

# SelfWealth Limited

## Appendix 4D

### Preliminary Half-year Report

### Half-year 31 December 2018

Name of entity: **SelfWealth Limited**  
ABN or equivalent company reference: **52 154 324 428**  
Current financial period: **31 December 2018**  
Corresponding financial period: **31 December 2017**

#### Results for announcement to the market

			\$
Revenue for ordinary activities	Up	175.6%	1,431,988
Net loss after tax (from ordinary activities) for the period attributable to members	Down	9.0%	(2,238,960)

#### Explanation of results

The company reported a loss for the half-year ended 31 December 2018 of \$2,238,960 (31 December 2017: \$2,459,118).

Revenue from ordinary activities increased from \$519,638 for the half-year ended 31 December 2017 to \$1,431,988 for the half-year ended 31 December 2018. This was due to increase in trading revenue, interest revenue, member subscriptions and R&D tax incentive income.

The Company raised \$1.41M via share placement in December 2018. These funds raised will be invested in technology, resourcing strategy, and to support the marketing of both the forthcoming and existing core business of the Company.

#### Net tangible assets per share

	<b>31 December 2018</b>	31 December 2017
Net tangible asset backing (per share)	<b>0.02</b>	0.04

#### Dividends

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the financial period (2017: nil).

#### Other information required by Listing Rule 4.2A

None

**Status of interim review**

This interim financial report is not subject to a modified opinion, emphasis of matter or other matter paragraph.

# **SelfWealth Limited**

ABN 52 154 324 428

## **Interim financial report for the half-year 31 December 2018**

# SelfWealth Limited

ABN 52 154 324 428

## Interim financial report - 31 December 2018

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by SelfWealth Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

<b>Directors</b>	Tony Lally <i>Non-Executive Chairman</i>  Andrew Ward <i>Managing Director and Chief Executive Officer</i>  John Gaffney <i>Non-Executive Director</i>  John O'Shaughnessy <i>Non-Executive Director</i>
<b>Secretary</b>	Phillip Hains
<b>Principal registered office in Australia</b>	Level 2, 613 Canterbury Road Surrey Hills VIC 3127 Australia
<b>Share and debenture register</b>	Link Market Services Level 13, Tower 4 727 Collins Street Melbourne Victoria 3000 +61 3 9067 2005
<b>Auditor</b>	Crowe Horwath Melbourne 17/181 William Street Melbourne Victoria 3000
<b>Solicitors</b>	K&L Gates 25th Floor South Tower 525 Collins Street Melbourne Victoria 3000
<b>Bankers</b>	Westpac Banking Corporation 150 Collins Street Melbourne Victoria 3000
<b>Stock exchange listings</b>	Australian Securities Exchange (ASX code: SWF)
<b>Website</b>	<a href="http://www.selfwealth.com.au">www.selfwealth.com.au</a>

The Directors present their report on SelfWealth Limited for the half-year ended 31 December 2018.

### Directors

The following persons were directors of SelfWealth Limited during the whole of the financial half-year and up to the date of the report, unless stated.

Tony Lally - Chairman and Non-Executive Director

John O'Shaughnessy - Non-Executive Director

John Gaffney - Non-Executive Director

Andrew Ward - Managing Director and Chief Executive Officer

### Principal activities

During the period the principal continuing activities of the Company consisted of:

- Online \$9.50 flat fee share trading services
- Online investor community portal services

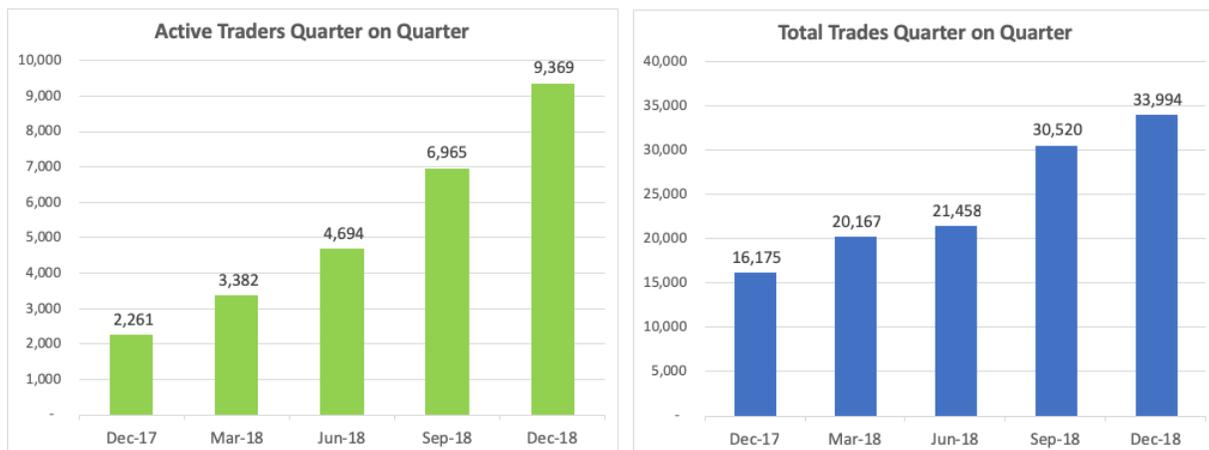
### Dividends

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the financial period (2017: nil).

### Review of operations

The loss from ordinary activities after income tax amounted to \$2,238,960 (2017: \$2,459,118).

Trade volume growth for the period was a healthy 58% increase, although not keeping pace with the very substantial 99% growth in active traders. The growth translated into a 294% increase in operating revenue to \$1,094,748 in HY19, from \$277,705 in the corresponding period.



In December, the Company signed a significant agreement with ETFs Capital and ETF Securities Australia to develop and, pending regulatory and ASX approval, provide \$100 million in seed funding for SelfWealth's first ETF. The SelfWealth SMSF Leaders ETF will be listed on the ASX under the ticker code SELF this financial year. The ETF, which is constructed using data from the best performing investors among more than 50,000 SMSF portfolios, aims to provide a high-performing ETF option for SMSFs.

**Matters subsequent to the end of the half-year**

On 5 February 2019, the Company completed the 1 for 6 non-renounceable Rights Issue to raise \$0.158 million via the issue of 2,252,308 new shares. Subsequently, the Company also secured commitment from investors to raise another \$0.65 million under the shortfall provision.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of these operations, or the Company's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of Directors.



Andrew Ward  
Director

Melbourne  
28 February 2019

# Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of SelfWealth Limited

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2018 there have been:

- 1) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- 2) No contraventions of any applicable code of professional conduct in relation to the review.



**CROWE HORWATH MELBOURNE**



**DAVID MUNDAY**  
Partner

**Melbourne Victoria**  
**28 February 2019**

**SelfWealth Limited**  
**Condensed statement of profit or loss and other comprehensive income**  
**For the half-year 31 December 2018**

		31 December 2018	31 December 2017
	Notes	\$	\$
<b>Revenue from continuing operations</b>			
Sales Revenue	4	1,094,748	277,705
Other income	4	337,240	241,933
<b>Expenses</b>			
Cost of sales of goods		(775,809)	(359,112)
Employee benefits expense		(1,196,206)	(1,007,381)
Marketing expenses		(1,108,361)	(887,615)
Administrative expenses		(585,851)	(342,473)
Depreciation and amortisation expenses		(4,721)	(13,923)
IPO costs		-	(332,211)
Finance expenses		-	(36,041)
<b>Loss for the period</b>		<b>(2,238,960)</b>	<b>(2,459,118)</b>
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive income for the period</b>		<b>(2,238,960)</b>	<b>(2,459,118)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic loss per share	9	(1.7)	(2.5)
Diluted loss per share	9	(1.7)	(2.5)

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

**SelfWealth Limited**  
**Condensed statement of financial position**  
**As at 31 December 2018**

		31 December 2018	30 June 2018
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,494,189	3,286,232
Trade and other receivables	5	522,743	776,909
Prepayments		57,425	210,011
<b>Total current assets</b>		<b>3,074,357</b>	<b>4,273,152</b>
<b>Non-current assets</b>			
Property, plant and equipment		45,089	45,568
<b>Total non-current assets</b>		<b>45,089</b>	<b>45,568</b>
<b>Total assets</b>		<b>3,119,446</b>	<b>4,318,720</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	463,607	715,437
Employee benefit obligations		129,733	132,249
<b>Total current liabilities</b>		<b>593,340</b>	<b>847,686</b>
<b>Non-current liabilities</b>			
Employee benefit obligations		77,846	61,112
<b>Total non-current liabilities</b>		<b>77,846</b>	<b>61,112</b>
<b>Total liabilities</b>		<b>671,186</b>	<b>908,798</b>
<b>Net assets</b>		<b>2,448,260</b>	<b>3,409,922</b>
<b>EQUITY</b>			
Contributed equity	7	19,340,451	18,087,117
Other reserves	7	547,607	523,643
Accumulated losses		(17,439,798)	(15,200,838)
<b>Total equity</b>		<b>2,448,260</b>	<b>3,409,922</b>

\* See note for details regarding the restatement as a result of a change in accounting policy.

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

**SelfWealth Limited**  
**Condensed statement of changes in equity**  
**For the half-year 31 December 2018**

	Attributable to owners of SelfWealth Limited			Total \$
	Contributed equity \$	Other reserves \$	Accumulated losses \$	
Notes				
<b>Balance at 1 July 2017</b>	11,339,211	120,117	(9,852,354)	1,606,974
Loss after income tax expense for the year	-	-	(2,459,118)	(2,459,118)
<b>Total comprehensive income for the half-year</b>	-	-	<b>(2,459,118)</b>	<b>(2,459,118)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Capital raised during the year	7,835,500	-	-	7,835,500
Less: Equity raising costs	(1,087,594)	-	-	(1,087,594)
Share based payments	-	346,463	-	346,463
	6,747,906	346,463	-	7,094,369
<b>Balance at 31 December 2017</b>	<b>18,087,117</b>	<b>466,580</b>	<b>(12,311,472)</b>	<b>6,242,225</b>
<b>Balance at 1 July 2018</b>	<b>18,087,117</b>	<b>523,643</b>	<b>(15,200,838)</b>	<b>3,409,922</b>
Loss after income tax expense for the year	-	-	(2,238,960)	(2,238,960)
<b>Total comprehensive income for the half-year</b>	-	-	<b>(2,238,960)</b>	<b>(2,238,960)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Capital raised during the year	7 1,411,970	-	-	1,411,970
Less: Equity raising costs	7 (158,636)	-	-	(158,636)
Share based payments	-	23,964	-	23,964
	1,253,334	23,964	-	1,277,298
<b>Balance at 31 December 2018</b>	<b>19,340,451</b>	<b>547,607</b>	<b>(17,439,798)</b>	<b>2,448,260</b>

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

**SelfWealth Limited**  
**Condensed statement of cash flows**  
**For the half-year 31 December 2018**

	<b>Half-year</b>	
<b>Notes</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,106,659	263,098
Payments to suppliers and employees (inclusive of GST)	(3,727,289)	(2,954,905)
Interest paid	-	(36,041)
Research and development tax credit received	574,645	725,933
Interest received	4,850	11,357
<b>Net cash outflow from operating activities</b>	<b>(2,041,135)</b>	<b>(1,990,558)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(4,242)	(2,051)
Net payments for intangible assets	-	(11,686)
Payments for financial assets	-	(2,000,000)
Proceeds from loans to other entities	-	8,586
<b>Net cash outflow from investing activities</b>	<b>(4,242)</b>	<b>(2,005,151)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	7 1,411,970	7,835,500
Repayment of borrowings	-	(569,790)
Transaction costs related to issue of shares	(158,636)	(673,524)
<b>Net cash inflow from financing activities</b>	<b>1,253,334</b>	<b>6,592,186</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(792,043)</b>	<b>2,596,477</b>
Cash and cash equivalents at the beginning of the financial year	3,286,232	1,743,286
<b>Cash and cash equivalents at end of the half-year</b>	<b>2,494,189</b>	<b>4,339,763</b>

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

## **1 Basis of preparation of half-year report**

This condensed interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by SelfWealth Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year.

### **(a) New and amended standards adopted by the Company**

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

- *AASB 9 Financial Instruments*

AASB 9 replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurements Requirements* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

While this represents significant new guidance, the implementation of this new guidance had no material impact on the measurement of transactions and balances recognised in the financial statements.

- *AASB 15 Revenue from Contracts with Customers*.

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

While this represents significant new guidance, the implementation of this new guidance had no impact on the timing or amount of revenue recognised by the Company during the year.

### **(b) Impact of standards issued but not yet applied by the entity**

- (i) *AASB 16 Leases*

Management have considered the impact of new accounting standards and interpretations issued but not yet applied by the Company as compared to those of the previous financial year which are relevant to the Company's business as follows:

- Management has considered the recognition and measurement requirements of AASB 16 *Leases* ("AASB 16") in conjunction with the existing operating lease agreements between the Company and its suppliers. Based on this assessment, management concluded that there will be a material impact to the financial statement when AASB 16 is adopted and applied during the period. As of the date of this report, the Company had \$245,644 in operating lease commitments which would have been recognised on the statement of financial position had AASB 16 been adopted and applied during the period.

## 2 Going Concern

The financial statements have been prepared on the going concern basis, which assumes that the entity will be able to meet its liability as they fall due for the foreseeable future.

During the half-year ended 31 December 2018, the entity recorded a loss of \$2,238,960 (2017: \$2,459,118) and net cash outflow of \$2,041,135 (2017: \$1,990,558) from operating activities.

In assessing the entity as a going concern, the Directors have considered the financial performance for the half-year ended 31 December 2018, the net current asset position of \$2,481,017 including a cash balance of \$2,494,189 as at 31 December 2018, strength of the sales, and confidence based on past record that they will be able to complete an equity raising, if required.

In February 2019, the Company successfully completed a Rights Issue to raise \$0.158 million via the issue of 2,252,308 new shares. Subsequently, the Company also secured commitment from investors to raise another \$0.65 million under the shortfall provision. This constant support from shareholders and strategic investors will provide SelfWealth with capital flexibility to pursue its continuous growth and development.

The Directors acknowledge that this assessment incorporates a number of assumptions and judgement, and have concluded that the range of possible outcomes considered in arriving at this assessment do not give rise to a material uncertainty casting significant doubt on the entity's ability to continue as a going concern.

## 3 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of SelfWealth Limited. For the current and previous reporting periods, the Company's main activity is to provide a flat fee brokerage service in Australia. Accordingly, the Company has identified one reportable segment.

## 4 Revenue

	<b>Half-year ended</b>	
	<b>31 December</b>	31 December
	<b>2018</b>	2017
	\$	\$
<b>Operating Revenue</b>		
Membership fees	27,572	5,110
Interest Revenue	587,108	83,894
Trading Income	480,068	188,701
	<b>1,094,748</b>	277,705
 <b>Other Revenue</b>		
Interest Income	4,850	11,362
R&D Tax Incentive Income	332,390	230,571
	<b>337,240</b>	241,933

**SelfWealth Limited**  
**Notes to the condensed financial statements**  
**31 December 2018**  
(continued)

**5 Trade and other receivables**

	<b>31 December 2018</b>	30 June 2018
	\$	\$
Research & Development incentive receivables	257,745	500,000
GST receivables	119,654	205,054
Accrued Revenue	84,113	9,663
Other receivables	61,231	62,192
	<b>522,743</b>	<b>776,909</b>

**6 Trade and other payables**

	<b>31 December 2018</b>	30 June 2018
	\$	\$
Trade payables	298,094	517,712
Accrued expenses	81,516	138,625
Other payables	83,997	59,100
	<b>463,607</b>	<b>715,437</b>

**7 Contributed equity**

**(a) Share capital**

	<b>31 December 2018</b>	30 June 2018	<b>31 December 2018</b>	30 June 2018
	Shares	Shares	\$	\$
Share capital - Ordinary shares	<b>149,626,281</b>	129,455,280	<b>19,340,451</b>	18,087,117

*(i) Movements in ordinary shares:*

<b>Details</b>	<b>Number of shares</b>	<b>\$</b>
Opening balance 1 July 2017	137,467,341	11,339,211
Share Consolidation adjustment	(47,467,341)	-
Share issue at 18 cents per share pre-IPO	2,777,780	500,000
Share issue at 20 cents per share at IPO	36,677,500	7,335,500
Less: Transaction costs arising on share issues	-	(1,087,594)
Balance 30 June 2018	129,455,280	18,087,117
Share issued via private placement at 7 cents	20,171,001	1,411,970
	149,626,281	19,499,087
Less: Transaction costs arising on share issues	-	(158,636)
Balance 31 December 2018	149,626,281	19,340,451

## 7 Contributed equity (continued)

### (b) Other equity

	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 \$	30 June 2018 \$
Options	<u>8,571,077</u>	9,606,829	<u>547,606</u>	523,643

#### (i) Movements in other equity:

Details	Number of shares	\$
Opening balance	4,262,500	120,117
Consolidated	(647,433)	-
Options issued during the year	9,172,054	438,567
Share based payments	-	47,338
Options lapsed/forfeited	(3,180,292)	(82,379)
Balance 30 June 2018	<u>9,606,829</u>	<u>523,643</u>
Share based payments	-	47,057
Options lapsed/forfeited	(1,035,752)	(23,093)
Balance 31 December 2018	<u>8,571,077</u>	<u>547,607</u>

## 8 Events occurring after the reporting period

On 5 February 2019, the Company completed the 1 for 6 non-renounceable Rights Issue to raise \$0.158 million via the issue of 2,252,308 new shares. Subsequently, the Company also secured commitment from investors to raise another \$0.65 million under the shortfall provision.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of these operations, or the Company's state of affairs in future financial years.

## 9 Loss per share

### (a) Reconciliation of loss used in calculating loss per share

	Half-year ended	
	31 December 2018	31 December 2017
	\$	\$
<i>Basic loss per share</i>		
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share	(2,238,960)	(2,459,118)

### (b) Weighted average number of shares used as denominator

	Half-year ended	
	2018 Number	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	130,667,744	99,407,230

The Company is currently in a loss-making position and thus the impact of any potential shares is concluded as anti-dilutive.

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date, and

This declaration is made in accordance with a resolution of Directors.



Andrew Ward  
Director

Melbourne  
28 February 2019

# Independent Auditor's Review Report to the Members of SelfWealth Limited

## Report on the half year financial report

We have reviewed the accompanying half-year financial report of SelfWealth Limited ("Company"), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

## Directors' responsibility for the half year financial report

The directors of SelfWealth Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

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

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

## Independence

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

## Conclusion

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

- I. giving a true and fair view of the entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- II. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**CROWE HORWATH MELBOURNE**



**DAVID MUNDAY**  
Partner

**Melbourne, Victoria**  
**28 February 2018**