		(2,153,891)	(1,402,615)

This is to be read in conjunction with the accompanying notes

**Consolidated Statement of Financial Position  
As At 30 June 2020**

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,276,309	2,534,136
Trade and other receivables	5	184,592	624,167
Trust account insurer assets	6	14,686,881	7,389,279
Other assets	7	64,592	210,343
<b>TOTAL CURRENT ASSETS</b>		<b>16,212,374</b>	<b>10,757,925</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	856,471	-
Financial assets	8	1,200	1,684
Other assets - bonds on deposits	9	77,466	72,131
Plant and equipment	10	91,418	134,698
Right-of-use assets	11	30,289	-
Intangible assets	12	125,665	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,182,509</b>	<b>208,513</b>
<b>TOTAL ASSETS</b>		<b>17,394,883</b>	<b>10,966,438</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	359,862	767,654
Trust account insurer liabilities	6	13,097,128	7,389,279
Borrowings	14	4,714,997	289,892
Employee benefits	15	52,709	208,731
Lease liabilities	16	231,106	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>18,455,802</b>	<b>8,655,556</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	-	4,565,546
Employee benefits	15	3,276	38,994
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,276</b>	<b>4,604,540</b>
<b>TOTAL LIABILITIES</b>		<b>18,459,078</b>	<b>13,260,096</b>
<b>NET LIABILITIES</b>		<b>(1,064,195)</b>	<b>(2,293,658)</b>
<b>EQUITY</b>			
Issued capital	17	19,291,070	16,301,785
Reserves	18	1,911,211	1,481,654
Accumulated losses		(22,266,476)	(20,077,097)
<b>TOTAL EQUITY</b>		<b>(1,064,195)</b>	<b>(2,293,658)</b>

This is to be read in conjunction with the accompanying notes

# ENSURANCE LIMITED

AND CONTROLLED ENTITIES

ABN 80 148 142 634

# APPENDIX 4E

Preliminary Final Report

30 June 2020

## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2020

2020

	Ordinary shares \$	Accumulated losses \$	Foreign currency translation reserve \$	Share-based payment reserve \$	Share option Reserve \$	Revaluation Reserve \$	Convertible note option premium reserve \$	Total \$
<b>Balance at 1 July 2019</b>	<b>16,301,785</b>	<b>(20,077,097)</b>	<b>(11,197)</b>	<b>8,980</b>	<b>1,280,624</b>	<b>(680)</b>	<b>203,927</b>	<b>(2,293,658)</b>
Impact due to change in accounting standard*	-	(84,381)	-	-	-	-	-	(84,381)
<b>Balance at 1 July 2019 – restated</b>	<b>16,301,785</b>	<b>(20,161,478)</b>	<b>(11,197)</b>	<b>8,980</b>	<b>1,280,624</b>	<b>(680)</b>	<b>203,927</b>	<b>(2,378,039)</b>
Loss for the year attributable owners of the parent	-	(2,153,771)	-	-	-	-	-	(2,153,771)
Other comprehensive loss for the year attributable owners of the parent	-	-	-	-	-	(120)	-	(120)
<b>Transactions with owners</b>								
Capital raising	2,989,285	-	-	-	560,528	-	-	3,352,704
Rollover of convertible notes	-	40,335	-	-	-	-	(47,985)	(7,650)
Forfeit of options	-	-	-	-	(8,438)	-	-	(8,438)
Expense of options	-	8,438	-	-	75,488	-	-	83,926
Translation of Ensurance UK ledger	-	-	(149,916)	-	-	-	-	47,193
<b>Balance at 30 June 2020</b>	<b>19,291,070</b>	<b>(22,266,476)</b>	<b>(161,113)</b>	<b>8,980</b>	<b>1,908,202</b>	<b>(800)</b>	<b>155,942</b>	<b>(1,064,195)</b>

\* The Group adopted AASB 16 *Leases* using the cumulative effect method. This resulted in a credit of \$84,381 to retained earnings at 1 July 2019, being the cumulative effect on initial application of the standard. As permitted by the new accounting standard, the comparative results for the year ended 30 June 2019 are not restated.

This is to be read in conjunction with the accompanying notes

**ENSURANCE LIMITED**

AND CONTROLLED ENTITIES

ABN 80 148 142 634

**APPENDIX 4E**

Preliminary Final Report

30 June 2020

**Consolidated Statement of Changes in Equity  
For the Year Ended 30 June 2020****2019**

	Ordinary shares \$	Accumulated losses \$	Foreign currency translation reserve \$	Share-based payment reserve \$	Share option reserve \$	Revaluation Reserve \$	Convertible note option premium reserve \$	Total \$
<b>Balance at 1 July 2018</b>	17,527,964	(19,074,092)	(54,487)	8,980	1,308,952	12,793	269,112	(778)
Impact due to change in accounting standard	-	177,602	60,915	-	-	-	-	238,517
<b>Balance at 1 July 2018 - restated</b>	17,527,964	(18,896,490)	6,428	8,980	1,308,952	12,793	269,112	237,739
Loss for the year attributable owners of the parent	-	(1,401,735)	-	-	-	-	-	(1,401,735)
Other comprehensive loss for the year attributable owners of the parent	-	-	-	-	-	(880)	-	(880)
<b>Transactions with owners</b>								
Capital raising transaction costs	(20,543)	-	-	-	-	-	-	(20,543)
Rollover of convertible notes	-	221,128	-	-	72,094	-	(65,185)	228,037
Sale of Savill Hicks Corp Pty Ltd	(1,205,636)	-	-	-	-	(12,593)	-	(1,218,229)
Share options granted	-	-	-	-	(100,422)	-	-	(100,422)
Translation of Ensurance UK ledger	-	-	(17,625)	-	-	-	-	(17,625)
<b>Balance at 30 June 2019</b>	16,301,785	(20,077,097)	(11,197)	8,980	1,280,624	(680)	203,927	(2,293,658)

This is to be read in conjunction with the accompanying notes

# Consolidated Statement of Cash Flows

## For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>OPERATING ACTIVITIES:</b>			
Receipts from customers		3,581,464	2,223,241
Payments to suppliers and employees		(7,318,010)	(7,493,365)
Interest received		93,877	131,238
Interest and borrowing costs paid		(496,304)	(215,063)
Other income		84,788	-
Refund of income taxes		-	284,000
Net cash used in operating activities		(4,054,185)	(5,069,949)
<b>INVESTING ACTIVITIES:</b>			
Proceeds from sale of discontinued operation		220,000	1,999,011
Payments for intercompany loan with discontinued operation		-	(223,660)
Purchase of plant and equipment		-	(2,727)
Payment other non-current assets		(131,606)	-
Payment of lease deposit		(5,745)	(3,636)
Net cash provided by investing activities		82,649	1,768,988
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issue of shares		3,511,291	503,335
Convertible notes interest paid		(192,226)	(223,452)
Payment of principal on lease liabilities		(320,838)	-
Net proceeds from borrowings		-	2,500,000
Repayment of borrowings		(284,518)	(148,265)
Net cash provided by financing activities		2,713,709	2,631,618
Net decrease in cash and cash equivalents held		(1,257,827)	(669,341)
Cash and cash equivalents at the beginning of the year		2,534,136	3,203,479
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,276,309</b>	<b>2,534,136</b>
<b>Cashflows from discontinued operations</b>		<b>(273,112)</b>	<b>(418,025)</b>

This is to be read in conjunction with the accompanying notes.

**Notes to the Appendix 4E Preliminary Final Report  
For the Year Ended 30 June 2020**

**1 Revenue and Other Income**

	2020	2019
	\$	\$
<b>Revenue</b>		
Sales revenue	3,612,314	1,272,937
Interests	99,015	124,450
Other income	84,788	136,260
	<b>3,796,117</b>	<b>1,533,647</b>
<b>Geographical regions</b>		
Australia	147,643	259,149
Rest of the world	3,648,474	1,274,498
	<b>3,796,117</b>	<b>1,533,647</b>

**2 Expenses**

<b>Finance costs</b>		
Interest paid on borrowings	662,081	557,002
Interest paid on lease liabilities	78,659	-
	<b>740,740</b>	<b>557,002</b>
<b>Leases</b>		
Short-term lease payments	320,838	-
<b>Depreciation and amortisation</b>		
Depreciation expense on plant and equipment	48,071	46,925
Depreciation expense on right-of-use assets	296,170	-
	<b>344,241</b>	<b>46,925</b>
<b>Employee costs</b>		
Directors fees	93,563	104,750
Decrease in employee benefits provision	(57,973)	(24,104)
Superannuation expenses	262,756	250,054
Wages and salaries	3,673,307	3,326,223
Other employment related costs	350,926	329,343
	<b>4,322,579</b>	<b>3,986,266</b>

**Notes to the Appendix 4E Preliminary Final Report  
For the Year Ended 30 June 2020**

**3 Income Tax Expense**

(a) The major components of tax expense (income) comprise:

	2020 \$	2019 \$
Current tax	-	-
Deferred tax	-	-
<b>(b) Deferred tax assets</b>		
Net tax assets	-	-
<b>(c) Deferred tax liabilities</b>		
Net deferred tax liabilities	-	-

**4 Cash and Cash Equivalents**

Cash on hand	1,690	2,010
Cash at bank	1,245,673	2,532,126
Short-term deposits	28,946	-
	<b>1,276,309</b>	<b>2,534,136</b>

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	<b>1,276,309</b>	<b>2,534,136</b>
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**5 Trade and Other Receivables**

<b>CURRENT</b>		
Trade receivables	184,592	624,167
<b>NON-CURRENT</b>		
Trade receivables	856,471	-



**Notes to the Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2020

**6 Compliance of Underwriting Assets and Liabilities**
**30 June 2019**
**Trust account insurer assets**

Insurance debtors

Trust accounts

**Total trust account insurance assets**
**Trust account insurer liabilities**

Underwriter's liability

Other

**Total trust account insurance liabilities**

Excess of insurance assets over insurance liabilities

Insurance Underwriting Pty Limited	Insurance UK Limited	Total
\$	\$	\$
1,029,523	4,275,676	5,305,199
816,757	1,267,323	2,084,080
1,846,280	5,542,999	7,389,279
1,788,037	5,376,106	7,164,143
58,243	166,893	225,136
1,846,280	5,542,999	7,389,279
-	-	-

**30 June 2020**
**Trust account insurer assets**

Insurance debtors

Trust accounts

**Total trust account insurance assets**
**Trust account insurer liabilities**

Underwriter's liability

Other

**Total trust account insurance liabilities**

Excess of insurance assets over insurance liabilities

-	10,961,889	10,961,889
-	3,724,992	3,724,992
-	14,686,881	14,686,881
-	12,719,614	12,719,614
-	377,514	377,514
-	13,097,128	13,097,128
-	1,589,753	1,589,753

**Notes to the Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2020

**7 Other Assets**

	2020	2019
	\$	\$
CURRENT		
Prepayments	64,592	210,343

**8 Financial Assets**

NON-CURRENT		
Fair value through other comprehensive income: listed shares	1,200	1,684

**9 Other Non-current Assets - Bonds on Deposit**

NON-CURRENT		
Bonds on deposit	77,466	72,131

**10 Plant and Equipment**

Plant and equipment - at cost	85,682	93,599
Accumulated depreciation	(80,390)	(84,813)
	5,292	8,786
Furniture, fixtures and fittings - at cost	179,766	192,604
Accumulated depreciation	(93,640)	(66,692)
	86,126	125,912
<b>Total plant and equipment</b>	<b>91,418</b>	<b>134,698</b>

**Notes to the Appendix 4E Preliminary Final Report  
For the Year Ended 30 June 2020**

**11 Right-of-use Assets**

	2020	2019
	\$	\$
Right-of-use assets	729,007	-
Less: accumulated depreciation	(698,718)	-
	30,289	-

**TRANSITION TO AASB 16**

The Group has adopted AASB 16 with effect from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The entity leases the premises housing its principle places of business in Sydney, Melbourne and London. Until the 2019 financial year, such leases were classified as operating leases with payments being charged to the profit and loss. From 1 July 2019, in line with AASB 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is amortised over the lease term on a straight-line basis.

The reclassifications and the adjustments arising from the new leasing rules have been recognised in the opening balance sheet on 1 July 2019.

- a. Recognition of right-of-use assets amounting to \$1,146,811, less accumulated amortisation of \$370,520
- b. Recognition of current lease liability of \$589,890 and a non current lease liability of \$539,637

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using 8%, the rate at which the company pays interest on its convertible notes.

The Group has elected to adopt a modified retrospective application of the standard as permitted by AASB 16.

Set out below are the amounts by each line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position affected by the adoption of AASB 16. The first column shows amounts prepared under AASB 16, the second column shows the AASB 16 adjustment and the last column shows the amounts had AASB 16 not been adopted.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Amounts prepared under AASB 16	Current period adjustments under AASB 16	Amounts prepared under previous AASB 117
	\$	\$	\$
Revenue	3,796,117	-	3,796,117
Expenses	(5,919,966)	24,634	(5,895,332)
Finance costs	(740,740)	(78,659)	(662,081)
<b>Net profit/(loss)</b>	<b>(2,864,589)</b>	<b>(54,025)</b>	<b>(2,810,564)</b>

**Notes to the Appendix 4E Preliminary Final Report  
For the Year Ended 30 June 2020**
**11 Right-of-use Assets (continued)**
**Consolidated Statement of Financial Position**

	Amounts prepared under AASB 16	Current period adjustments under AASB 16	Amounts prepared under previous AASB 117
	\$	\$	\$
Current assets	16,212,374	-	16,212,374
Non-current assets	1,182,509	30,289	1,152,220
Current liabilities	(18,455,802)	(231,106)	(18,224,696)
Non-current liabilities	(3,276)	-	(3,276)
<b>Net assets/(liabilities)</b>	<b>(1,064,195)</b>	<b>(200,817)</b>	<b>(1,265,012)</b>
 <b>Equity</b>	 <b>(1,064,195)</b>	 <b>(200,817)</b>	 <b>(1,265,012)</b>

**12 Intangible assets**

	2020	2019
NON CURRENT	\$	\$
	184,592	624,167
	<u>125,665</u>	<u>-</u>
Intangible assets - software		

**13 Trade and Other Payables**
**CURRENT**
*Unsecured*

Trade payables and accruals	262,508	283,982
Other payables	17,618	223,406
Other taxes	79,736	260,266
	<u>359,862</u>	<u>767,654</u>

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

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

**Notes to the Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2020

**14 Borrowings**

	2020	2019
	\$	\$
CURRENT		
Convertible notes	2,188,335	270,869
Related party loans	2,500,000	6,000
Premium funding loans	26,662	13,023
	<u>4,714,997</u>	<u>289,892</u>
NON-CURRENT		
Convertible notes	-	2,065,546
Related party loans	-	2,500,000
	<u>-</u>	<u>4,565,546</u>

**15 Employee Benefits**

CURRENT		
Provision for employee benefits	52,709	208,731
NON-CURRENT		
Provision for employee benefits	3,276	38,994

**16 Lease Liabilities**

CURRENT		
Lease liabilities	231,106	-

**Notes to the Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2020

**17 Issued Capital**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
570,956,232 (2019: 316,086,819) Fully paid ordinary shares at no par value	<b>19,192,589</b>	16,301,785

*(a) Ordinary shares*

	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>	<b>\$</b>	<b>\$</b>
<b>Ordinary shares</b>				
At the beginning of the period	<b>316,086,819</b>	346,227,724	<b>16,301,785</b>	17,527,964
Capital raising	<b>254,869,413</b>	-	<b>2,989,285</b>	(20,543)
Shares cancelled during the year	-	(30,140,905)	-	(1,205,636)
<b>Balance at reporting date</b>	<b>570,956,232</b>	316,086,819	<b>19,291,070</b>	16,301,785

*(b) Partly paid shares*

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Partly paid shares (i)	<b>8,000,000</b>	8,000,000

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

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

**Notes to the Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2020

**17 Issued Capital (continued)**
*(c) Options*

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Options exercisable at 12 cents expiring 31 July 2020	<b>1,000,000</b>	1,000,000
Options exercisable at 4.6 cents expiring 31 July 2020	<b>3,000,000</b>	3,000,000
Options exercisable at 8 cents expiring 31 July 2020	<b>2,597,314</b>	2,597,314
Options exercisable at 4 cents expiring 31 July 2020	<b>3,500,000</b>	3,500,000
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	<b>7,250,000</b>	7,250,000
Options exercisable at 5 cents expiring 10 July 2021	<b>1,000,000</b>	1,000,000
Options exercisable at 8 cents expiring 10 July 2021	<b>1,000,000</b>	1,000,000
Options exercisable at 4 cents expiring 31 December 2021	<b>3,000,000</b>	3,000,000
Options exercisable at 6 cents expiring 31 December 2022	<b>5,000,000</b>	5,000,000
Options exercisable at 9 cents expiring 31 December 2023	<b>7,000,000</b>	7,000,000
Options exercisable at 4 cents expiring 30 June 2021	<b>12,634,301</b>	12,634,301
Options exercisable at 2 cents expiring 6 June 2021	<b>63,217,342</b>	-
	<b>110,198,957</b>	55,131,615

**Options were valued using the Black-Scholes model as follows**

Options exercisable at 12 cents expiring 31 July 2020	<b>76,100</b>	76,100
Options exercisable at 4.6 cents expiring 31 July 2020	<b>245,700</b>	245,700
Options exercisable at 8 cents expiring 31 July 2020	<b>219,992</b>	219,992
Options exercisable at 4 cents expiring 31 July 2020	<b>141,837</b>	141,837
Options exercisable at 8 cents expiring 15 December 2019	<b>98,500</b>	98,500
Options exercisable at 5 cents expiring 15 December 2019	<b>98,595</b>	98,595
Options exercisable at 5 cents expiring 15 December 2020	<b>273,615</b>	273,615
Options exercisable at 5 cents expiring 10 July 2021	<b>3,133</b>	3,133
Options exercisable at 8 cents expiring 10 July 2021	<b>1,767</b>	1,767
Options exercisable at 4 cents expiring 31 December 2021	<b>6,450</b>	6,450
Options exercisable at 6 cents expiring 31 December 2022	<b>7,000</b>	7,000
Options exercisable at 9 cents expiring 31 December 2023	<b>6,860</b>	6,860
Options exercisable at 4 cents expiring 30 June 2021	<b>101,074</b>	101,074
Options exercisable at 2 cents expiring 6 June 2021	<b>522,006</b>	-
	<b>1,802,629</b>	1,280,623

**Notes to the Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2020

**17 Issued Capital (continued)**
**Performance rights**

Performance Rights Class A

Performance Rights Class B

Carrying amount at the end of year

**Convertible Notes**

Convertible notes

<b>2020</b>	<b>2019</b>
<b>No.</b>	<b>No.</b>
<b>1,000,000</b>	1,000,000
<b>500,000</b>	500,000
<b>1,500,000</b>	1,500,000
<b>148,099,200</b>	62,500,000

**18 Reserves**

Investment revaluation reserve

Share-based payment reserve

Convertible note option premium reserve

Foreign currency translation reserve

Share option reserve

**Total reserves**

<b>(800)</b>	(680)
<b>8,980</b>	8,980
<b>155,942</b>	203,928
<b>(161,113)</b>	(11,197)
<b>1,908,202</b>	1,280,623
<b>1,911,211</b>	1,481,654



**Notes to the Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2020

**19 Discontinued Operations**

Discontinued operations comprise the Australian Underwriting business, Ensurance Underwriting Pty Limited, the sale of which was completed on 1 March 2020 and the Australian retail broking business, Savill Hicks Corp Pty Ltd, the sale of which was completed on 12 November 2018. Results shown in this note represent the results of Ensurance Underwriting Pty Ltd and Savill Hicks Corp Pty Ltd as well as associated corporate costs directly attributable to the operations of this business up to the completion of the sale.

<b>a. Profit from discontinued operations (Savill Hicks Corp Pty Ltd)</b>	<b>2020 \$</b>	<b>2019 \$</b>
Revenue	-	985,660
Other income	-	2,000
Operating expenses	-	(900,159)
Profit from operating activities	-	87,501
Finance costs	-	(9,125)
Profit before tax	-	78,376
Tax benefit/(expense)	-	-
<b>Profit for period</b>	<b>-</b>	<b>78,376</b>
<b>Loss from discontinued operations (Ensurance Underwriting Pty Limited)</b>		
Revenue	588,510	936,418
Other income	314	6,789
Operating expenses	(727,321)	(1,161,160)
Loss from operating activities	(138,497)	(217,953)
Finance costs	(7,163)	(1,415)
<b>Loss before tax</b>	<b>(145,660)</b>	<b>(219,368)</b>
Tax benefit/(expense)	-	-
<b>Loss for period</b>	<b>(145,660)</b>	<b>(219,368)</b>
<b>b. Cash flows from discontinued operations</b>		
Net cash from/(used in) operating activities	(273,112)	(386,758)
Net cash (used in)/from investing activities	-	(2,017)
Net cash used in financing activities	-	(29,250)
<b>Net cash used in discontinued operations</b>	<b>(273,112)</b>	<b>(418,025)</b>