SelfWealth Limited

ABN 521 154 324 428

Annual Report - 30 June 2016

SelfWealth Limited
Directors' report
30 June 2016

The directors present their report, together with the financial statements, of SelfWealth Limited ("SelfWealth" or "the Company") for the year ended 30 June 2016.

Directors

The following persons were directors of SelfWealth Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Bruce Ward
Ronald Lesh
Peter John Jones (Appointed Chairman 21 June 2016)
Dean Price (Appointed Director 24 August 2015, Resigned 1 October 2016)

Principal activities

SelfWealth originated from the belief that Australia's current investment model is flawed, especially the fee structure, with Financial planners, Fund Managers and Administration platforms each demanding a share of fees from the investor. We believe paying higher fees and commissions if you have more to invest is an unfortunate legacy in the Australian Financial system. SelfWealth again breaks the percentage nexus with SelfWealth to be paid a flat brokerage fee rather than the current industry percentage based model.

SelfWealth has created a unique solution which empowers self-directed investors. For the first time in Australia, investors can now access an online tool, which compares their portfolio's performance against those of peers, professionals and the market for one low flat monthly subscription.

Members of the SelfWealth community can make investment decisions based on collective intelligence not opinion. They can see how people like them are investing and what returns they are achieving. Once comfortable, members can rebalance in-line with their goals.

Review of operations

The loss for the Company after providing for income tax amounted to $2,515,892 (30 June 2015: $2,077,784).

SelfWealth Limited during the financial year has continued to research and develop its online investment solution targeting self-directed investors with a focus on design and user experience SelfWealth Limited has also developed and launched a trading solution and continues on-boarding of BGL customers following the integration with BGL's Simple Fund 360. This partnership allows users of BGL's Simple Fund 360 software to access all the functionality, trading and social networking elements of the SelfWealth solution.

No other significant changes in the nature of the Company's activity occurred during the financial year.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Subsequent to reporting date, SelfWealth Ltd received a short term loan of $750,000 from a director related company. The loan is secured against SelfWealth's 2016 R&D Tax Refund and will support the company's working capital position. The Company has the option to convert the loan to shares.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Andrew Bruce Ward
Title:	Managing Director
Qualifications:	Bachelor of Economics and a Diploma in Financial Services (Financial Planning).
Experience and expertise:	Andrew joined the financial services industry 22 years ago, initially with Colonial First State, RetireInvest and then AMP in Sydney. In the late 1990's Andrew joined a US based, funds management consulting firm, where he was based in South East Asia helping restructure fund managers' portfolios. Andrew returned to Australia to work with St George Bank in Melbourne, gaining exposure to the administration platform environment before joining the Austock Group as National Sales Manager. Andrew was later appointed as Executive Manager for Commonwealth Private leading a team of private bankers and private wealth managers in the disciplines of financial planning, insurance and stock broking.

Name:	Ronald Lesh
Title:	Non Executive Director
Qualifications:	Bachelor of Business, Graduate Diploma of Information Technology and Member of the Institute of Chartered Accountants Australia.
Experience and expertise:	Ronald is currently Managing Director of BGL Corporate Solutions (BGL). BGL has grown to be one of the largest suppliers in the world of compliance software for corporate secretarial and superannuation fund management. In 1989, Ronald left full time professional accounting to join BGL Corporate Solutions and in 1991 became Managing Director. Ronald is a Registered Tax Agent and Company Auditor and has extensive experience in Corporations Law, Taxation and Superannuation matters. Ronald is a past member of the Australian Securities and Investments Commission Business Advisory Committee.

Name:	Peter Jones
Title:	Chairman
Qualifications:	Member of Institute of Chartered Accountants Australia
Experience and expertise:	Throughout his career, Peter has been a chartered accountancy principal for over 20 years, a member of share broking businesses and on the boards of management for both the Echuca Hospital and Echuca Regional Health. In addition to these board appointments, Peter was on the board of management of Coliban Water and was a Partner in Practice of Lockwood Partners (Echuca) before serving on the inaugural board of Investor Group. Currently Peter is serving on the board of listed public company, Biotech Capital Limited.

Name:	Dean Price
Title:	Non Executive Director
Qualifications:	Bachelor of Commerce and Member of Institute of Chartered Accountants Australia
Experience and expertise:	Dean is an experienced finance executive with over 15 years of experience advising Australian companies on mergers and acquisitions, capital markets and restructurings. Dean is currently a director of Pitt Capital Partners and goCatch. Prior to joining Pitt Capital Partners, Dean worked in the investment banking group at UBS and in the corporate finance group at Deloitte

Unissued shares under option
As at the date of this report, SelfWealth Limited has 6,123,332 unissued ordinary shares under option. The details of these options are as follows:

Date Options Granted	Number of Shares under Option	Expiry Date	Exercise Price of Shares
Granted November 2014	1,400,000	November 2016	$0.15
Granted November 2014	1,400,000	November 2017	$0.15
Granted December 2014	75,000	December 2016	$0.18
Granted December 2014	75,000	December 2017	$0.18
Granted April 2015	1,833,332	April 2017	$0.18
Granted August 2015	62,500	August 2017	$0.18
Granted August 2015	62,500	August 2018	$0.18
Granted December 2015	300,000	December 2017	$0.18
Granted December 2015	300,000	December 2018	$0.18
Granted February 2016	75,000	February 2018	$0.18
Granted February 2016	75,000	February 2019	$0.18
Granted April 2016	100,000	April 2018	$0.18
Granted April 2016	100,000	April 2019	$0.18
Granted June 2016	132,500	June 2018	$0.18
Granted June 2016	132,500	June 2019	$0.18

During the financial year 100,000 options were exercised at $0.10 per share.

Company secretary
Andrew Bruce Ward has held the role of Company Secretary since 2011.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Attended	Held
Andrew Bruce Ward	10	10
Ronald Lesh	10	10
Peter John Jones	9	10
Dean Price	9	10

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Indemnity and insurance of officers
The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors of the Company against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

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 the following page.

Auditor
Crowe Horwath continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Andrew Ward
Director

28 October 2016

Crowe Horwath

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

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

1) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

2) No contraventions of any applicable code of professional conduct in relation to the audit.

CROWE HORWATH MELBOURNE

DAVID MUNDAY
Partner

Melbourne Victoria
28 October 2016

Contents

Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	25
Independent auditor's report to the members of SelfWealth Limited	26

General information

SelfWealth Limited is an unlisted public company limited by shares.

SelfWealth Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue	3	850,838	316,828
Expenses			
Employee benefits expense		(2,095,460)	(1,322,996)
Depreciation and amortisation expense		(105,955)	(103,103)
IT development costs		(397,053)	(233,847)
Consulting fees		(210,545)	(8,250)
Advertising and promotional expenses		(173,910)	(29,721)
Rent expense		(79,944)	(41,463)
Insurance expense		(28,916)	(20,937)
Accounting and legal expenses		(49,992)	(546,665)
Finance costs		(69,882)	-
Other expenses	4	(155,073)	(87,630)
Loss before income tax expense		(2,515,892)	(2,077,784)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of SelfWealth Limited		(2,515,892)	(2,077,784)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of SelfWealth Limited		(2,515,892)	(2,077,784)

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

SelfWealth Limited
Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	6	398,793	645,476
Trade and other receivables	7	126,754	57,747
Financial assets	8	-	50,000
Research and development tax credit receivable		-	292,634
Prepayments		47,564	-
Total current assets		573,111	1,045,857
Non-current assets			
Plant and equipment	9	55,750	23,988
Intangibles	10	1,216,589	1,279,520
Total non-current assets		1,272,339	1,303,508
Total assets		1,845,450	2,349,365
Liabilities			
Current liabilities			
Trade and other payables	11	153,773	241,626
Receivables financing	12	-	595,775
Short term provisions	13	82,735	307,419
Total current liabilities		236,508	1,144,820
Total liabilities		236,508	1,144,820
Net assets		1,608,942	1,204,545
Equity			
Issued capital	14	8,119,555	5,263,804
Accumulated losses		(6,624,431)	(4,108,539)
Reserves	15	113,818	49,280
Total equity		1,608,942	1,204,545

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

SelfWealth Limited
Statement of Changes in Equity
For the year ended 30 June 2016

	Issued capital $	Accumulated losses $	Employee Benefits Reserve $	Total equity $
Balance at 1 July 2014	4,252,654	(2,030,755)	-	2,221,899
Capital raised during the year	1,040,600	-	-	1,040,600
Less: Equity raising costs	(29,450)	-	-	(29,450)
Share based payments	-	-	49,280	49,280
Loss after income tax expense for the year	-	(2,077,784)	-	(2,077,784)
Balance at 30 June 2015	5,263,804	(4,108,539)	49,280	1,204,545

	Issued capital $	Accumulated losses $	Employee Benefits Reserve $	Total equity $
Balance at 1 July 2015	5,263,804	(4,108,539)	49,280	1,204,545
Capital raised during the year	3,076,004	-	-	3,076,004
Less: Equity raising costs	(220,253)	-	-	(220,253)
Share based payments	-	-	64,538	64,538
Loss after income tax expense for the year	-	(2,515,892)	-	(2,515,892)
Balance at 30 June 2016	8,119,555	(6,624,431)	113,818	1,608,942

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

SelfWealth Limited
Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(3,625,345)	(1,854,070)
Interest received		29,351	6,521
Receipts from customers		92,097	17,475
Research and development tax credit received		1,022,024	433,616
Net cash outflow from operating activities	16(b)	(2,481,873)	(1,396,458)
Cash flows from investing activities			
Payments for plant and equipment		(40,534)	(25,484)
Payments for intangible assets		(34,252)	(26,807)
Payments for financial assets		-	(50,000)
Proceeds from disposal of financial assets		50,000	-
Net cash used in investing activities		(24,786)	(102,291)
Cash flows from financing activities			
Proceeds from issue of shares		3,076,004	1,040,600
Share issue transaction costs		(220,253)	(29,450)
Proceeds from borrowings		-	595,775
Repayment of borrowings		(595,775)	-
Net cash provided by financing activities		2,259,976	1,606,925
Net increase/(decrease) in cash and cash equivalents		(246,683)	108,176
Cash and cash equivalents at the beginning of the financial year		645,476	537,300
Cash and cash equivalents at the end of the financial year	6	398,793	645,476

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

The financial report covers SelfWealth Limited as an individual entity. SelfWealth is a for profit company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of SelfWealth Limited is Australian dollars.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 October 2016. The directors have the power to amend and reissue the financial statements.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

The following Accounting Standards and Interpretations are most relevant to the Company:

- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the measurement at fair value certain classes of property, plant and equipment, financial assets and liabilities.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Research and Development tax incentive grants received from the Australian Taxation Office are recognised in profit or loss in the period in which they become receivable.

Note 1. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

SelfWealth's trade and other receivables fall into this category of financial instruments.

Note 1. Significant accounting policies (continued)

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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

Research and development
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 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 4 years.

Patents
Significant costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

Note 1. Significant accounting policies (continued)

Trademarks and intellectual property
Trademarks and intellectual property are not amortised as they have an indefinite life. Instead, trademarks and intellectual property are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Domain Name
The costs of acquiring domain names are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2-3 years.

Source Code
Source code is not amortised as it has an indefinite life. Instead, source code is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses

Impairment of non-financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 1. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Share based payments
Equity-settled share-based payments to employees and Directors are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee benefits reserve.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Intangible Assets

Included in the Statement of Financial Position as at 30 June 2016 are Intangible Assets amounting to $1,216,589 which includes Development Expenditure, Intellectual Property, Source Code and Patents and Trademarks. The carrying value of this asset and any potential impairment are considered as one Cash Generating Unit (CGU). Refer to Note 10 for further information. The directors are of continued belief that the intangible assets which relates to the SelfWealth Platform are not impaired as the SelfWealth Investor Portal has proven technical feasibility and the value in use exceeds the carrying value of the intangible assets.

(ii) Estimation of useful lives of intangible assets

The company determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or assets that have been abandoned or sold will be written off or written down.

(iii) Source Code – Useful Life

Management have determined that the source code intangible asset has an indefinite useful life due to it representing the main development tool that enables SelfWealth to produce its online portal. Without the source code the SelfWealth solution would not exist and without being able to continue developing the code the solution will not evolve.

The source code will therefore not be subject to amortisation and will be tested for impairment on an annual basis.

Note 3. Revenue

	2016 $	2015 $
Interest income	29,351	6,251
Subscription fees	92,097	17,475
Research & Development incentive income	729,390	292,382
	850,838	316,828

Note 4. Other Expenses

	2016 $	2015 $
Other expenses		
Travel and accommodation	103,149	60,294
Communication and general office expenses	51,743	24,458
Sundry expenses	181	2,878
	155,073	87,630

Note 5. Income tax benefit

	2016 $	2015 $
Income tax expense		
Current tax	-	-
Deferred tax – origination and reversal of temporary differences	-	-
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,515,892)	(2,077,784)
Tax at the statutory tax rate of 30% (2015: 30%)	(754,768)	(623,335)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research & Development incentive income	(218,817)	(87,850)
Entertainment expenses	101	323
Legal expense	-	64,822
Fines and Penalties	23	-
Expenditure subject to R&D refund	572,083	486,260
Less tax effect of taxable deductions:		
Section 40-880 deduction	(18,132)	(6,132)
	(419,510)	(165,912)
Current year deferred taxes not recognised	419,510	165,912
Income tax expense	-	-

Note 6. Cash and cash equivalents

	2016 $	2015 $
Cash at bank	398,793	645,476
	398,793	645,476

Note 7. Trade and other receivables

	2016 $	2015 $
GST Receivable	37,045	26,406
Related party receivables	8,621	6,591
Other receivables	81,088	24,750
	126,754	57,747

Note 8. Financial Assets

	2016 $	2015 $
Term Deposits	-	50,000
	-	50,000

Note 9. Plant and equipment

	2016 $	2015 $
Plant and equipment - at cost	76,057	35,523
Less: Accumulated depreciation	(20,307)	(11,535)
Total plant and equipment	55,750	23,988

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	2016 $	2015 $
Balance at 1 July	23,988	4,520
Additions	40,534	25,484
Depreciation expense	(8,772)	(6,016)
Balance at 30 June	55,750	23,988

Note 10. Intangibles

	2016 $	2015 $
Intellectual property – at cost	533,138	533,138
Less: Accumulated impairment	-	-
	533,138	533,138
Development Expenditure - at cost	362,314	362,314
Less: Accumulated amortisation	(271,311)	(180,874)
	91,003	181,440
Patents - at cost	36,900	35,573
Less: Accumulated amortisation	(938)	(938)
	35,962	31,635
Trademarks – at cost	51,363	29,976
Less: Accumulated impairment	-	-
	51,363	29,976
Domain Name – at cost	25,162	16,624
Less: Accumulated amortisation	(20,039)	(13,293)
	5,123	3,331
Source Code - at cost	500,000	500,000
Less: Accumulated impairment	-	-
	500,000	500,000
	1,216,589	1,279,520

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Intellectual property $	Development Expenditure $	Patents $	Trademarks $	Domain name $	Source code $	Total $
Balance at 1 July 2015	533,138	181,440	31,635	29,976	3,331	500,000	1,279,520
Additions	-	-	4,327	21,387	8,538	-	34,252
Impairment of assets	-	-	-	-	-	-	-
Amortisation expense	-	(90,437)	-	-	(6,746)	-	(97,183)
Balance at 30 June 2016	533,138	91,003	35,962	51,363	5,123	500,000	1,216,589

Impairment disclosures

The entire class of Intangible Assets are considered as one Cash Generating Unit. The recoverable amount of the cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using the yield of 20% at the beginning of the budget period. These budgets are based on projected revenue expected to be derived from products developed by management.

Note 11. Trade and other payables

	2016 $	2015 $
Trade payables	88,073	106,381
Accrued expenses	65,700	135,245
	153,773	241,626

Note 12. Receivables financing

	2016 $	2015 $
Receivables Financing – FIFO Capital	-	595,775
	-	595,775

Note 13. Short term provisions

	2016 $	2015 $
Provision for employee benefits	82,735	48,394
Provision for legal claim	-	259,025
	82,735	307,419

Note 14. Equity - issued capital

	2016 Shares	2015 Shares	2016 $	2015 $
Ordinary shares - fully paid	107,198,245	90,064,889	8,119,555	5,263,804

Movements in ordinary share capital

Details	No of shares	$
Balance 1 July 2014	84,250,448	4,252,654
Share issue at 15 cents per share	200,000	30,000
Share issue at 18 cents per share	5,614,441	1,010,600
Share issue transaction costs	-	(29,450)
Balance 30 June 2015	90,064,889	5,263,804
Share issue at 10 cents per share	100,000	10,000
Share issue at 18 cents per share	17,033,356	3,066,004
Share issue transaction costs	-	(220,253)
Balance 30 June 2016	107,198,245	8,119,555

2016 Shares Issued

Shares issued at 10 cents during the financial year were issued in 1 tranche in October 2015.
Shares issued at 18 cents during the financial year were issued in 4 tranches between July 2015 and February 2016.

2015 Shares Issued

Shares issued at 15 cents during the financial year were issued in 1 tranche in July 2014.
Shares issued at 18 cents during the financial year were issued in 22 tranches between December 2014 and May 2015.

Note 14. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 15. Employee benefits reserve

	2016 $	2015 $
Balance at the beginning of the year	49,280	-
Share based payments	64,538	49,280
Balance at end of year	113,818	49,280

The above employee benefits reserve relates to share options granted by the Company to its employees and Directors under its employee share option plan and director share option plan. Items included in the employee benefit reserve will not be reclassified subsequently to profit or loss.

Note 16. Cash Flow Information

(a) Reconciliation of cash

	2016 $	2015 $
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	398,793	645,476

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net loss to net cash used in operating activities:		
Loss for the year after income tax benefit	(2,515,892)	(2,077,784)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in loss:		
- Depreciation and amortisation	105,955	103,103
- Share based payments expense	64,538	49,280
Changes in assets and liabilities,		
- (increase)/decrease in receivables	(69,007)	(18,662)
- (increase)/decrease in research and development tax incentive receivable	292,634	140,784
- (increase)/decrease in prepayments	(47,564)	-
- increase/(decrease) in trade creditors	(87,853)	126,384
- increase/(decrease) in provisions	(224,684)	280,437
Cashflow used in operations	(2,481,873)	(1,396,458)

Note 17. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2016 $	2015 $
Aggregate compensation	847,950	630,069

Note 18. Auditor remuneration

During the financial year the following fees were paid or payable for services provided by Crowe Horwath, the auditor of the Company:

	2016 $	2015 $
Audit of the financial statements	17,400	19,500
	17,400	19,500

Note 19. Contingent liabilities

The company had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Note 20. Commitments

	2016 $	2015 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	97,137	49,500
One to five years	137,480	4,125
	234,617	53,625
Service Agreement Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	375,097	130,903
One to five years	145,831	29,180
	520,928	160,082

Operating lease commitments include contracted amounts for office rental. Service agreement commitments relate to SelfWealth's aggregated data provider, data research provider and managed investment scheme platform provider. The above amounts relate to the minimum contract period of these arrangements and incorporate fee increases throughout the term where applicable.

Note 21. Related party transactions

Transactions with related parties
SelfWealth has a distribution agreement with BGL Corporate Solutions ("BGL"), Ronald Lesh (Director) is a Director of BGL. This distribution agreement has resulted in $90,173 of subscription fee revenue for SelfWealth during the year ending 30 June 2016 (2015: $17,475).

Key management personnel
Disclosures relating to key management personnel are set out in note 17.

Receivables from / Payables to related parties
The following balances are outstanding at the reporting date:

	2016 $	2015 $
Andrew Ward (Managing Director)	8,621	4,291
Sally Laycock (Operations Manager)	-	2,300
	8,621	6,591

Loans with related parties are not charged interest and there are no fixed repayments therefore are not on normal commercial terms and conditions.

Note 22. Share based payments

In the 2013 and 2014 financial years, the Company established the Employee Share Option Plan and the Director Share Option Plan ("the Plans").

The Plans were established to retain and motivate eligible persons whose present and potential contributions are important to the success of the Company by offering them an opportunity to participate in the Company's future performance through the awarding of share options. The options are issued for nil consideration and eligible persons are the employees and directors of the Company as approved by the Board of Directors.

Vesting of the share options awarded takes place over a 3 year period, with 50% of the options vesting after two years and the rest vesting after 3 years. Exercise of the options is conditional upon the eligible persons remaining employed by the Company until the vesting date.

On exercise, each share option entitles the eligible person holding that option to one ordinary share in the Company, ranking equally with all other shares. The exercise price of an option will be determined by the Board of Directors and set out in the Option Agreement.

The maximum number of share options to be issued to eligible persons per annum is 2% of the total number of shares on issue.

The following share-based payment arrangements were in existence at balance date:

Options Series	Number of Options	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date
Granted November 2014	1,400,000	November 2014	November 2016	$0.15	$0.04
Granted November 2014	1,400,000	November 2014	November 2017	$0.15	$0.05
Granted December 2014	75,000	December 2014	December 2016	$0.18	$0.05
Granted December 2014	75,000	December 2014	December 2017	$0.18	$0.06
Granted August 2015	62,500	August 2015	August 2017	$0.18	$0.04
Granted August 2015	62,500	August 2015	August 2018	$0.18	$0.05
Granted December 2015	300,000	December 2015	December 2015	$0.18	$0.04
Granted December 2015	300,000	December 2015	December 2015	$0.18	$0.05
Granted February 2016	75,000	February 2016	February 2018	$0.18	$0.04
Granted February 2016	75,000	February 2016	February 2019	$0.18	$0.05
Granted April 2016	100,000	April 2016	April 2018	$0.18	$0.04
Granted April 2016	100,000	April 2016	April 2019	$0.18	$0.05
Granted June 2016	132,500	June 2016	June 2018	$0.18	$0.04
Granted June 2016	132,500	June 2016	June 2019	$0.18	$0.05
	4,290,000				

The following table reconciles the outstanding share options granted under the Plans at the beginning and end of the financial year:

	2016		2015	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at the beginning of year	3,350,000	0.15	200,000	0.10
Granted during the year	1,540,000	0.18	3,150,000	0.15
Forfeited during the year	(500,000)	0.15	-	-
Exercised during the year	(100,000)	0.10	-	-
Expired during the year	-	-	-	-
Balance at end of year	4,290,000	0.17	3,350,000	0.15
Exerciseable at end of year	-	-	-	-

For the options granted during the current financial year, the Black Scholes Option Pricing Model has been used to determine the fair value at the grant date.

The key model inputs for options granted in November 2014 include:

(a) Options are granted for no consideration, will vest over a three year period, with 50% vesting after 2 years and the rest vesting after 3 years
(b) The grant date was 14 November 2014
(c) The expected dividend yield is 0%
(d) The risk free rate varied between 2.55% and 2.62%
(e) The expected price volatility of the Company's shares is 50%

The key model inputs for options granted in December 2014 include:

(a) Options are granted for no consideration, will vest over a three year period, with 50% vesting after 2 years and the rest vesting after 3 years
(b) The grant date was 16 December 2014
(c) The expected dividend yield is 0%
(d) The risk free rate varied between 2.26% and 2.29%
(e) The expected price volatility of the Company's shares is 50%

The key model inputs for options granted in August 2015 include:

(a) Options are granted for no consideration, will vest over a three year period, with 50% vesting after 2 years and the rest vesting after 3 years
(b) The grant date was 24 August 2015
(c) The expected dividend yield is 0%
(d) The risk free rate varied between 1.75% and 1.71%
(e) The expected price volatility of the Company's shares is 40%

The key model inputs for options granted in December 2015 include:

(a) Options are granted for no consideration, will vest over a three year period, with 50% vesting after 2 years and the rest vesting after 3 years
(b) The grant date was 15 December 2015
(c) The expected dividend yield is 0%
(d) The risk free rate varied between 2.07% and 2.11%
(e) The expected price volatility of the Company's shares is 40%

The key model inputs for options granted in February 2016 include:

(a) Options are granted for no consideration, will vest over a three year period, with 50% vesting after 2 years and the rest vesting after 3 years
(b) The grant date was 3 February 2016

(c) The expected dividend yield is 0%
(d) The risk free rate varied between 1.81% and 1.80%
(e) The expected price volatility of the Company's shares is 40%

The key model inputs for options granted in April 2016 include:

(a) Options are granted for no consideration, will vest over a three year period, with 50% vesting after 2 years and the rest vesting after 3 years
(b) The grant date was 1 April 2016
(c) The expected dividend yield is 0%
(d) The risk free rate was 1.94%
(e) The expected price volatility of the Company's shares is 40%

The key model inputs for options granted in June 2016 include:

(a) Options are granted for no consideration, will vest over a three year period, with 50% vesting after 2 years and the rest vesting after 3 years
(b) The grant date was 30 June 2016
(c) The expected dividend yield is 0%
(d) The risk free rate varied between 1.59% and 1.55%
(e) The expected price volatility of the Company's shares is 40%

Note 23. Events after the reporting period

Subsequent to reporting date, SelfWealth Ltd received a short term loan of $750,000 from a director related company. The loan is secured against SelfWealth's 2016 R&D Tax Refund and will support the company's working capital position. The Company has the option to convert the loan to shares.

Note 24. Going Concern

During the financial year ended 30 June 2016 SelfWealth had an operating loss of $2,515,892 and negative cash flow from operations of $2,481,873. In addition, the Company is reliant on external sources of funding to meet its working capital requirements until its product offerings start generating significant revenues.

SelfWealth is looking to raise an additional $1.5m in capital which will assist the company in meeting their working capital requirements so it can further continue to develop and market the SelfWealth Platform. The Directors are confident about their ability to raise additional capital during the year ended 30 June 2017 as evidenced by a strong history of successful capital raising of $3.1m during the financial year ended 30 June 2016 and $5.3m during previous financial years. The Directors have also received confirmation at the date of signing the financial report of the commitment of $700k of additional capital to be provided by existing shareholders. Additionally, as disclosed in Note 23, the Company has been granted the right to settle a loan received subsequent to balance date with shares rather than cash.

SelfWealth launched their product offerings late in the financial year ending 30 June 2016 and the Directors expect that the cash flows from these products will produce revenue which will sustain the operations of SelfWealth on an ongoing basis.

The Directors have therefore prepared the financial report on a going concern basis.

In the event that SelfWealth is not able to raise further capital to support its ongoing operations and their products are not launched in the market, there is material uncertainty as to whether it will be able to continue as a going concern and it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

SelfWealth Limited
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Andrew Ward
Director

28 October 2016

Crowe Horwath™

Independent Auditor’s Report to the Members of SelfWealth Ltd

Report on the financial report

We have audited the accompanying financial report of SelfWealth Ltd (the company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

Directors’ responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – *Reduced Disclosure Requirements* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We 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 judgment, 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 company’s preparation and fair presentation of the financial report 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.

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

Independence

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

Basis for Qualified Opinion

The Statement of Financial Position as at 30 June 2016 includes intangible assets of $1,216,589. The directors have prepared value in use calculations to support their view that the carrying value of intangibles are recoverable and therefore no impairment is required to be recognised. We have been unable to obtain sufficient appropriate audit evidence to support the directors assumptions used in their value in use calculations and, accordingly, to support the carrying value of the intangible assets of $1,216,589 as at 30 June 2016. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of SelfWealth Ltd, is in accordance with the *Corporations Act 2001*, including

(a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards- *Reduced Disclosure Requirements* (including Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

Emphasis of Matter

Without modification to our conclusion, we draw attention to Note 24 in the financial report, which indicates the financial report for the year ended 30 June 2016 has been prepared on a going concern basis.

The Company's ability to continue as a going concern is dependent on the Director's ability to continue to raise capital or generate sufficient revenue to sustain the operations of SelfWealth on an ongoing basis.

At this stage there is nothing to suggest that the Company would not be able to continue to raise capital or generate sufficient revenue to sustain the operations of the Company on an ongoing basis. Should such capital not be raised or sufficient revenue not be generated, the Company may not be able to realise its assets and settle its liabilities in the ordinary course of business.

These conditions, along with other matters as set forth in Note 24, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

David Munday

DAVID MUNDAY

Partner

Melbourne Victoria
28 October 2016