

# **ANNUAL REPORT**

30 June 2016

AND CONTROLLED ENTITIES
ABN 76 149 278 759

**ENSURANCE LIMITED** 

# Corporate directory

# **DIRECTORS**

Adam Davey Chairman

Stefan Hicks

Managing Director

Brett Graves

Executive Director

Non-executive Director

Grant Priest

Non-executive Director

Grant Priest Non-executive Director Appointed 7 September 2015

## JOINT COMPANY SECRETARIES

Jay Stephenson Julia Beckett

**REGISTERED OFFICE** 

Street: Suite 12, Level 1, 11 Ventnor Avenue

WEST PERTH WA 6005

Postal: PO Box 52

WEST PERTH WA 6872

Telephone: +61 (0)8 6141 3500 Facsimile: +61 (0)8 6141 3599 Website: ensurance.com.au

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: <u>www.asx.com.au</u>

ASX Code: <u>ENA</u>

**AUDITORS** 

Mazars Risk & Assurance Pty Limited

Level 12, 90 Arthur Street NORTH SYDNEY NSW 2060

Telephone: +61 (0) 2 99 22 11 66

Website: <u>www.mazars.com.au</u>

PRINCIPAL PLACE OF BUSINESS

Street: Level 2/2 Glen St

Milsons Point NSW 2061

Postal: PO Box 523

Milsons Point NSW 1565

Telephone: +61 (0)2 9806 2000 Facsimile: +61 (0)2 9806 2099

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: <u>www.investorcentre.com</u>

SOLICITORS TO THE COMPANY

Steinepreis Paganin

Level 4, The Read Buildings, 16 Milligan Street

PERTH WA 6000

CORPORATE ADVISER

Wolfstar Group Pty Ltd

Suite 12, L1, 11 Ventnor Avenue

WEST PERTH WA 6005

Telephone: +61 8 6141 3500 Facsimile: +61 2 9227 0885

Website: <a href="www.wolftstargroup.com.au">www.wolftstargroup.com.au</a>



# **ANNUAL REPORT**

30 June 2016

# **ENSURANCE LIMITED**

AND CONTROLLED ENTITIES
ABN 76 149 278 759

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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 financial year ended 30 June 2016.

#### 1. Directors

The names of Directors in office at any time during or since the end of the 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 (Appointed on 7 September 2015)
 Mr Brian Thomas Non-executive Director (Resigned on 10 September 2015)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 6 "Information relating to the directors and company secretary" of this Directors Report.

# 2. Joint company secretaries

The following people held the joint position of Company Secretary at the end of the financial year:

#### Mr Jay Stephenson

Qualifications

MBA, FCPA, CMA, FCIS, MAICD

Experience

Mr Stephenson has been involved in business development for over 25 years, including approximately 21 years as Director, Chief Executive Officer, and Company Secretary of various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, and business restructuring, as well as managing all areas of finance for companies.

## Ms Julia Beckett

Qualifications

▶ Certificate in Governance Practice and Administration

Experience

Ms Beckett is a Certificated member of the Governance Institute of Australia and a corporate governance professional, having worked in corporate administration and compliance for the past seven years. She has been involved in business acquisitions, mergers, initial public offerings and capital raisings, as well as statutory and financial reporting. Ms Beckett is also currently Company Secretary of European Metals Holdings Limited.

#### 3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2016.

## 4. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

# 5. Operating and financial review

# 5.1. Nature of Operations Principal Activities

The Ensurance Group operates three distinct businesses in the insurance industry consisting of a Sydney-based insurance brokerage, insurance underwriting agency and an information technology company.

The insurance brokerage, Savill Hicks Corp Pty Ltd (**SHC**), has operated nationally for over 24 years with the complementary underwriting agency having been established in 2013. Ensurance IT Pty Ltd (**Ensurance IT**), the IT business, has developed an online platform which has enabled the business to execute real-time insurance sales online for the past 7 years. Ensurance IT is now in the process of developing a new platform, taking advantage of its knowledge, experience and the availability of improved technology to enable the Ensurance Group to not only conduct its own existing insurance brokerage business more efficiently but also to assist in marketing the platform to "white label" clients. Once the new platform is operational, the Ensurance Group will begin the process of migrating all existing products and clients to the new platform, allowing the Ensurance Group to replace the existing platform with the new one over time.



**ENSURANCE LIMITED** 

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# **Directors' report**

"White labelling" is the branding by the marketing company of a producer's products. It provides organisations with the ability to take advantage of market opportunities by leveraging the capabilities of other businesses without the need to develop these capabilities internally. This means they can avoid the need to design and build systems with the attendant costs and logistical difficulties associated with starting from scratch. In the insurance industry it allows institutions and large industry participants, such as the mortgage broking industry, to label insurance products as their own and cross-sell these to their existing client bases. This brings the benefits associated with economies of scale into play.

#### 5.2. Financial Review

#### a. Operating results

The Group delivered a FY16 loss after tax of \$1.777M, representing an improvement on the prior year loss of \$3.765M which included a \$2.739M Corporate Transaction Accounting Expense. The normalised loss after tax of the group increased from \$1.026M to \$1.777M. The increase in the loss of the group was due to several main factors:

- Increase in Employment Costs (predominately in sales and software development);
- Increase in Business development costs (principally in increased marketing activities)
- The establishment of an office in Melbourne contributed to an increase in Occupancy, Computers and Communications Costs.

Additional sales personnel and additional targeted marketing activities have allowed the Group to secure 12 new white label clients in FY16 with significantly more signups expected in the FY17. The number of insurers on the Ensurance platform have increased to seven and product classes have increased to 25.

Revenue of the Group increased to \$3.033M. This has been driven by Ensurance Underwriting which more than doubled in sales for that business. The result underscores the strong market share gain experienced by the Group, particularly in its underwriting and white label businesses.

The Company is currently in the process of raising \$3.0M through via a Convertible Notes issue. These funds will support the Group's growth agenda and global reach.

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 1a.ii Basis of preparation: Going Concern.

# b. Financial position

The net assets of the Group have decreased from 30 June 2015 by \$1,756,721 to \$842,066 at 30 June 2016 (2015: \$2,598,787).

As at 30 June 2016, the Group's cash and cash equivalents decreased from 30 June 2015 by \$2,095,887 to \$389,645 at 30 June 2016 (2015: \$2,485,532) and had a working capital deficit of \$1,124,533 (2015: \$1,587,629 working capital).

#### 5.3. 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 28 Events subsequent to reporting date.

# 5.4. 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.

# 5.5. Environmental Regulations

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia.

The Directors have considered the enacted *National Greenhouse* and *Energy Reporting Act 2007* (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.





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# **Directors' report**

# 6. Information relating to the directors and company secretary

- Mr Adam Davey
- ▶ Independent Non-Executive Chairman
- Length of service
- 3 years, 11 months from appointment 20 August 2012 (last re-elected 28 November 2014)
- Qualifications
- Professional Diploma in Stockbroking
- Experience
- Mr Davey has had experience in the securities industry over the past 25 years. He has served as a Non-Executive Director of a number of industrial and mining companies. He has significant experience in capital raisings, mergers and acquisitions. Mr Davey also serves as Chairman of the non-for-profit organisation Teen Challenge Foundation.

Special responsibilities

Chairman of the Board, Chairman of the Remuneration & Nominations Committee and a member of the Audit & Risk Committee.

Interest in Shares and Options

520,000 ordinary shares in Ensurance Limited
 4,000,000 partly paid shares in Ensurance Limited
 250,000 options in Ensurance Limited

Directorships held in other listed entities

- Non-executive director of Minguest Limited
- Mr Stefan Hicks
- Managing Director

Length of service

- 1 year, 4 months from appointment 6 May 2015 (last re-elected 25 November 2014)
- Qualifications
- MAICD, Diploma Financial Services

Experience

Mr Hicks is currently the managing director of Ensurance, a founder and director of Savill Hicks Corp Pty Ltd (SHC), a director of Ensurance Capital Pty Ltd, Ensurance Life, Ensurance Underwriting, Ensurance IT and Savill Hicks Corp (NSW) Pty Ltd (a wholly owned subsidiary of SHC). Mr Hicks has previously held senior insurance positions in Alexander Stenhouse (Aon), Perth; Willis Faber Johnson and Higgins (Willis), Melbourne; and stockbroker position with Perth based boutique corporate advisory firm Montagu Stockbrokers. He is a member of the Australian Institute of Company Directors and holds a Diploma of Financial Services.

Special responsibilities

Managing Director

Interest in Shares and Options

- 16,369,044 ordinary shares in Ensurance Limited (direct)
   9,515,962 ordinary shares in Ensurance Limited (indirect)
- Directorships held in other listed entities
- None
- Mr Brett Graves
- Executive Director

Length of service

1 year, 4 months from appointment 6 May 2015 (last re-elected 25 November 2014)

Qualifications

ANZIIF (Fellow) CIP

Experience

Mr Graves is a director and the CEO of Savill Hicks Corp Pty Ltd. He is also a director of Ensurance Capital Pty Ltd, Ensurance Underwriting Pty Ltd, Ensurance IT Pty Ltd, Ensurance Life Pty Ltd, Savill Hicks Corp Pty Ltd (SHC) and Savill Hicks Corp (NSW) Pty Ltd (a wholly owned subsidiary of SHC). Mr Graves' expertise includes implementation of growth strategies, oversight and management of national online solutions and partner program (white labelling), managing relationships with insurers, advising Government boards on the implementation and strategy of legislative insurance products, management of current binder arrangements, compliance management including risk management, human resources management, budgeting / business planning and corporate client management.

Mr Graves previously held various senior national positions in AAI Limited trading as Vero Insurance (Sydney and Melbourne), including National Underwriting Manager for Home Warranty and Construction and is a Fellow of Australian and New Zealand Institute of Insurance and Finance.

Special responsibilities

Member of Audit & Risk Committee.

Interest in Shares and Options

10,000 ordinary shares in Ensurance Limited (direct)
 2,884,994 ordinary shares in Ensurance Limited (indirect)

Directorships held in other listed entities

None



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# **Directors' report**

#### Mr Neil Pinner

Length of service Experience

- ▶ Independent Non-Executive Director
- 1 year, 4 months from appointment 6 May 2015 (last re-elected 25 November 2014)
- Mr Pinner has spent the past 43 years in the banking and finance industry.

After 18 years with the Commonwealth Bank, Mr Pinner co-founded Mortgage Force Australia which later became Smartline Personal Mortgage Advisers and is now one of Australia's leading mortgage broking firms. Smartline has around 300 franchisees Australia wide and funds in excess of five billion per annum in home mortgage lending.

Mr Pinner is one of the original pioneers of the mortgage industry, and has helped shape the industry, not only in his role as a director of Mortgage Force and Smartline, but he has also played an active role in the Mortgage Finance Association of Australasia. He was on the first ever Mortgage Originator Committee of Western Australia and then in later years on the National Brokering Industry Board. Mr Pinner brings an extensive network of mortgage broking and banking industry contacts to Parker and its Board.

Mr Pinner was recently appointed to the board of Perth Racing which complements his many years following his passion for the thoroughbred industry as a breeder and owner

Special responsibilities

Interest in Shares and Options

Directorships held in other listed entities

- Member of Remuneration & Nominations Committee
- 10,000 ordinary shares in Ensurance Limited (direct)
   517,500 ordinary shares in Ensurance Limited (indirect)
- None

#### Mr Grant Priest

Length of service

Qualifications

Experience

- Independent Non-Executive Director (appointed on 7 September 2015)
- 1 year, 1 month from appointment 7 September 2015 (last re-elected 25 November 2014)
- ▶ BBus, Diploma of Financial Services, FCA, CTA
- Mr Priest is a director of the Perth Chartered Accounting firm Sothertons. He has been with Sothertons since 1982 and was appointed a director in 1988. He was a director of the Board of the National Sothertons Group from 1994 to 2001 and was Chairman of the board from 1998 to 2000.

Mr Priest has extensive experience in commercial transactions involving equity placement, enterprise sale and purchase, relationship and service arrangements, granting of licencing rights, transaction structuring and strategy, risk mitigation, due diligence and investigative analysis and finance strategies. These skills and experiences have been gained during Mr Priest's 33 years in public Chartered Accountancy practice, his various roles with listed and unlisted funds and companies, as well as representing the interests of a number of large family estates. Mr Priest also has extensive experience in the audit of AFSL holders in the Insurance brokerage industry.

Mr Priest was a founding non-executive director of Paladin Australia Ltd from 1994 to 1999, Chairman of Carpathian Resources Ltd from 2004 to 2006 and has been Chairman of Life Plan Recreation and Leisure Association Inc. since 1999. He is currently as a director and company secretary to AFSL licence holder of Knights Capital Management Pty Ltd. Grant sits on the Human Research Ethics Committee at Princess Margaret Hospital.

Special responsibilities

Chairman of the Audit & Risk Committee and member of Remuneration & Nominations Committee.

Interest in Shares and Options

▶ 50,000 ordinary shares in Ensurance Limited (indirect)

Directorships held in other listed entities

None





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# **Directors' report**

#### Mr Brian Thomas

omas Non-Executive Director (resigned 10 September 2015)

Qualifications

BSc, MBA, SAFin, MAUSIMM, MAICD

Experience

Mr Brian Thomas is a geologist and mineral economist with extensive experience as both an executive and non-executive director of small to mid-market capitalisation publicly listed resources companies. He was previously in a senior business development role with a major Australian bank sourcing energy and resources financing opportunities, which followed a period with a global investment banking group. This was preceded by a period as a corporate stockbroker with two major Australian based firms. The shift to the finance industry followed over 20 years in both production and exploration operational management roles in the resources sector.

Special responsibilities

Member of all the Committees

Interest in Shares and Options

> 30,001 ordinary shares in Ensurance Limited

Directorships held in other listed entities

Currently a Non-Executive Director of Orinoco Gold Ltd (previously Strickland Resources Ltd), During the past four years, he was a Non-Executive Director of Potash Minerals Ltd (Formerly Transit Holding Ltd), Noble Mineral Resources Ltd, Condoto Platinum NL, Charter Pacific Corporation Limited, Aragon Resources Limited.

# 7. Meetings of directors and committees

During the financial year five meetings of Directors were held. Attendances by each Director during the year are stated in the following table.

	DIREC MEET			& RISK MITTEE	REMUNERATION & NOMINATIONS COMMITTEE		
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	
Adam Davey	5	5	1	1	At the date of this report, the		
Stefan Hicks	5	5	Nil	N/A	Remuneration Committees have bee		
Brett Graves	5	5	1	1	Committee, namely, Nominations Com		
Neil Pinner	5	2	Nil	N/A	financial year, the fu the duties of the	•	
Grant Priest	5	5	1	1	Accordingly, all m delegation to such	·	
Brian Thomas	1	1	Nil	N/A	considered by the fu		

# 8. Indemnifying officers or auditor

# 8.1. Indemnification

The Company has entered an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed:

The Director is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

The Company must keep a complete set of company documents until the later of:

- a. The date which is seven years after the Director ceases to be an officer of the Company; and
- b. The date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (Relevant Proceedings).

The Director has the right to inspect and copy a Company document in connection with any relevant proceedings during the period referred to above.



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# **Directors' report**

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of:

- a. The date which is seven years after the Director ceases to be an officer of the Company; and
- b. The date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

#### 8.2. Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group.

#### 9. Options

#### 9.1. Unissued shares under option

At the date of this report, Ensurance Limited has no un-issued ordinary shares under option (listed and unlisted).

#### 9.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

#### 10. Non-audit services

During the year, Mazars Risk and Assurance Pty Limited (Mazars) (formerly Duncan Dovico Risk and Assurance Pty Limited) the Company's auditor, provided taxation compliance assistance amounting to \$10,800 (2015: nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 6 Auditor's Remuneration.

The Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth). These procedures include:

- onn-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

## 11. Proceedings on behalf of company

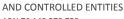
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

# 12. Auditor's independence declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2016 has been received and can be found on page 15 of the annual report.





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#### **DIRECTORS' REPORT**

**ENSURANCE LIMITED** 

#### 13. Remuneration report (audited)

The information in this remuneration report has been audited as required by s308(3C) of the Corporations Act 2001.

#### 13.1. Key management personnel (KMP)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Company and key executive personnel:

Mr Adam Davey Chairman

Mr Stefan Hicks **Managing Director** 

Mr Brett Graves Executive Director, Chief Operating Officer

Mr Neil Pinner Non-executive Director

Mr Grant Priest Non-executive Director (Appointed on 7 September 2015) Mr Brian Thomas Non-executive Director (Resigned on 10 September 2015)

Mr Michael Huntly CEO of Ensurance Underwriting

Peter Fielding COO of Ensurance IT Sam Hallab Chief Financial Officer

# 13.2. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to ensure reward for performance is competitive and appropriate to the result delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice. The Board ensures that Director and executive reward satisfies the following key criteria for good reward government practices:

- Competitiveness and reasonableness;
- C Acceptability to the shareholder;
- C Performance;
- Transparency; and
- Capital management.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and Executives' performance. Currently, this is facilitated through the issues of options to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executive of the Company is as follows:

# a. Executive Directors and other Senior Executives

Executives receive a base salary (which is based on factors such as length of service and experience), retirement benefits, options and performance incentives. The Board reviews Executive packages annually by reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are also entitled to participate in the employee share and option arrangement.

### b. Non-Executive Directors

The Company's Constitution provides that Directors are entitled to be remunerated for their services as follows:

- The total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.
- The Directors' remuneration accrues from day to day.
- The total aggregate fixed sum per annum which may be paid to non-executive Directors is \$250,000. This amount cannot be increased without the approval of the Company's Shareholders.

The Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred by them respectively in or about the performance of their duties as Directors.

#### c. Fixed Remuneration

Other than statutory superannuation contributions, no retirement benefits are provided for Executive and Non-Executive Directors of the Company. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company.



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# **DIRECTORS' REPORT**

# 13. Remuneration report (audited)

d. Performance Based Remuneration – Short-term and long-term incentive structure

The Board will review short-term and long-term incentive structures from time to time. Any incentive structure will be aligned with shareholders' interests.

#### Short-term incentives

No short-term incentives in the form of cash bonuses were granted during the year.

## Long-term incentives

The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

The directors of the Company are not eligible to participate in the "Ensurance Limited Employee Incentive Option Plan".

#### e. Service Contracts

Remuneration and other terms of employment for the directors, KMP and the company secretary are formalised in contracts of employment.

# f. Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

# g. Relationship between Remuneration of KMP and Earnings

The Board does not consider earnings in determining the nature and amount of remuneration of KMP.

# 13.3. Remuneration Details for the Year Ended 30 June 2016

Details of the remuneration of the key management personnel are set out in the following table:-

2016									
Group Key Management Person	Short-term benefits				Post- employment benefits	Long-term benefits		tled share- ayments	Total
		Profit share and bonuses	Non- monetary <sup>(2)</sup>	Other	Super- annuation	Other	Equity	Options / Rights	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Adam Davey	88,333	-	-	-	8,392	-	-	5,468	102,193
Stefan Hicks	278,502	-	40,216	-	26,458	-	-	2,554	347,730
Brett Graves	190,719	-	11,216	-	18,118	-	-	638	220,691
Grant Priest	45,625	-	-	-	-	-	-	160	45,785
Neil Pinner	39,838	-	-	-	3,785	-	-	160	43,783
Brian Thomas	5,000	-	-	-	475	-	-	-	5,475
Michael Huntly	179,481	10,000	-	-	18,001	-	-	-	207,482
Peter Fielding	186,218	-	-	-	15,466	-	-	-	201,684
Sam Hallab	12,692	-	-	-	1,206	-	-	-	13,898
	1,026,408	10,000	51,432	-	91,901	-	-	8,980	1,188,721



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# **Directors' report**

# 13. Remuneration report (audited)

2015 Short-term benefits Post- Long-term Equity-settled share-									
Group Key Management Person					employment benefits	benefits	based pa	based payments	
reison		Profit share and bonuses	Non- monetary <sup>(2)</sup>	Other <sup>(1)</sup>	Super- annuation	Other	Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Adam Davey	42,736	-	1,821	7,625	-	-	-	-	52,182
Stefan Hicks	27,333	4,167	179	-	2,597	-	-	-	34,276
Brett Graves	15,000	-	179	-	1,425	-	-	-	16,604
Brian Thomas	55,000	-	1,821	-	5,225	-	-	-	62,046
Neil Pinner	1,172	-	179	-	143	-	-	-	1,494
Michael Huntly	25,000	-	-	-	2,375	-	-	-	27,375
	166,241	4,167	4,179	7,625	11,765	-	-	-	193,977

<sup>(1)</sup> Amounts paid to A Davey relate to consultancy fees incurred in respect to the reverse acquisition of Ensurance Capital Pty Ltd.

#### 13.4. Service Agreements

#### a. Non-executive Director appointment letter with Adam Davey

The Company has entered into an appointment letter with Mr Adam Davey, on standard terms for agreements of this nature. Subsequent to the acquisition of Ensurance Capital, Mr Davey was appointed as Non-Executive Chairman. Mr Davey's annual remuneration was consequently increased to \$100,000 per annum plus superannuation, effective 1 August 2015.

# b. Executive services contract (ESC) with Stefan Hicks

The Company has entered into an executive services contract with Mr Stefan Hicks on the following terms:

- Mr Hicks is employed by the Company as the Managing Director under an ESC that commenced 5 May 2015.
- The gross annual remuneration package (including superannuation) is \$345,000 per annum, payable in fortnightly instalments;
- Should Mr Hicks hold any office or directorship with any other Group company, he will not be entitled to any additional remuneration in respect of those appointments.
- The remuneration will be reviewed by the Board annually in accordance with the Company's policies and procedures.
- The ESC may be terminated by either party by providing six months' notice.

# c. Executive services contract (ESC) with Director Brett Graves

The Company has entered into an ESC with Mr Brett Graves on the following terms:

- Mr Graves is employ by the Company as an Executive Director under an ESC that commenced 5 May 2015.
- The gross annual remuneration package (including superannuation) is \$220,000 per annum, payable in fortnightly instalments;
- Should Mr Graves hold any office or directorship with any other Group company, he will not be entitled to any additional remuneration in respect of those appointments.
- The remuneration will be reviewed by the Board annually in accordance with the Company's policies and procedures.
- The ESC may be terminated by either party by providing six months' notice.

## d. Non-executive Director appointment letter with Neil Pinner

The Company has entered into an appointment letter with Mr Neil Pinner, on standard terms for agreements of this nature, under which he will be entitled to director fees of \$50,000 per annum, plus superannuation, effective 1 August 2015.



<sup>(2)</sup> Directors' and officers' insurance paid by the company

# **ENSURANCE LIMITED**

AND CONTROLLED ENTITIES
ABN 76 149 278 759

# **Directors' report**

# 13. Remuneration report (audited)

e. Non-executive Director appointment letter with Grant Priest

The Company appointed Mr Grant Priest as non-executive director, on standard terms for agreements of this nature, under which he is be entitled to director fees of \$50,000 per annum, plus superannuation.

f. Non-executive Director appointment letter with Brian Thomas

The Company entered into an appointment letter with Mr Brian Thomas, on standard terms for agreements of this nature. Subsequent to the acquisition of Ensurance Capital, Mr Thomas stepped down as Non-Executive Chairman and continued as a Non-Executive Director. Mr Thomas' annual remuneration was consequently reduced to \$30,000 per annum plus superannuation. Mr Thomas resigned on 10 September 2015.

#### 13.5. Share-based compensation

a. Securities Received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

b. Options and Rights Granted as Remuneration

As referred to in Note 26 Share-based payments and paragraph 13.6.c of this Remuneration Report, 6,500,000 Performance Rights Class A (Note 26a.i) and 500,000 Performance Rights Class B (Note 26a.ii) were issued to Directors of the Company. No options were granted to the Directors during the year ended 30 June 2016.

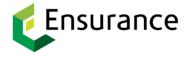
There were no equity instruments issued during the year to Directors as result of performance rights converting or options being exercised that had previously been granted as compensation.

# 13.6. Key Management Personnel equity holdings

a. Fully paid ordinary shares of Ensurance Limited held by each Key Management Person

2016	Balance at	Received during the year as	Received during the year on the	Other changes	Balance at
Group Key Management Person	start of year	compensation	exercise of options	during the year	end of year
	No.	No.	No.	No.	No.
Adam Davey <sup>(1)</sup>	4,520,000	-	-	-	4,520,000
Stefan Hicks <sup>(2)</sup>	25,980,006	-	-	(50,000)	25,930,006
Brett Graves	2,894,994	-	-	-	2,894,994
Grant Priest <sup>(3)</sup>	50,000	-	-	-	50,000
Neil Pinner	527,500	-	-	-	527,500
Brian Thomas <sup>(4)</sup>	30,001	-	-	(30,001)	-
Michael Huntly	1,250,000			(27,139)	1,222,861
Peter Fielding	-	-	-	-	-
Sam Hallab		-	-	-	-
	35,252,501	-	-	(107,140)	35,145,361

<sup>(1)</sup> Mr Davey's shares include 4,000,000 partly-paid ordinary shares held by Mr Davey and his related parties.



<sup>(2)</sup> Mr Hick's change relates to a change in control of the holder of the shares.

Balance at the start of the year represents Mr Priest's existing relevant interests at the time of becoming a director.

<sup>(4)</sup> Other changes during the year relate to the number of shares held at the time of ceasing to be a director.



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# **Directors' report**

# 13. Remuneration report (audited)

<b>2015</b> Group Key Management Person	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
Adam Davey <sup>(1)</sup>	4,520,000	-	-	-	4,520,000
Stefan Hicks <sup>(2)(3)</sup>	105,000	-	-	25,875,006	25,980,006
Brett Graves <sup>(2)(3)</sup>	20,000	-	-	2,874,994	2,894,994
Neil Pinner <sup>(3)</sup>	527,500	-	-	-	527,500
Brian Thomas	30,001	-	-	-	30,001
Michael Huntly	-	-	-	1,250,000	1,250,000
	5,202,501	-	-	30,000,000	35,202,501

<sup>(1)</sup> Mr Davey's shares include 4,000,000 partly-paid ordinary shares held by Mr Davey and his related parties.

# b. Options in Ensurance Limited held by each Key Management Person

2016 – Group		Granted as					
Group Key Management Person	Balance at start of year No.	Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Adam Davey	250,000	-	-	-	250,000	-	250,000
Stefan Hicks	-	-	-	-	-	-	-
Brett Graves	-	-	-	-	-	-	-
Grant Priest	-	-	-	-	-	-	-
Neil Pinner					-	-	-
Brian Thomas	-	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-	-
	250,000	-	-	-	250,000	-	250,000

<b>2015 – Group</b> Group Key Management Person	Balance at start of year No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Adam Davey	250,000	-	-	-	250,000	-	250,000
Stefan Hicks	-	-	-	-	-	-	-
Brett Graves	-	-	-	-	-	-	-
Brian Thomas	-	-	-	-	-	-	-
Neil Pinner	-	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-	-
	250,000	-	-	-	250,000	-	250,000



Balance at the start of the year represents Messrs Hicks, Graves, and Pinners existing relevant interests at the time of becoming directors.

<sup>(3)</sup> Other changes during the year relate to the issue of shares to Messrs Hicks and Graves and their related parties, as part consideration for the acquisition by the Company of the Ensurance Capital shares currently held by said parties. Shareholders approved the issue of these Consideration Shares at the General Meeting.

# **ENSURANCE LIMITED**

AND CONTROLLED ENTITIES
ABN 76 149 278 759

# **Directors' report**

# 13. Remuneration report (audited)

c. Performance Rights of Ensurance Limited held by each Key Management Person

2016 – Group	Balance at	Granted as Remuneration	Other changes	Balance at	Vested and	
Group Key Management Person	start of year No.	during the year No.	during the year No.	end of year No.	Exercisable No.	Not Vested No.
Adam Davey	-	1,500,000	-	1,500,000	-	1,500,000
Stefan Hicks	-	4,000,000	-	4,000,000	-	4,000,000
Brett Graves	-	1,000,000	-	1,000,000	-	1,000,000
Grant Priest	-	250,000	-	250,000	-	250,000
Neil Pinner	-	250,000	-	250,000	-	250,000
Brian Thomas	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-
	-	7,000,000	-	7,000,000	-	7,000,000

2015: Nil.

## 13.7. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

# 13.8. Loans to Key Management Personnel

The Group current has a loan payable to Mr Hicks' of \$2,485 as at 30 June 2016 (2015: \$2,485).

# 13.9. Other transactions with Key Management Personnel and or their Related Parties

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer Note 24 Related party transactions.

# **END OF REMUNERATION REPORT**

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



**ADAM DAVEY** 

Chairman

Dated this Thursday, 29 September 2016



**ENSURANCE LIMITED** 



# AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ENSURANCE LIMITED AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016, there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

# MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale **Director** 

Dated in Sydney this 29th day of September 2016.

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

LIABILITY LIMITED BY A SCHEME, APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION





AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2016

Note		2015
	2016	(restated)
	\$	\$
Continuing operations	2 022 402	2 (50 202
Revenue 4	3,033,103	2,650,393
Other income 4	679,195	31,291
	3,712,298	2,681,684
Business development	(603,698)	(242,553)
Compliance costs	(177,559)	(135,341)
Computers and communications	(327,478)	(257,482)
Corporate transaction accounting expense 3	-	(2,738,961)
Depreciation and amortisation 5	(448,778)	(350,379)
Employment costs 5	(3,300,569)	(1,994,551)
Finance costs	(18,242)	(110,608)
Legal and consulting fees	(73,683)	(110,697)
Occupancy costs	(274,707)	(181,810)
Share-based payments 26	(8,980)	-
Travel and accommodation	(140,677)	(176,414)
Other expenses	(187,338)	(116,598)
Loss before tax 5	(1,849,411)	(3,733,710)
Income tax benefit / (expense) 7	71,981	(31,548)
Net (loss) / profit for the year	(1,777,430)	(3,765,258)
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of assets	11,729	(2,313)
Items that may be reclassified subsequently to profit or loss:	-	-
Other comprehensive income for the year, net of tax	11,729	(2,313)
Total comprehensive income attributable to members of the parent entity	(1,765,701)	(3,767,571)
Profit/(loss) for the period attributable to:		
Non-controlling interest	_	(36,522)
<ul><li>Owners of the parent</li></ul>	(1,777,430)	(3,728,736)
	, , , , ,	
Total comprehensive income/(loss) attributable to:		/26 522
Non-controlling interest	(4.705.704)	(36,522)
<ul><li>Owners of the parent</li></ul>	(1,765,701)	(3,731,049)
Earnings per share:	¢	¢
Basic and diluted loss per share (cents per share) 8	(3.11)	(10.91)

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



AND CONTROLLED ENTITIES ABN 15 158 971 718

# Consolidated statement of financial position

as at 30 June 2016			
	Note		2015
		2016	(restated)
		\$	\$
Current assets		222.51-	
Cash and cash equivalents	9	389,645	2,485,532
Trade and other receivables	10	19,426	56,507
Trust account insurer assets	12	3,720,652	3,068,194
Current tax assets	7	-	603
Other current assets	11	33,872	19,884
Total current assets	-	4,163,595	5,630,720
Non-current assets			
Financial assets	13	96,789	81,060
Plant and equipment	14	129,899	100,119
Intangible assets	15	1,768,131	835,679
Total non-current assets		1,994,819	1,016,858
Total assets		6,158,414	6,647,578
Current liabilities			
Trade and other payables	16	1,163,051	649,731
Trust account insurer liabilities	12	3,720,652	3,068,194
Current tax liabilities	7	- ·	31,548
Provisions	18	233,114	97,887
Borrowings	17	137,439	175,847
Total current liabilities	_	5,254,256	4,023,207
Non-current liabilities			
Provisions	18	62,092	25,584
Total non-current liabilities	-	62,092	25,584
Total liabilities	_	5,316,348	4,048,791
Net assets		842,066	2,598,787
Equity			
Issued capital	19, 3a	6,097,054	6,097,054
Reserves	20	18,667	(2,042)
Accumulated losses	3a	(5,273,655)	(3,496,225)
Non-controlling interest		-	-
Total equity		842,066	2,598,787

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



30 June 2016

AND CONTROLLED ENTITIES
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# Consolidated statement of changes in equity

for the year ended 30 June 2016

	Note	Issued	Accumulated	Share-based Payment	Revaluation	Non- controlling	
		Capital	Losses	Reserve	Reserve	Interest	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2014		121,210	312,261	-	271	(43,228)	390,514
Profit / (loss) for the year attributable owners of the parent (restated)	3a	-	(3,728,736)	-	-	(36,522)	(3,765,258)
Other comprehensive income for the year attributable owners of the parent		-	-	-	(2,313)	-	(2,313)
Total comprehensive income for the year attributable owners of the			(2.720.726)		(2.242)	(26 522)	(2.767.574)
parent (restated)		-	(3,728,736)	-	(2,313)	(36,522)	(3,767,571)
Transaction with owners, directly in equity							
Shares issued during the year	19a	6,396,337	-	-	-	-	6,396,337
Transaction costs (restated)	3a	(420,493)	-	-	-	-	(420,493)
Acquisition of minority interest		-	(79,750)	-	-	79,750	-
Balance at 30 June 2015 (restated)	3a	6,097,054	(3,496,225)	-	(2,042)	-	2,598,787
Balance at 1 July 2015		6,097,054	(3,496,225)	-	(2,042)	_	2,598,787
Loss for the year attributable owners		5,551,551	(=, ==,		(=/- :=/		
of the parent		-	(1,777,430)	-	-	-	(1,777,430)
Other comprehensive income for the year attributable owners of the parent		-	-	-	11,729	-	11,729
Total comprehensive income for the year attributable owners of the							
parent		-	(1,777,430)	-	11,729	-	(1,765,701)
Transaction with owners, directly in equity							
Performance rights issues during the year		-	-	8,980	-	-	8,980
Balance at 30 June 2016		6,097,054	(5,273,655)	8,980	9,687	-	842,066

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





AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Consolidated statement of cash flows

for the year ended 30 June 2016

No	ote	2016	2015
		\$	\$
Cash flows from operating activities			
Receipts from customers		3,308,311	2,962,270
Interest received		43,093	10,790
Interest and borrowing costs paid		(18,242)	(110,608)
Payments to suppliers and employees		(4,554,980)	(3,507,474)
Research and development grant income received		-	-
(Payments) / refund of income taxes		41,036	243,530
Net used in operating activities 96	d.i	(1,180,782)	(401,492)
Cash flows from investing activities			
Proceeds from asset development grant funds		146,128	439,571
Payment for development of intangible assets		(952,958)	(919,451)
Payment for subsidiary net of cash acquired		-	2,920,916
(Payment for) / proceeds from financial assets		(4,000)	88,139
Purchase of plant and equipment		(65,867)	(75,104)
Net (used in) / cash from investing activities		(876,697)	2,454,071
Cash flows from financing activities			
Net proceeds from issue of shares		-	150,000
Repayment of borrowings		(31,766)	(161,231)
Net cash provided by financing activities		(31,766)	(11,231)
Net (decrease) / increase in cash held		(2,089,245)	2,041,348
Cash and cash equivalents at the beginning of the year		2,346,703	305,355
Cash and cash equivalents at the end of the year 9	)b	257,458	2,346,703

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



30 June 2016

AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

## Note 1 Statement of significant accounting policies

These are the 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 separate financial statements of Ensurance, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

The financial statements were authorised for issue on 29 September 2016 by the directors of the Company.

#### a. Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

#### i. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

# 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 year of \$1,777,430 (2015 restated: \$3,765,258 loss) and a net cash out-flow of \$2,089,245 (2015: \$2,041,348 in-flow). The net assets of the Group have decreased from 30 June 2015 by \$1,756,721 to \$842,066 at 30 June 2016 (2015: \$2,598,787). As at 30 June 2016, the Group's cash and cash equivalents decreased from 30 June 2015 by \$2,095,887 to \$389,645 at 30 June 2016 (2015: \$2,485,532) and had a working capital deficit of \$1,124,533 (2015: \$1,587,629 working capital).

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, subsequent to year end, Ensurance commenced the process of raising \$3.0 million via a Convertible Notes issue. At the date of this report \$1.422 million had been subscribed.

## iii. Reverse acquisition

Ensurance (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 (accounting subsidiary). Accordingly, the consolidated financial statements of Ensurance have been prepared as a continuation of the financial statements of Ensurance Capital. Ensurance Capital (as the deemed acquirer) has accounted for the acquisition of Ensurance from 5 May 2015. The comparative information presented in the consolidated financial statements is that of Ensurance Capital.

The impact of the reverse acquisition on each of the primary statements is as follows:

- The consolidated statement of comprehensive income:
  - for the year to 30 June 2016 comprises 12 months of the Group; and
  - for the comparative period comprises 12 months of Ensurance Capital and the period from 5 May 2015 to 30 June 2015 of Ensurance.



AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

#### Note 1 Statement of significant accounting policies

- The consolidated statement of financial position represents the financial position of the Group as at 30 June 2016 and the comparative period, 30 June 2015.
- The consolidated statement of changes in equity:
  - for the year ended 30 June 2016 comprises the Group's balances at 1 July 2015, its loss for the year and transactions with equity holders for 12 months. The number of shares on issue at year end represents those of Ensurance only.
  - for the year ended 30 June 2015 comprises Ensurance Capital's balance at 1 July 2014, its loss for the year and transactions with equity holders for 12 months. It also comprises Ensurance transactions within equity from 5 May 2015 to 30 June 2015 and the equity value of Ensurance Capital and Ensurance at 30 June 2015. The number of shares on issue at year end represents those of Ensurance only.
- The consolidated statement of cash flows:
  - for the year ended 30 June 2016 comprises:
    - the cash balance of Group as at 1 July 2015;
    - o the cash transactions for the 12 months of the Group; and
    - o the cash balances of the Group at 30 June 2016.
  - for the year ended 30 June 2015 comprises:
    - the cash balance of Ensurance Capital as at 1 July 2014;
    - the cash transactions for the twelve months (twelve months of Ensurance Capital and the period from 5 May 2015 to 30 June 2015 of Ensurance); and
    - o the cash balances of Ensurance Capital and Ensurance at 30 June 2015.

# iv. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

# v. Comparative figures

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

# b. Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2016 but determined that their application to the financial statements is either not relevant or not material.

## c. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

# i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.



AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

## Note 1 Statement of significant accounting policies

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

#### less

the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

#### ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 21 Controlled Entities of the financial statements.

#### iii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, than such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

# iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

# d. Foreign currency transactions and balances

## Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

# ii. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.



AND CONTROLLED ENTITIES
ABN 15 158 971 718

30 June 2016

# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

#### Note 1 Statement of significant accounting policies

#### iii. Group companies and foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

#### Taxation

#### . Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return and disclosed as such in Note 7 Income Tax.

# ii. Tax consolidation

The Board of Ensurance Ltd has resolved to enter into the Tax Consolidation Regime and have instructed their tax agent to undertake the necessary steps to fully implement from 1 July 2015. This will include the preparation and signing of a Tax Sharing and Funding Agreement. Ensurance Limited is the head entity in the newly formed tax consolidated group. As a consequence, the entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.



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## Note 1 Statement of significant accounting policies

Under the tax funding agreement, the members of the Group are required to contribute to the head entity for their current tax liabilities. The assets and liabilities arising under the tax funding agreements are recognised as intercompany assets and liabilities at call. Members of the tax consolidated group via the tax sharing agreement may be called to provide for the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amount has been recognised in respect of this component of the agreement as the outcome is considered remote.

#### iii. Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### f. Fair Value

### i. Fair Value of Assets and Liabilities

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

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

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

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

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

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

#### ii. Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.



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# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

## Note 1 Statement of significant accounting policies

#### iii. Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

# g. Plant and equipment

#### i. Recognition and measurement

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see Note 1i Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

# ii. Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

# iii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

Fixtures, furniture, and equipment

Plant and equipment

2016	2015
%	%
11.25 – 37.50	11.25 – 37.50
25.00 - 37.50	25.00 - 37.50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



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for the Year Ended 30 June 2016

# Note 1 Statement of significant accounting policies

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" in profit or loss.

#### h. Non-current assets held for disposal

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversals of impairment recognised on classification as held for sale or prior to such classification are recognised as a gain in profit or loss in the period in which it occurs.

# i. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see Note 1e) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

# j. Financial instruments

# i. Initial recognition and measurement

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



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#### Note 1 Statement of significant accounting policies

#### ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

#### iii. Classification and Subsequent Measurement

#### (1) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

#### (2) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

# (3) Trade and other receivables

Receivables are usually settled within 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful amounts (see Note 1j.vii).

# (4) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

#### (5) Share capital

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

# iv. Amortised cost

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

## v. Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

# vi. Effective interest method

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



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# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

#### Note 1 Statement of significant accounting policies

#### vii. Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

# viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### ix. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

# k. Employee benefits

# i. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

# ii. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

# iii. Retirement benefit obligations: Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.



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# Notes to the consolidated financial statements

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#### Note 1 Statement of significant accounting policies

#### iv. Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

#### v. Equity-settled compensation

The Group operates an employee share option plan. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

#### Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

#### m. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### n. Revenue and other income

Interest revenue is recognised in accordance with Note 1j.ix Finance income and expenses.

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

All revenue is stated net of the amount of GST (Note 1e.iii Goods and Services Tax (GST)).

# Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# p. 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.



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# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

### Note 1 Statement of significant accounting policies

#### 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. Refer Note 7 Income Tax.

## ii. Key Estimate —Impairment

# (1) Legal Parent Financial Assets related to Subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments to subsidiary and loan to subsidiaries are impaired. Where necessary, the Company's and Group's assessments are based on the estimation of the value-in-use of the assets defined in FRS 36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 30 June 2016 was \$nil (2015:\$7,525,195), and loans \$714,423 (2015:\$567,669 after an impairment loss of \$9,029,808 was recognised in 2016 (2015: \$nil). The impairment losses have been included in the Company's loss. Details of the impairment loss calculation are set out in Note 30.

#### (2) Intangible Assets

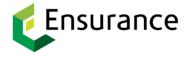
The Company assesses impairment of intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The Company used the income approach in determining the fair value which reflects the current market expectations about future amounts that will be generated by the intangible assets. This involves employing present value techniques that are dependent on the circumstances specific to the intangible asset and the availability of sufficient data. No impairment loss is recognised during the financial year. The carrying amount of the intangible assets as at 30 June 2016 was \$1,768,131 (2015: \$835,679) (Note 15).

In making their assessment, the Directors employed the following key assumptions:

	Key Assumption		
Financial Year	Revenue growth %	Discount factor %	
2017	45	89	
2018	70	72	
2019	33	57	
2020	20	46	
2021	7	37	
2022	2.5	29	
2023	2.5	23	
2024	2.5	19	

# iii. 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.



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## Note 1 Statement of significant accounting policies

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.

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.

### iv. Key Estimate — Change in estimate – Amortisation

During the current year, the Directors determined that the amortisation period for the carrying amount of the Group's intangibles of equipment should be increased from four years to eight years. The financial effect of this reassessment resulted in a decrease in the amortisation of \$412,690 per annum based on the current value of intangibles.

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

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

# i. AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) 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.

# 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 15 will not have a material impact on the Group's recognition of leases and disclosures).



AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Notes to the consolidated financial statements

for the Year Ended 30 June 2016

### Note 1 Statement of significant accounting policies

iv. AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

- (1) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11;
- (2) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations

This Standard also makes an editorial correction to AASB 11.

The Directors anticipate that the adoption of these amendments will not have a material impact on the financial statements.

v. AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.

The Directors anticipate that the adoption of these amendments will not have a material impact on the financial statements.

# vi. Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

### Note 2 Company details

The registered office of the Company is:

The principal place of business of the Company is:

Address: Address:

Street: Suite 12, Level 1 Street: Level 2/2 Glen St

11 Ventnor Avenue Milsons Point NSW 2061

Postal: PO Box 52 Postal: PO Box 523

West Perth WA 6872 Milsons Point NSW 1565

Telephone: +61 (0)8 6141 3570 Telephone: +61 (0)2 9806 2000 Facsimile: +61 (0)8 6141 3599 Facsimile: +61 (0)2 9806 2099



AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Notes to the consolidated financial statements

for the year ended 30 June 2016

# Note 3 Prior period correction

#### **Business combinations**

On 5 May 2015, Ensurance Limited (formerly Parker Resources Limited)(Ensurance), acquired 100% of the ordinary share capital and voting rights of Ensurance Capital Pty Ltd (Ensurance Capital) as described in the prospectus issued 6 February 2015 and supplementary prospectus issued 8 April 2015.

Under the principles of AASB 3, the transaction between Ensurance and Ensurance Capital was treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Ensurance Capital, were measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being Ensurance were measured at fair value on the date of acquisition.

Whilst the Company believed at the time this transaction was accounted for correctly in accordance with AASB 3, upon subsequent review, it was determined that a cash component paid by the legal parent to the vendors of the legal subsidiary should be brought into account in determining the fair value of the consideration transferred.

The effect of the correction was contained entirely within equity, and has no effect on the net asset of the Company. Furthermore, the effect is quarantined to financial year ended 30 June 2015, effecting the results and equity balances of that period only. The correction has no effect on cash nor cash flows.

Details in relation to the impact of this correction on comparative financial information are disclosed following.

# a. Adjustments made to statements of financial position (extract)

# As at 30 June 2015

#### Assets

#### Net assets

#### Equity

Issued capital

Reserves

Accumulated losses

**Total equity** 

b. Statement of profit or loss and other comprehensive income (extract)

For the year ended at 30 June 2015

Corporate transaction accounting expense

Loss before income tax

Income tax benefit

Loss from continuing operations

Other comprehensive income, net of income tax

Total comprehensive income attributable to members of the parent entity

Previously reported 30 June 2015 \$	Effect of accounting correction \$	30 June 2015 (restated) \$
2,598,787	_	2,598,787
6,517,547	(420,493)	6,097,054
(2,042)	-	(2,042)
(3,916,718)	420,493	(3,496,225)
2,598,787	-	2,598,787

Effect of accounting correction \$	30 June 2015 (restated) \$
(420,493)	2,738,961
420,493	(3,733,710)
-	(31,548)
420,493	(3,765,258)
-	(2,313)
420,493	(3,767,571)
	accounting correction \$ (420,493) 420,493 - 420,493



# **ENSURANCE CAPITAL PTY LTD**

AND CONTROLLED ENTITIES ABN 15 158 971 718

# Notes to the consolidated financial statements

for the year ended 30 June 2016

Note	4	Revenue	and	other	income
------	---	---------	-----	-------	--------

	_					
2	D	01	10	n	ue	

Revenue

Commissions

Interest

Other

# b. Other Income

Grant income

Other

Note	5	Profit /	(loss)	before	income	tax
------	---	----------	--------	--------	--------	-----

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
- Amortisation of intangibles

# b. Employment costs:

- Directors fees
- Increase / (decrease) in employee benefits provisions
- Superannuation expenses
- Wages and salaries
- Other employment related costs

#### Note 6 **Auditor's remuneration**

Remuneration of the auditor of the Ensurance Limited for:

- Auditing or reviewing the financial reports:
  - Stantons International
  - Mazars Risk and Assurance Pty Limited (Mazars) (formerly Duncan Dovico Risk and Assurance Pty Limited)
- Taxation compliance assistance provided by a related practice of the Auditor - Mazars

2016 \$	2015 \$
2,452,546	2,421,946
428,492	191,264
43,093	35,984
108,972	1,199
3,033,103	2,650,393
673,195	-
6,000	31,291
679,195	31,291

Note	2016	2015
	\$	\$
14b	36,088	13,754
15b	412,690	336,625
	448,778	350,379
	193,958	106,047
	160,404	54,480
	236,128	146,077
	2,443,686	1,587,468
	266,393	100,479
·	3,300,569	1,994,551

2016 \$	2015 \$
-	20,000
115,000	51,000
10,800	-
125,800	71,000



AND CONTROLLED ENTITIES
ABN 15 158 971 718

# Notes to the consolidated financial statements

for the year ended 30 June 2016

for the year ended 30 June 2016			
Note 7 Income tax	Note	2016 \$	2015 (restated) \$
a. Income tax expense / (benefit)			
Current tax		-	31,548
Deferred tax		-	-
Tax rebate for Research and Development		(71,981)	-
		(71,981)	31,548
Deferred income tax expense included in income tax expense comprise	es:		
Increase / (decrease) in deferred tax assets	7g	-	-
(Increase) / decrease in deferred tax liabilities	7h	-	-
		-	-
b. Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax payable / (benefit) on loss from ordinary activities income tax is reconciled to the income tax expense as follows:	before		
Prima facie tax on operating loss at 30% (2015: 30%)		(554,823)	(1,120,113)
Add / (Less)			
Tax effect of:			
Capital-raising costs deductible		(59,529)	(34,061)
Timing differences		58,777	14,522
Non-deductible expenses		750	954,517
<b>₡</b> Other		2,929	258
Deferred tax asset not brought to account		551,896	216,425
Income tax expense / (benefit) attributable to operating loss		-	31,548
Less rebates:			
Tax rebate for Research and Development		(71,981)	-
Income tax expense / (benefit)		(71,981)	31,548
		%	%
c. The applicable weighted average effective tax rates attributable to ope	erating		(0.00)
profit are as follows		-	(2.82)
		\$	\$
d. Balance of franking account at year end of the legal parent		nil	nil
e. Current tax assets			
Current tax asset		-	603
		-	603
f. Current tax liabilities			
Current tax liabilities		-	31,548
		-	31,548



30 June 2016

AND CONTROLLED ENTITIES
ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 7 Income tax (cont.)	Note	2016	2015
		\$	\$
g. Deferred tax assets			
Provisions		47,043	66,058
Other		38,014	3,370
Transaction costs		123,922	56,201
Tax losses		798,261	420,249
		1,007,240	545,878
Set-off deferred tax liabilities	7h	(28,694)	( 13)
Net deferred tax assets		978,546	545,865
Less deferred tax assets not recognised		(978,546)	(545,865)
Net tax assets		-	-
h. Deferred tax liabilities			
Provisions		10,803	-
Intangibles		17,891	-
Property, plant, and equipment		-	13
		28,694	13
Set-off deferred tax assets	7g	(28,694)	( 13)
Net deferred tax liabilities		-	-
i. Tax losses and deductible temporary differences			
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:			
Deductible temporary differences		978,546	545,865
Revenue losses		791,244	413,232
Capital losses		7,016	7,016
		1,776,806	966,113

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2016 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the company continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

## . Tax consolidation

The Board of Ensurance Ltd has resolved to enter into the Tax Consolidation Regime and have instructed their tax agent to undertake the necessary steps to fully implement from 1 July 2015. This will include the preparation and signing of a Tax Sharing and Funding Agreement. Ensurance Limited is the head entity in the newly formed tax consolidated group. As a consequence, the entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Under the tax funding agreement, the members of the Group are required to contribute to the head entity for their current tax liabilities. The assets and liabilities arising under the tax funding agreements are recognised as intercompany assets and liabilities at call. Members of the tax consolidated group via the tax sharing agreement may be called to provide for the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amount has been recognised in respect of this component of the agreement as the outcome is considered remote.



AND CONTROLLED ENTITIES
ABN 15 158 971 718

30 June 2016

## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 8 Earnings per share(EPS)	Note		2015
		2016	(restated)
		\$	\$
a. Reconciliation of earnings to profit or loss			
(Loss) / profit for the year	3b	(1,777,430)	(3,765,258)
Less: loss attributable to non-controlling equity interest		-	36,522
(Loss) / profit used in the calculation of basic and diluted EPS		(1,777,430)	(3,728,736)
		2016	2015
		\$	\$
b. Weighted average number of ordinary shares outstanding during the year	ar		
used in calculation of basic EPS	8e	57,140,909	34,164,084
			2015
		2015	(restated)
		\$	\$
c. Earnings per share			
Basic EPS (cents per share)	8d	(3.11)	(10.91)

- d. At the end of the 2016 financial year, the Group has 1,000,000 unissued shares under options (2015: 1,000,000), 8,000,000 partly-paid shares on issue (2015: 8,000,000), and 7,000,000 performance rights (2015: nil). The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2016 financial year the Group's unissued shares under option, partly-paid shares, and performance rights were anti-dilutive.
- e. As noted in Note 1a.iii, the equity structure in these consolidated financial statements following the reverse acquisition reflects the equity structure of Ensurance, being the legal acquirer (the accounting acquiree), including the equity interests issued by Ensurance to effect the business combination.
  - i. In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS calculation) for the year ended 30 June 2015:
    - (1) the number of ordinary shares outstanding from 1 July 2014 to 4 May 2015 (deemed acquisition date) are computed on the basis of the weighted average number of ordinary shares of Ensurance Capital, (legal acquiree / accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the acquisition agreement; and
    - (2) the number of ordinary shares outstanding from 5 May 2015 to the end of year shall be the actual number of ordinary shares of Ensurance outstanding during that period.



30 June 2016

AND CONTROLLED ENTITIES
ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 9 Cash and cash equivalents	Note	2016 \$	2015 \$
a. Current		Ý	Ÿ
Cash at bank		388,635	2,484,522
Cash on hand		1,010	1,010
		389,645	2,485,532
b. Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents	9a	389,645	2,485,532
Bank overdrafts	17	(132,187)	(138,829)
		257,458	2,346,703

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 27 Financial risk management.

d. C	Not ash Flow Information	e	2016 \$	2015 (restated) \$
i.	Reconciliation of cash flow from operations to (loss)/profit after income tax			
L	oss after income tax 3b	,	(1,777,430)	(3,765,258)
С	ash flows excluded from (loss)/profit attributable to operating activities		-	-
٨	on-cash flows in (loss)/profit from ordinary activities:			
C	Depreciation and amortisation		448,778	350,379
C	Corporate transaction accounting expense 3b	,	-	2,738,961
E	Proceeds from asset development grants		(673,195)	-
C	Share-based payments		8,980	-
	hanges in assets and liabilities, net of the effects of purchase and disposal of ubsidiaries:			
C	(Increase)/decrease in receivables		37,080	248,881
E	(Increase)/decrease in prepayments and other assets		(13,989)	(5,591)
C	(Increase)/decrease in net tax assets		(30,945)	8,747
E	Increase/(decrease) in trade and other payables		648,206	(61,702)
E	Increase/(decrease) in grants unspent		-	47,386
C	Increase/(decrease) in provisions		171,734	36,705
С	ash flow from operations		(1,180,781)	(401,492)

## e. Credit standby facilities

The Group has no credit standby facilities.

f. Non-cash investing and financing activities Nil.

Note	10	Trade and other receivables
Note	10	Trade and other receivables

a. Current

Trade receivables

Interest r	eceivable
------------	-----------

2016 \$	2015 \$
Ÿ	<u> </u>
19,426	31,312
-	25,195
19,426	56,507

b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 27 Financial risk management.



AND CONTROLLED ENTITIES ABN 15 158 971 718

30 June 2016

1,758,863

(137,713)

(137,713)

## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 11 Other assets		2016 \$	2015 \$
Current			
Prepayments		33,872	19,884
		33,872	19,884
Note 12 Compliance of insurance assets versus insurance liabilit	ies		
	Savill Hicks Corp. Pty Limited	Ensurance Underwriting Pty Limited	Total
30 JUNE 2015	\$	\$	\$
Trust account insurer assets Insurance debtors	1,186,269	260,775	1,447,044

Total trust account insurance assets	2,420,013	785,894	3,068,194
Trust account insurer liabilities			
Underwriter's liability	2,217,248	749,615	2,966,863
Unearned commissions	185,477	21,195	206,672
Other	17,288	15,084	32,372

1,233,744

525,119

Total trust account insurance liabilities	2,420,013	785,894	3,068,194
Excess of insurance assets over insurance liabilities	-	-	-

## **30 JUNE 2016**

Trust accounts

Less: intra-licensee balances

Less: intra-licensee balances

Trust account insurer assets			
Insurance debtors	872,494	444,384	1,316,878
Trust accounts	1,633,100	833,634	2,466,734
Less: intra-licensee balances			(62,960)
Total trust account insurance assets	2,505,594	1,278,018	3,720,652
Trust account insurer liabilities			
Underwriter's liability	2,334,268	1,245,224	3,579,492
Unearned commissions	158,750	(16,006)	142,744
Other	12,576	48,800	61,376
Less: intra-licensee balances			(62,960)
Total trust account insurance liabilities	2,505,594	1,278,018	3,720,652
Excess of insurance assets over insurance liabilities	-	-	-

#### Note 13 Financial assets

а	Non	-CIII	rrent

Tier 1 Financial assets: Listed shares
Tier 2 Financial assets: Unlisted shares or funds

Bonds on deposit

2016 \$	2015 \$
19,467	3,826
33,435	33,347
43,887	43,887
96,789	81,060



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## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note	2016 \$	2015 \$
	118,200	109,202
	(67,601)	(62,217)
14b	50,599	46,985
	170,630	115,038
	(91,330)	(61,904)
14b	79,300	53,134
	129,899	100,119
	14b	\$ 118,200 (67,601) 14b 50,599 170,630 (91,330) 14b 79,300

Fixtures,

b.	Movements	in	Carrying	Amounts
----	-----------	----	----------	---------

	, ,	furniture, and fittings \$	equipment \$	Total \$
Carr	ying amount: 1 July 2014	10,673	33,123	43,796
C.	Additions	41,962	29,952	71,914
C.	Disposals	(1,837)	-	(1,837)
C.	Depreciation expense	(3,813)	(9,941)	(13,754)
Carr	ying amount: 30 June 2015	46,985	53,134	100,119
Carr	ying amount: 1 July 2015	46,985	53,134	100,119
C	Additions	8,998	56,870	65,868
C	Disposals	-	-	-
C	Depreciation expense	(5,384)	(30,704)	(36,088)
Carr	ying amount: 30 June 2016	50,599	79,300	129,899

## Note 15 Intangible assets

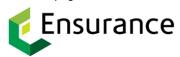
a.	Non-current
	Software development costs
	Accumulated amortisation
	Total intangible assets

b.	Movements in	Carrying	<b>Amounts</b>
----	--------------	----------	----------------

Carry	ing amount: 1 July 2014
C	Additions
6	Amortisation expense
<b>6</b>	
Carry	ing amount: 30 June 2015
Carry	ing amount: 1 July 2015
C	Additions
C.	Amortisation expense
Carry	ing amount: 30 June 2016

Note	2016	2015
	\$	\$
	2,909,315	1,564,172
	(1,141,184)	(728,493)
15b	1,768,131	835,679

Software
development
costs
\$
692,424
479,880
(336,625)
835.679
033,073
835,679
1,345,142
(412,690)
1,768,131



AND CONTROLLED ENTITIES
ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 16 Trade and other payables	Note	2016	2015
		\$	\$
a. Current			
Unsecured			
Trade payables	16b	310,670	206,752
Other payables		271,010	87,140
Other taxes		578,886	218,472
Related party payables		2,485	2,485
Grant funds received in advance		-	134,882
		1,163,051	649,731

- b. Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.
- c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 27 Financial risk management.

Note 17 Borrowings		2016 \$	2015 \$
a. Current			
Bank overdrafts		132,187	138,829
Convertible notes		-	2,681
Other borrowings		-	21,008
Premium funding		5,252	13,329
		137,439	175,847
Note 18 Provisions	Note	2016	2015
		\$	\$
a. Disclosed as:			
<ul><li>Current</li></ul>		233,114	97,887
Non-current		62,092	25,584
Carrying amount at the end of year		295,206	123,471
b. Movements in Carrying Amounts	Annual leave \$	Long service Leave \$	Total \$
Carrying amount at the beginning of year	62,415	61,056	123,471
Additional provisions raised during the year	251,637	32,946	284,583
Amounts used	(112,848)	-	(112,848)
Carrying amount at the end of year	201,204	94,002	295,206

## c. Description of provisions

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.



b. Partly paid shares

Partly-paid Shares

## **ENSURANCE CAPITAL PTY LTD**

30 June 2016

AND CONTROLLED ENTITIES ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 19 Issued capital Not	e			2015
	2016	2015	2016	(restated)
	No.	No.	\$	\$
Fully paid ordinary shares at no par value	57,140,909	57,140,909	6,097,054	6,643,601
a. Ordinary shares				
At the beginning of the period	57,140,909	2,006,254	6,097,054	121,210
Shares issued during the year:				
Conversion of notes	-	141,779	-	425,337
Balance before reverse acquisition	-	2,148,033	-	546,547
<ul> <li>Elimination of existing legal acquiree (Ensurance Capital) shares</li> </ul>	-	(2,148,033)	-	-
<ul><li>Shares of legal acquirer (Ensurance) at acquisition date</li></ul>	-	27,140,909	-	-
<ul><li>Issue of shares to Ensurance Capital vendors</li></ul>	-	30,000,000	-	5,971,000
Transaction costs relating to share issues 3a	-	-	-	(420,493)
At reporting date	57,140,909	57,140,909	6,097,054	6,097,054

	2016	2015
	No.	No.
19b.i	8,000,000	8,000,000

i. Each Partly Paid Share is issued at a price of 20 cents of which 0.01 cent is paid on issue with the balance payable, at the election of the holder, any time within five years from the date of Shareholder approval of this 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.

c.	Options		No.	No.
	Options exercisable at 20 cents expiring 19 September 2016		1,000,000	1,000,000
d.	Performance rights			
	<ul><li>Performance Rights Class A</li></ul>	6a.i	6,500,000	-

Performance Rights Class B 500,000 26a.ii Carrying amount at the end of year 7,000,000



2015

2016

AND CONTROLLED ENTITIES
ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

## Note 19 Issued capital (cont.)

#### e. Capital Management

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short term commitments. It does this by ensuring that its current ratio (current assets divided by current liabilities) remains in excess of 1:1.

	2016	2015	
Current ratio	0.80	1.40	

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group in respect to its operations, software developments programmes, and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group is subject to externally imposed capital requirements under the FSRA Legislation through its Australian Financial Services (AFS) Licensees, Savill Hicks Corp. Pty Limited and Ensurance Underwriting Pty Limited. This legislation requires that the insurance assets of the entity be equal to or exceed the insurance liabilities. Refer also note 12.

The working capital position of the Group at 30 June 2016 and 30 June 2015 were as follows:

	Note	2016	2015
		No.	No.
Cash and cash equivalents	9	389,645	2,485,532
Trade and other receivables	10	19,426	56,507
Trust account insurer assets	12	3,720,652	3,068,194
Trust account insurer liabilities	0	(3,720,652)	(3,068,194)
Trade and other payables	16	(1,161,637)	(649,731)
Net current income taxes (payable)/receivable	7e,f	-	(30,945)
Short-term borrowings	17	(137,439)	(175,847)
Short-term provisions	18	(233,114)	(97,887)
Working capital position		(1,123,119)	1,587,629
Note 20 Reserves	Note	2016 \$	2015 \$
Investment revaluation reserve	20a	9,687	(2,042)
Share-based payment reserve	20b	8,980	-
Total reserves		18,667	(2,042)

## a. Investment revaluation reserve

The investment revaluation reserve records revaluations of investments held by the Group.

## b. Share-based payment reserve

The share-based payment reserve records items recognised as expenses on the value of directors and employee equity issues.



AND CONTROLLED ENTITIES
ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

## Note 21 Controlled entities

## a. Legal parent entity

Ensurance Limited is the ultimate parent of the Group (refer to Note 1a.iii).

i. Legal subsidiaries		Country of	Class of	Percentage Owned		
		Incorporation	Shares	2016	2015	
C	Ensurance Capital Pty Limited	Australia	Ordinary	100.0%	100.0%	
C	Ensurance IT Pty Limited	Australia	Ordinary	100.0%	100.0%	
C.	Ensurance Underwriting Pty Limited	Australia	Ordinary	100.0%	100.0%	
C	Savill Hicks Corp. Pty Limited	Australia	Ordinary	100.0%	100.0%	
C	Savill Hicks Corp. (NSW) Pty Ltd	Australia	Ordinary	100.0%	100.0%	
C.	Ensurance Life Pty Ltd	Australia	Ordinary	100.0%	100.0%	

b. Investments in subsidiaries are accounted for at cost.

#### Note 22 Commitments

## a. Operating lease commitments:

Minimum lease payments under non-cancellable operating leases

not later than 12 months

between 12 months and 5 years

greater than 5 years

2016 \$	2015 \$
216,147	117,712
159,182	122,426
-	127,323
375,329	367,461

A renewed operating lease is held over level 2 Glen St, Milsons Point, NSW. The period of the lease is a non-cancellable three-year period commencing 1 August 2016. A further operating lease is held over 400 Canterbury Road, Surrey Hills Melbourne Vic. The period of the lease is a non-cancellable three-year period commencing 9 March 2015.



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## Notes to the consolidated financial statements

for the year ended 30 June 2016

#### Note 23 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

Mr Adam Davey Chairman

Mr Stefan Hicks Managing Director

Mr Brett Graves Executive Director, Chief Operating Officer

Mr Neil Pinner Non-executive Director

Mr Grant Priest Non-executive Director (Appointed on 7 September 2015)
 Mr Brian Thomas Non-executive Director (Resigned on 10 September 2015)

Mr Michael Huntly CEO of Ensurance Underwriting

Peter Fielding
 COO of Ensurance IT (Appointed 1 February 2016)
 Sam Hallab
 Chief Financial Officer (Appointed 6 June 2016)

The totals of remuneration paid to KMP during the year are as follows and is prepared on the following bases:

This note relates to accounting entity with Ensurance Capital Pty Limited as the accounting parent of the Group (refer to Note 1a.iii. KMP remuneration for the accounting acquiree, Ensurance Limited, is disclosed from the date of control. Consequently, comparative amounts reported below will differ from the Remuneration report table on page 10.

	2016	2015
	\$	\$
Short-term employee benefits	1,087,840	543,413
Post-employment benefits	91,901	39,473
Share-based payments	8,980	-
Other long-term benefits	-	-
Termination benefits	-	-
Total	1,188,721	582,886
Note 24 Related party transactions	2016	2015
Note 24 Related party transactions	2016 \$	2015 \$
Note 24 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.		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
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:	\$	\$



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## Notes to the consolidated financial statements

for the year ended 30 June 2016

#### Note 25 Operating segments

#### a. Identification of reportable segments

The Group operates predominantly in the insurance industry. This comprises sale of insurance products and underwriting, and development of industry information technology. Inter-segment transactions are priced at cost to the Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (the Board) on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the two principal operations: insurance and information technology.

## b. Basis of accounting for purposes of reporting by operating segments

#### i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

#### ii. Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are recognised in "All other segments" which contains the treasury and oversight functions of the Group. Management fees are charged from respective segments to reflect an allocation of costs across the Group. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

## iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

## iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

#### v. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income
- Corporate transaction accounting expense

## c. Basis of accounting for purposes of reporting by operating segments

The Group operates in one geographical area and therefore one regulatory environment being Australia.



AND CONTROLLED ENTITIES
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## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 25 Operating segments (cont.)

Note 25 Operating segments (cont.)				
For the Year to 30 June 2016	Insurance \$	Information Technology \$	Treasury \$	Total \$
Revenue	-	-	_	
Revenue	2,990,010	-	-	2,990,010
Grant funding	-	673,195	-	673,195
Interest revenue	30,151	-	12,942	43,093
Total segment revenue	3,020,161	673,195	12,942	3,706,298
Reconciliation of segment revenue to group				
revenue  Intra-segment income and expense	(348,157)	(70,526)	418,683	_
Cother income	6,000	-	-	6,000
Total group revenue and other income			_	3,712,298
Segment net/profit (loss) from continuing				
operations before tax	(74,195)	189,256	(1,515,694)	(1,400,633)
Reconciliation of segment loss to group loss  (i) Amounts not included in segment results but reviewed by Board:				
Depreciation and amortisation	(55,148)	(392,359)	(1,271)	(448,778)
(ii) Unallocated items	-	-		-
Loss before income tax			_	(1,849,411)
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			_	(13,023,684)
Total assets			_	6,284,335
Segment asset increases for the year:				
Capital expenditure	76,962	875,996	-	952,958
Acquisitions	30,818	27,943	7,105	65,866
_	107,780	903,939	7,105	1,018,824
Segment Liabilities	4,840,837	1,755,844	2,998,308	9,594,989
Reconciliation of segment liabilities to group liabilities	, , , , ,	, -,-	,,	, - ,
<ul> <li>Intra-segment eliminations</li> </ul>				(4,152,720)
Total liabilities				5,442,269



30 June 2016

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## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note 25 Operating segments (cont.)

For the Year to 30 June 2015		Information			
	Insurance	Technology	Treasury	Total	
	\$	\$	\$	\$	
Revenue					
Revenue	2,614,409	-	-	2,614,409	
<ul><li>Grant funding</li><li>Interest revenue</li></ul>	- 24,214	- 5,236	- 6,534	- 35,984	
_		·			
Total segment revenue  Reconciliation of segment revenue to group	2,638,623	5,236	6,534	2,650,393	
revenue					
Intra-segment eliminations	(364,515)	279,973	84,542	-	
Cother income	, , ,			31,291	
Total group revenue and other income			_	2,681,684	
Segment net profit/(loss) from continuing			_		
operations before tax	(301,696)	(137,630)	(205,044)	(644,370	
Reconciliation of segment profit/(loss) to					
group loss					
(i) Amounts not included in segment results but reviewed by Board:					
<ul> <li>Depreciation and amortisation</li> </ul>	(32,103)	(318,276)	-	(350,379	
(ii) Unallocated items:	(==,===,	(==,=:=,		(000,010	
Corporate transaction accounting expense				(2,738,961	
Loss before income tax			_	(3,733,710	
As at 30 June 2015					
Segment Assets	4,945,260	1,197,580	11,232,441	17,375,281	
Reconciliation of segment assets to group assets	,,	, - ,	, - ,	,,,,,,	
Intra-segment eliminations				(10,727,703	
Total assets			_	6,647,578	
Segment asset increases for the year:					
Capital expenditure	126,012	353,868	1,726	481,606	
Acquisitions	58,532	11,705	7,100,100	7,170,337	
_	184,544	365,573	7,101,826	7,651,943	
Segment Liabilities	F 24C 020	1 170 001	620.205	7 455 004	
Reconciliation of segment liabilities to group	5,346,838	1,179,861	629,285	7,155,984	
liabilities  Intra-segment eliminations				(3,107,193	
Total liabilities			_	4,048,791	



2016

## **ENSURANCE CAPITAL PTY LTD**

AND CONTROLLED ENTITIES
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2015

## Notes to the consolidated financial statements

for the year ended 30 June 2016

#### Note 26 Share-based payments

Share-based payment expense 8,980

- a. The above share-based payment expense is comprised of the following arrangements in place at 30 June 2016:
  - i. On 30 November 2015, 6,500,000 Performance Rights Class A (Class A Rights) were granted to Directors of the Company. Upon the Company achieving the target share price of \$0.80, based on a 30 day volume weighted average share price, within 5 years, the Class A Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class A Right. The Class A Rights hold no voting or dividend rights and are not transferable. At balance date, no Class A Right has converted or been forfeited and 6,500,000 Class A Rights remain.
  - ii. On 30 November 2015, 500,000 Performance Rights Class B (Class B Rights) were granted to Mr Adam Davey. Class B Rights will vest on the introduction to, and entry into an agreement with, a strategic partner to the Company which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, at the discretion of the Board of the Company. The Class B Rights hold no voting or dividend rights and are not transferable. At balance date, no Class B Right has converted or been forfeited and 500,000 Class B Rights remain.
- b. A summary of the movements of all Company performance rights issued as share-based payments is as follows:

	2016	2015
	No.	No.
Outstanding at the beginning of the year	-	-
Granted	7,000,000	-
Converted to ordinary shares	-	-
Expired	-	-
Outstanding at year-end	7,000,000	-

The weighted average remaining contractual life of performance rights outstanding at year end was 4.423 years.

The fair value of the performance rights granted to Directors is deemed to represent the value of the Directors' services received over the vesting period. The weighted average fair value of performance rights granted during the year was 0.6414 cents (2015: Nil). These values were calculated using the Monte-Carlo option pricing model, applying the following inputs to performance rights issued this year:

	Class A Rights	Class A Rights
Grant date:	30 November 201	5 30 November 2015
Grant date share price:	\$0.19	\$0.19
Deemed strike price	\$0.80	\$0.25
Number of performance rights issued:	6,500,000	500,000
Remaining life of the performance rights (years):	4.423	4.423
Expected share price volatility:	31.06%	31.06%
Risk-free interest rate:	2.00%	2.00%

Volatility has been determined based on the historical share price for the period between 5 May 2015 and 19 October 201! The start date of May 5 2015 was used as this was the date the Company announced its reinstatement to Official Quotatic on the ASX.



AND CONTROLLED ENTITIES
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## Notes to the consolidated financial statements

for the year ended 30 June 2016

#### Note 27 Financial risk management

## a. Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

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

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

	Floating Interest	Fixed Interest	Non- interest	2016	Floating Interest	Fixed Interest	Non- interest	2015
	Rate	Rate	Bearing	Total	Rate	Rate	Bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets								
Cash and cash equivalents	389,645	-	-	389,645	2,485,532	-	-	2,485,532
Trade and other receivables	-	-	19,426	19,426	-	-	56,507	56,507
Trust account insurer assets	-	2,466,734	1,316,878	3,783,612	-	1,758,863	1,447,044	3,205,907
Financial assets	-	-	96,789	96,789			81,060	81,060
Total Financial Assets	389,645	2,466,734	1,433,093	4,289,472	2,485,532	1,758,863	1,584,611	5,829,006
Financial Liabilities								
Financial liabilities at amortised cost								
▶ Trade and other payables	-	-	1,163,051	1,163,051	-	-	649,731	649,731
Trust account insurer liabilities	-	-	3,720,652	3,720,652	-	-	3,068,194	3,068,194
Borrowings	132,187	-	5,252	137,439	138,829	-	37,018	175,847
Total Financial Liabilities	132,187	-	4,888,955	5,021,142	138,829	-	3,754,943	3,893,772
Net Financial Assets/(Liabilities)	257,458	2,466,734	(3,455,862)	(731,670)	2,346,703	1,758,863	(2,170,332)	1,935,234

## b. Specific Financial Risk Exposures and Management

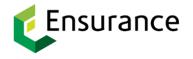
The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

## i. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.



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## Notes to the consolidated financial statements

for the year ended 30 June 2016

#### Note 27 Financial risk management (cont.)

The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

#### Credit risk exposures

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

#### Impairment losses

The ageing of the Group's trade and other receivables at reporting date was as follows:

			Pas	st due but not
	Gross	Impaired	Net	impaired
	2016	2016	2016	2016
	\$	\$	\$	\$
Trade receivables				
Not past due	658,591	-	658,591	-
Past due up to 15 days	262,672	-	262,672	262,672
Past due 15 days to 3 months	276,683	-	276,683	276,683
Past due over 3 months	62,277	-	62,277	62,277
Less intra-Group balances	(62,960)	-	(62,960)	-
	1,197,263	-	1,197,263	601,632
Other receivables				
Not past due	18,012	-	18,012	-
Total	1,215,275	-	1,215,275	601,632

## ii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group's AFS Licensees are subject to the conditions of their AFS License. Accordingly, in meeting the cash needs requirement, the Group prepares cash flow projections on a consolidated basis to demonstrate the Licensees will have sufficient cash under the terms of their licensee.



AND CONTROLLED ENTITIES
ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

## Note 27 Financial risk management (cont.)

Other than the trust account insurer liabilities, the financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

#### Contractual Maturities

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year		Greater Th	Greater Than 1 Year		Total	
	2016	2015	2016	2015	2016	2015	
	\$	\$	\$	\$	\$	\$	
Financial liabilities due for payment							
Trade and other payables	1,163,051	649,731	-	-	1,163,051	649,731	
Trust account insurer liabilities	3,720,652	3,068,194	-	-	3,720,652	3,068,194	
Borrowings	137,439	175,847	-	-	137,439	175,847	
Total contractual outflows	5,021,142	3,893,772	-	-	5,021,142	3,893,772	
Financial assets							
Cash and cash equivalents	389,645	2,485,532	-	-	389,645	2,485,532	
Trade and other receivables	19,426	56,507	-	-	19,426	56,507	
Trust account insurer assets	3,720,652	3,068,194	-	-	3,720,652	3,068,194	
Total anticipated inflows	4,129,723	5,610,233	-	-	4,129,723	5,610,233	
Net (outflow)/inflow on financial							
instruments	(891,419)	1,716,461	-	-	(891,419)	1,716,461	

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board meets on a regular basis and considers the Group's interest rate risk.

## (1) Interest rate risk

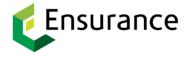
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

## (2) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has no material exposure to foreign exchange risk.



AND CONTROLLED ENTITIES
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## Notes to the consolidated financial statements

for the year ended 30 June 2016

#### Note 27 Financial risk management (cont.)

#### (3) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

### ii. Sensitivity Analyses

#### (1) Interest rates

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

A change of 25 basis points in the interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis for 2015.

	Profit	Equity
	\$	\$
Year ended 30 June 2016		
±25 basis points change in interest rates	± 644	± 644
Year ended 30 June 2015		
± 50 basis points change in interest rates	± 11,734	± 11,734

#### (2) Foreign exchange

The Group did not carry significant assets or liabilities in foreign currencies in the 2015 financial year (2014: nil), and therefore was not subject to material foreign exchange risk, and according not subject to material sensitivities.

## iii. Net Fair Values

## (1) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in note 27a and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables;
- Trust account insurance assets and liabilities; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

## Note 28 Events subsequent to reporting date

Ensurance is expanding its business to Europe and has incorporated a wholly owned subsidiary in the United Kingdom Ensurance UK Ltd. This company was incorporated on 10 August 2016. Further, subsequent to year end, Ensurance commenced the process of raising \$3 million via a Convertible Notes issue. At the date of this report \$1.422 million had been subscribed. There are no other material events subsequent to reporting date.

## Note 29 Contingent liabilities

There are no contingent liabilities as at 30 June 2016 (2015: Nil).



AND CONTROLLED ENTITIES
ABN 15 158 971 718

## Notes to the consolidated financial statements

for the year ended 30 June 2016

Note	e 30 Parent entity disclosures	Note		2015
			2016	(restated)
			\$	\$
a.	Financial Position of Ensurance Limited (legal parent)			
(	Current assets		90,145	2,191,984
1	Non-current assets		1,655,884	8,067,669
1	Total assets		1,746,029	10,259,653
(	Current liabilities		75,692	14,430
1	Non-current assets		941,676	-
1	Total liabilities		1,017,368	14,430
ı	Net assets		728,661	10,245,223
E	Equity			
I	Issued capital	3a	11,218,650	11,221,125
I	Investment revaluation reserve		(800)	-
9	Share-based payment reserve		114,280	105,300
A	Accumulated losses	3a	(10,603,469)	(1,081,202)
1	Total equity		728,661	10,245,223
b.	Financial performance of Ensurance Limited			
F	Profit / (loss) for the year		(9,522,267)	(732,925)
(	Other comprehensive income		800	-
7	Total comprehensive income		(9,521,467)	(732,925)

#### c. Guarantees entered into by Ensurance Limited for the debts of its subsidiaries

The Board of Ensurance has declared in writing that it will support the liabilities of its subsidiaries (the companies) and will continue to financially support the companies while they remain wholly owned under the control of Ensurance.

## d. Impairment of investments and loans to subsidiaries

The Board of Ensurance has undertaken an impairment assessment of the parent entity's investment in Ensurance Capital of \$7,525,195 and loans to subsidiaries of \$2,332,441. As a result of this assessment, the Company has recognised an impairment to the investment of \$7,525,195 and an impairment to the loans of \$1,618,018. This equates to an impairment loss of \$9,029,808. These impairments relate only to disclosures as contained in this Note 30



AND CONTROLLED ENTITIES ABN 76 149 278 759

## **Directors' declaration**

The Directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 16 to 54, are in accordance with the *Corporations Act 2001* (Cth) and:
  - (a) comply with Accounting Standards;
  - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and
  - (c) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Group.
  - (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 (Cth);
- 2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

**ADAM DAVEY** 

Chairman

Dated this Thursday, 29 September 2016



AND CONTROLLED ENTITIES
ABN 76 149 278 759



# Independent Auditor's Report to the members of Ensurance Limited and its controlled entities

#### Report on the Financial Report

We have audited the accompanying financial report of Ensurance Limited and its controlled entities (the "Group") which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year ended 30 June 2016.

#### Directors' Responsibility for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretation) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedure include reading the other information in the Annual Report to determine it contains any material inconsistencies with financial report.

Our audit did not involve any analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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: EMAIL@MAZARS.COM.AU

LIABILITY LIMITED BY A SCHEME, APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION







AND CONTROLLED ENTITIES
ABN 76 149 278 759



# Independent Auditor's Report to the members of Ensurance Limited and its controlled entities (continued)

#### Independence

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

#### Auditor's Opinion

In our opinion:

- a) the financial report of Ensurance Limited and its controlled entities, is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.
- the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

## Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Group incurred a net loss of \$1,777,430 during the year ended 30 June 2016 and, as of that date, the Group had a negative working capital of \$1,124,533. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainty which may cast significant doubt as to the Group's ability 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.

## Report on the Remuneration Report

We have audited the Remuneration Report for the year ended 30 June 2016 as outlined on pages 9 to 12 of the financial report. The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Auditor's Opinion

In our opinion the Remuneration Report of Ensurance Limited for the year ended 30 June 2016, complies with section 300A of the Corporation Act 2001.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Dated in Sydney this 29th day of September 2016

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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: EMAIL@MAZARS.COM.AU

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## **ENSURANCE LIMITED**

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## **Corporate governance statement**

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3rd Edition)' (Recommendations). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at <a href="www.ensurance.com.au">www.ensurance.com.au</a>.

PRINCIPLES AND RECOMMENDATIONS	COMPLY EXPLANATION (YES/NO)		
Principle 1: Lay solid foundations for management	and over	sight	
Recommendation 1.1  A listed entity should have and disclose a charter which:  (a) sets out the respective roles and responsibilities of the board, the chair and management; and  (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter.  The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.  A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.	
Recommendation 1.2  A listed entity should:  (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and  (b) provide security holders with all material information relevant to a decision on whether or not to elect or reelect a director.	YES	<ul> <li>(a) The Company has detailed guidelines for the appointment and selection of the Board members. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</li> <li>(b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.</li> </ul>	
Recommendation 1.3  A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.	
Recommendation 1.4  The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibilities and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	
Recommendation 1.5  A listed entity should:  (a) have a diversity policy which includes requirements for the board:  (i) to set measurable objectives for achieving gender diversity; and  (ii) to assess annually both the objectives and the entity's progress in achieving them;  (b) disclose that policy or a summary or it; and  (c) disclose as at the end of each reporting period:  (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and  (ii) either:  (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or  (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	<ul> <li>(a) The Company has adopted a Diversity Policy.</li> <li>(i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality.</li> <li>(ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives.</li> <li>(b) The Diversity Policy is stated in Schedule 10 of the Corporate Governance Plan which is available on the company website.</li> <li>(c) <ul> <li>(i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment.</li> <li>(ii) The Company currently has 40 employees, 21 of those employees are woman.</li> </ul> </li> </ul>	



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## Corporate governance statement

#### PRINCIPLES AND RECOMMENDATIONS **COMPLY EXPLANATION** (YES/NO) Recommendation 1.6 YES The Board is responsible for evaluating the performance of the A listed entity should: Board and individual directors on an annual basis. It may do so have and disclose a process for periodically evaluating the with the aid of an independent advisor. The process for this can performance of the board, its committees and individual be found in Schedule 5 of the Company's Corporate Governance disclose in relation to each reporting period, whether a The Company's Corporate Governance Plan requires the Board performance evaluation was undertaken in the reporting to disclosure whether or not performance evaluations were period in accordance with that process. conducted during the relevant reporting period. Due to the size of the Board and the nature of the business, it has not been deemed necessary to institute a formal documented performance review program of individuals. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director are reviewed. The Board considers that at this stage of the Company's development an informal process is appropriate. The review will assist to indicate if the Board's performance is appropriate and efficient with respect to the Board Charter. The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements. New Directors are obliged to participate in the Company's induction process, which provides a comprehensive understanding of the Company, its objectives and the market in which the Company operates. Directors are encourages to avail themselves of resources required to fulfil the performance of their duties. Recommendation 1.7 YES The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual A listed entity should: have and disclose a process for periodically evaluating the performance evaluation of the senior executives. performance of its senior executives; and The Company's Corporate Governance Plan requires the Board disclose in relation to each reporting period, whether a to conduct annual performance of the senior executives. performance evaluation was undertaken in the reporting Schedule 5 'Performance Evaluation' requires the Board to period in accordance with that process. disclose whether or not performance evaluations were conducted during the relevant reporting period. During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place. Principle 2: Structure the board to add value Recommendation 2.1 YES (a) The members of the Remuneration and Nominations The board of a listed entity should: Committee are Adam Davey (Chair), Grant Priest and Neil have a nomination committee which: Pinner. Pursuant to Clause 4 of the Company's Board Charter. has at least three members, a majority of whom The Remuneration & Nominations Committee carries out the are independent directors; and duties outlined in Schedule 5 of the Company's Corporate (ii) is chaired by an independent director, Governance Plan available online on the Company's website. The Board devotes time at board meetings to discuss board and disclose: (iii) the charter of the committee: succession issues. All members of the Board are involved in the (iv) the members of the committee; and Company's nomination process, to the maximum extent (v) as at the end of each reporting period, the permitted under the Corporations Act and ASX Listing Rules. number of times the committee met throughout The Board regularly updates the Company's board skills matrix the period and the individual attendances of the (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and members at those meetings; or if it does not have a nomination committee, disclose that knowledge of the entity. fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.



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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION	
Recommendation 2.2 A listed entity should have and disclose a board skill matrix	YES	Board Skills Matrix	Number of Directors that Meet the Skill
setting out the mix of skills and diversity that the board		Executive & Non- Executive experience	5
currently has or is looking to achieve in its membership.		Industry experience & knowledge	5
		Leadership	5
		Corporate governance & risk management	5
		Strategic thinking	3
		Desired behavioural competencies	5
		Geographic experience	3
		Capital Markets experience	5
		Subject matter expertise:	-
		- accounting	3
		- capital management	4
		- corporate financing	3
		- industry taxation	1
		- risk management	4
		- legal	3
		- IT expertise	5
		experiese	J
A listed entity should disclose:  (a) the names of the directors considered by the board to be independent directors;  (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and  (c) the length of service of each director  Recommendation 2.4  A majority of the board of a listed entity should be independent directors.	YES	Directors considered by the Board to details are provided in the Annual website.  (b) The Board Charter requires Directors positions, associations and relationsh independence of Directors is regularly light of the interests disclosed by Directors interests, positions associat provided in the Annual Reports and Co.  (c) The Board Charter provides for the Directors' terms and requires the I Director to be disclosed. The length of provided in the Annual Reports and Co.  The Board Charter requires that where provided will be independent.  Details of each Director's independence as Reports and Company website.	I Reports and Company to disclose their interest, ips and requires that the vassessed by the Board in Directors. Details of the ions and relationships are ompany website. The determination of the ength of service of each service of each Director is ompany website. The determination of the ength of service of each service of each Director is ompany website. The determination of the ength of service of the provided in the Annual
Recommendation 2.5  The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.		The Board Charter provides that where pra Board will be a non-executive director. If t independent then the Board will con- independent Director. The current Chairma	he Chairman ceases to be sider appointing a lead n is Independent.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	The Board Charter states that a specific resp procure appropriate professional develo Directors. The Board is responsible for th induction and continuing professional deprocedures for Directors to ensure that the their responsibilities.	pment opportunities for e approval and review of velopment programs and
Principle 3: Act ethically and responsibly			
Recommendation 3.1	YES	(a) The Corporate Code of Conduct a	pplies to the Company's
A listed entity should:		directors, senior executives and emplo	yees.
(a) have a code of conduct for its directors, senior executives		(b) The Company's Corporate Code of Co	onduct is in Schedule 2 of
and employees; and		the Corporate Governance Plan wh	ich is on the Company's
(b) disclose that code or a summary of it.		website.	. ,



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#### Corporate governance statement PRINCIPLES AND RECOMMENDATIONS COMPLY EXPLANATION (YES/NO) Principle 4: Safeguard integrity in financial reporting YES Recommendation 4.1 The members of the Audit and Risk Committee are Grant Priest The board of a listed entity should: (Chair), Adam Davey and Brett Graves. The Audit & Risk have an audit committee which: Committee carries out the duties under a written Charter for has at least three members, all of whom are non-The role and responsibilities of the Audit and Risk Committee executive directors and a majority of whom are independent directors; and are outlined in Schedule 3 of the Company's Corporate (ii) is chaired by an independent director, who is not Governance Plan available online on the Company's website. the chair of the board, and disclose: the charter of the committee; (iii) (iv) the relevant qualifications and experience of the members of the committee: and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. Recommendation 4.2 YES The Company's Corporate Governance Plan states that a duty and The board of a listed entity should, before it approves the responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, receive from entity's financial statements for a financial period, the CEO and CFO its CEO and CFO a declaration that the financial records of the have declared that in their opinion the financial records of the entity entity have been properly maintained and that the financial have been properly maintained and that the financial statements statements comply with the appropriate accounting standards comply with the appropriate accounting standards and give a true and and give a true and fair view of the financial position and fair view of the financial position and performance of the entity and performance of the entity and that the opinion has been that the opinion has been formed on the basis of a sound system of formed on the basis of a sound system of risk management and risk management and internal control which is operating effectively. internal control which is operating effectively. Recommendation 4.3 YES The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions available to answer questions from security holders relevant to the from security holders relevant to the audit. audit. Principle 5: Make timely and balanced disclosure YES The Board Charter provides details of the Company's disclosure Recommendation 5.1 policy. In addition, Schedule 6 of the Corporate Governance Plan A listed entity should: have a written policy for complying with its continuous is entitled 'Disclosure - Continuous Disclosure' and details the disclosure obligations under the Listing Rules; and Company's disclosure requirements as required by the ASX (b) disclose that policy or a summary of it. Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 6 of the Corporate Governance Plan are available on the Company website. Principle 6: Respect the rights of security holders Recommendation 6.1 YFS Information about the Company and its governance is available in the A listed entity should provide information about itself and its Corporate Governance Plan which can be found on the Company's governance to investors via its website. website. The Company has adopted a Shareholder Communications Strategy Recommendation 6.2 YES A listed entity should design and implement an investor which aims to promote and facilitate effective two-way program to facilitate effective communication with investors. The Shareholder Communications communication with investors. Strategy outlines a range of ways in which information is

communicated to shareholders.

website.

The Shareholder Communications Strategy can be found in Schedule 9 of the Corporate Governance Plan which is available on the Company



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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary sends out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.  Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1  The board of a listed entity should:  (a) have a committee or committees to oversee risk, each of which:  (i) has at least three members, a majority of whom are independent directors; and  (ii) is chaired by an independent director, and disclose:  (iii) the charter of the committee;  (iv) the members of the committee; and  (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	YES	(a) The members of the Audit and Risk Committee are Grant Priest (Chair), Adam Davey and Brett Graves. Pursuant to Clause 4 of the Company's Board Charter. The Audit & Risk Committee carries out the duties under the written Charter for that committee.  The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.2  The board or a committee of the board should:  (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and  (b) disclose in relation to each reporting period, whether such a review has taken place.  Recommendation 7.3  A listed entity should disclose:  (a) if it has an internal audit function, how the function is structured and what role it performs; or  (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually	YES	(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.  (b)  The company does not have an internal audit program. The Audit & Risk Committee is responsible for monitoring the effectiveness of the Company's risk management and internal control processes.
improving the effectiveness of its risk management and internal control processes.  Recommendation 7.4  A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 3 of the Company's Corporate Governance Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.



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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1  The board of a listed entity should:  (a) have a remuneration committee which:  (i) has at least three members, a majority of whom are independent directors; and  (ii) is chaired by an independent director, and disclose:  (iii) the charter of the committee;  (iv) the members of the committee; and  (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	YES	The members of the Remuneration & Nominations Committee are Adam Davey (Chair), Grant Priest and Neil Pinner. Pursuant to Clause 4 of the Company's Board Charter. The Remuneration & Nominations Committee carries out the duties under the written terms of reference for that committee.  The role and responsibilities of the Remuneration & Nominations Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website.  The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Recommendation 8.2  A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives.
Recommendation 8.3  A listed entity which has an equity-based remuneration scheme should:  (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and  (b) disclose that policy or a summary of it.	YES	<ul> <li>(a) The Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans.</li> <li>(b) A copy of the Company's Corporate Governance Plan is available on the Company's website.</li> </ul>



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## **Additional Information for Listed Public Companies**

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

#### 1 Capital

### a. Ordinary share capital

57,140,909 ordinary fully paid shares held by 405 shareholders.

## b. Unlisted Options over Unissued Shares

The Company has no Unlisted Options on issue.

## c. Performance Rights

The Company has:

- 6,500,000 Performance Rights Class A (Class A Rights) on issue. Upon the Company achieving the target share price of \$0.80, based on a 30 day volume weighted average share price, within 5 years, the Class A Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class A Right.
- 500,000 Performance Rights Class B (Class B Rights) on issue. Class B Rights will vest on the introduction to, and entry into an agreement with, a strategic partner to the Company which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, at the discretion of the Board of the Company.

#### d. Partly Paid Shares

The Company has the follows:

8,000,000 Partly Paid Shares issued at a price of 20 cents of which 0.01 cent is paid on issue with the balance payable, at the election of the holder, any time within five years from the date of Shareholder approval of this special resolution, being 30 November 2020.

## e. Voting Rights

The voting rights attached to each class of equity security are as follows:

- Ordinary shares: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- Unlisted Options and Performance Rights: Options and performance rights do not entitle the holders to vote in respect of that option, nor participate in dividends, when declared, until such time as the options are exercised and subsequently registered as ordinary shares.

#### f. Substantial Shareholders as at 20 September 2016.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Mr Stefan Hicks	16,369,044	28.65
Mr Stefan Hicks <hicks a="" c="" family=""></hicks>	9,515,962	16.65
Mr Brett Graves + Mrs Kerrie Graves <b &="" a="" c="" family="" graves="" k=""></b>	2,874,994	5.03

## g. Distribution of Shareholders as at 20 September 2016.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	7	1,072	0.00
1,001 – 5,000	5	24,000	0.04
5,001 – 10,000	125	1,239,701	2.17
10,001 – 100,000	211	9,363,983	16.39
100,001 – and over	57	46,512,153	81.40
	405	57,140,909	100.00

## h. Unmarketable Parcels as at 20 September 2016.

As at 20 September 2016 there were 7 fully paid ordinary shareholders holding less than a marketable parcel of shares.



## **Additional Information for Listed Public Companies**

#### i. On-Market Buy-Back

There is no current on-market buy-back.

#### i. Restricted Securities

The Company has 28,750,000 share on escrow for 24 months from date of reinstatement (5 May 2015).

k. 20 Largest Shareholders — Ordinary Shares as at as at 20 September 2016

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Mr Stefan Hicks	16,369,044	28.65
2.	Mr Stefan Hicks <hicks a="" c="" family=""></hicks>	9,515,962	16.65
3.	Mr Brett Graves + Mrs Kerrie Graves < B & K Graves Family A/C>	2,874,994	5.03
4.	Maplaljac Pty Ltd <maplaljac a="" c="" family=""></maplaljac>	1,222,861	2.14
5.	Thornbury Nominees Pty Ltd <the a="" c="" f="" family="" s="" stevens=""></the>	1,003,000	1.76
6.	Mr Robert John Peters + Mrs Sandra Lillian Peters < Peters Super Fund A/C>	1,000,000	1.75
7.	Nutsville Pty Ltd <indust a="" c="" co="" electric="" f="" s=""></indust>	957,822	1.68
8.	Mr Richard Anthony De Souza + Mrs Karen Louise De Souza <de a="" c="" fund="" souza="" super=""></de>	785,000	1.37
9.	Inswinger Holdings Pty Ltd <keidon a="" c="" superannuation=""></keidon>	714,000	1.25
10.	Mr Allan Graham Jenzen + Mrs Elizabeth Jenzen <ag &="" a="" c="" e="" jenzen="" l="" no2="" p="" sf=""></ag>	639,500	1.12
11.	Ferncastle Holdings Pty Ltd <n a="" c="" fund="" j="" pinner="" super=""></n>	507,500	0.89
12.	Court Securities Pty Ltd	500,000	0.88
13.	Second Impact Investments Limited	500,000	0.88
14.	Continental Global Investment Limited	478,000	0.84
15.	Pacific Finance And Securities Pty Ltd < Paladin Private Pension A/C>	455,000	0.80
16.	WB Nominees Limited	450,000	0.79
17.	Mr Peter Leuzzi	437,934	0.77
18.	Vinceman Pty Ltd	416,187	0.73
19.	Flue Holdings Pty Ltd <bromley a="" c="" superannuation=""></bromley>	400,000	0.70
20.	Chin Nominees Pty Ltd <chin 2="" a="" c="" f="" no="" nominees="" s=""></chin>	375,498	0.66
	TOTAL	39,602,302	69.31

2 The names of the Joint Company Secretaries are Jay Stephenson and Julia Becket

## 3 Principal registered office

As disclosed in Note 2 Company details on page 32 of this Annual Report.

#### 4 Registers of securities

As disclosed in the Corporate directory on page i of this Annual Report.

## 5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, As disclosed in the Corporate directory on page i of this Annual Report.

#### 6 Use of funds

The Company has used its funds in accordance with its initial business objectives.



