

# Interim Financial Report

Half Year 31st December 2019

SelfWealth Limited  
ABN 52 154 324 428



Mr Robert Edgley, Acting CEO of SelfWealth Pty Ltd has authorised the release of this announcement to the market.

# SelfWealth®

Trade smarter. Every time.

Our goal is to empower people to build their own wealth, which is why we've created a place where every investor can learn and benefit from the experience of a large community.

It's a revolutionary way to trade and it's more affordable, too.

**SelfWealth. Trade smarter. Every time.**

# SelfWealth Limited

## Appendix 4D

### Half-year 31 December 2019

Name of entity:  
ABN:  
Half-year ended:  
Previous period:

SelfWealth Limited  
52 154 324 428  
31 December 2019  
31 December 2018

#### Results for announcement to the market

				\$
Revenue for ordinary activities	Up	103.5%	to	2,228,269
Net loss after tax (from ordinary activities) for the period attributable to members	Down	35.0%	to	(1,454,500)

#### Net tangible assets per security

	31 December 2019 Cents	31 December 2018 Cents
Net tangible asset backing (per share)	0.70	1.87

#### Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

#### Distributions

No dividends have been paid or declared by the company for the current financial period. No dividends were paid for the previous financial period.

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

N/A

#### Interim review

The financial statements have been reviewed by the company's independent auditor without any modified opinion, disclaimer or emphasis of matters.

# **SelfWealth Limited**

ABN 52 154 324 428

## **Interim financial report for the half-year 31 December 2019**



**Directors**

Mr Tony Lally  
*Non-Executive Chairman*

Mr Andrew Ward  
*Managing Director and Chief Executive Officer (on  
extended leave from 26 November 2019)*

Mr Robert Edgley  
*Acting Managing Director and Chief Executive Officer  
(appointed 26 November 2019), previously  
Non-Executive Director*

Mr John O'Shaughnessy  
*Non-Executive Director*

Mr John Gaffney (resigned 27 September 2019)  
*Non-Executive Director*

Mr Tam Vu (appointed 4 February 2020)  
*Non-Executive Director*

**Secretary**

Mr Phillip Hains

**Principal registered office in Australia**

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Surrey Hills VIC 3127  
Australia  
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**Share and debenture register**

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727 Collins Street  
Melbourne VIC 3000  
+61 (0)3 9067 2005

**Auditor**

Crowe Melbourne  
Level 17, 181 William Street  
Melbourne VIC 3000  
+61 (0)3 9258 6700

**Solicitors**

K&L Gates  
Level 25, 525 Collins Street  
Melbourne VIC 3000  
+61 (0)3 9205 2000

**Bankers**

Westpac Banking Corporation  
150 Collins Street  
Melbourne VIC 3000

**Website**

[www.selfwealth.com.au](http://www.selfwealth.com.au)

# SelfWealth Limited

ABN 52 154 324 428

## ***Interim report - 31 December 2019***

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The Directors present their report on SelfWealth Limited for the half-year ended 31 December 2019.

#### **Directors**

Mr Tony Lally - Chairman and Non-Executive Director  
Mr Andrew Ward - Managing Director and Chief Executive Officer (on extended leave from 26 November 2019)  
Mr Robert Edgley - Acting Managing Director and Chief Executive Officer (appointed 26 November 2019), previously Non-Executive Director  
Mr John O'Shaughnessy - Non-Executive Director  
Mr John Gaffney - Non-Executive Director (resigned 27 September 2019)  
Mr Tam Vu - Non-Executive Director (appointed 4 February 2020)

#### **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 (2018: nil).

#### **Review of operations**

The loss from ordinary activities after income tax amounted to \$1,454,500 (2018: \$2,238,960).

Trade volume climbs YOY, with a 134% increase in trades. The Company's marketing efforts continue to attract large amounts of new and experienced investors, attracting a record 12,347 active traders in the period, which represents a 132% growth YOY. The Company continues to gain market share from the incumbents, primarily the banks, with the Royal Commission contributing to dissatisfaction amongst their customers.

Client cash balances, which are a driver of revenue for the Company via interest that is collected, have also grown substantially to \$136m at the end of December. This represents a 123% growth YOY.

The Company, continuing along its path of growth, launched two new products in the second quarter of FY20. The SelfWealth Adviser Platform was officially launched in September, followed by the launch of the SelfWealth SMSF Leaders ETF, in November. The Company expects that both products will contribute to revenue growth in the mid- to long-term, with the SelfWealth ETF already achieving growth in the funds under management (FUM) that SelfWealth extracts a fee from.

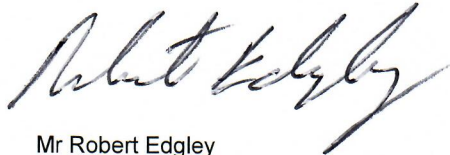
#### **Events since the end of the financial year**

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

#### **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 5.

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

A handwritten signature in black ink, appearing to read 'Robert Edgley', written in a cursive style.

Mr Robert Edgley  
Director

Melbourne  
24 February 2020



## Auditor's 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 2019 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.

A handwritten signature in blue ink that reads "Crowe Melbourne".

**CROWE MELBOURNE**

A handwritten signature in blue ink, appearing to be "Antony Barnett".

**ANTONY BARNETT**  
Partner

**Melbourne Victoria**  
**24 February 2020**

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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**SelfWealth Limited**  
**Condensed statement of profit or loss and other comprehensive income**  
**For the half-year 31 December 2019**

		Half-year ended 31 December 2019 \$	Half-year ended 31 December 2018 \$
	Notes		
Revenue from contracts with customers	3	2,228,269	1,094,748
Cost of providing services		(1,285,384)	(775,809)
<b>Gross profit</b>		<b>942,885</b>	<b>318,939</b>
Other income	4(a)	216,761	332,390
General and administrative expenses	4(b)	(2,361,457)	(1,793,251)
Selling and marketing expenses	4(b)	(249,218)	(1,101,888)
<b>Operating loss</b>		<b>(1,451,029)</b>	<b>(2,243,810)</b>
Finance income	4(a)	5,728	4,850
Finance expenses	6(b)	(9,199)	-
<b>Finance costs - net</b>		<b>(3,471)</b>	<b>4,850</b>
<b>Loss before income tax</b>		<b>(1,454,500)</b>	<b>(2,238,960)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(1,454,500)</b>	<b>(2,238,960)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will be reclassified subsequently to profit or loss</i>		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,454,500)</b>	<b>(2,238,960)</b>
Total comprehensive income for the period is attributable to:			
Owners of SelfWealth Limited		<b>(1,454,500)</b>	<b>(2,238,960)</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	<b>(0.85)</b>	(1.71)
Diluted loss per share	9	<b>(0.85)</b>	(1.71)

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 2019**

	31 December 2019	30 June 2019
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,543,642	2,542,207
Trade and other receivables	248,736	454,250
Other current assets	323,595	95,046
<b>Total current assets</b>	<b>2,115,973</b>	<b>3,091,503</b>
<b>Non-current assets</b>		
Right-of-use assets	185,001	-
Property, plant and equipment	47,663	46,867
Intangible assets	5,737	4,794
Other non-current assets	59,371	-
<b>Total non-current assets</b>	<b>297,772</b>	<b>51,661</b>
<b>Total assets</b>	<b>2,413,745</b>	<b>3,143,164</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	552,439	391,050
Employee benefit obligations	150,169	145,865
Lease liabilities	112,616	-
<b>Total current liabilities</b>	<b>815,224</b>	<b>536,915</b>
<b>Non-current liabilities</b>		
Employee benefit obligations	111,673	91,721
Lease liabilities	90,987	-
<b>Total non-current liabilities</b>	<b>202,660</b>	<b>91,721</b>
<b>Total liabilities</b>	<b>1,017,884</b>	<b>628,636</b>
<b>Net assets</b>	<b>1,395,861</b>	<b>2,514,528</b>
<b>EQUITY</b>		
Share capital	20,935,197	20,598,302
Other reserves	473,153	467,198
Accumulated losses	(20,012,489)	(18,550,972)
<b>Total equity</b>	<b>1,395,861</b>	<b>2,514,528</b>

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 2019**

Notes	Attributable to owners of SelfWealth Limited			Total equity \$
	Share capital \$	Other reserves \$	Accumulated losses \$	
<b>Balance at 1 July 2018</b>	18,087,117	523,643	(15,200,838)	3,409,922
Loss for the period	-	-	(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 period	1,411,970	-	-	1,411,970
Less: Equity raising costs	(158,636)	-	-	(158,636)
Share based payments	-	23,964	-	23,964
	<b>1,253,334</b>	<b>23,964</b>	-	<b>1,277,298</b>
<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>
<b>Balance at 1 July 2019</b>	20,598,302	467,198	(18,550,972)	2,514,528
Adjustment on adoption of AASB 16 (net of tax)	-	-	(15,094)	(15,094)
<b>Restated total equity at the beginning of financial period</b>	<b>20,598,302</b>	<b>467,198</b>	<b>(18,566,066)</b>	<b>2,499,434</b>
Loss for the period	-	-	(1,454,500)	(1,454,500)
<b>Total comprehensive income for the half-year</b>	-	-	<b>(1,454,500)</b>	<b>(1,454,500)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of shares to employees	7(a) 337,495	-	-	337,495
Less: Equity raising costs	7(a) (600)	-	-	(600)
Share based payments	7(b) -	7,877	-	7,877
Loan shares issued/expensed	7(b) -	6,155	-	6,155
Options forfeited/lapsed	7(b) -	(8,077)	8,077	-
	<b>336,895</b>	<b>5,955</b>	<b>8,077</b>	<b>350,927</b>
<b>Balance at 31 December 2019</b>	<b>20,935,197</b>	<b>473,153</b>	<b>(20,012,489)</b>	<b>1,395,861</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 2019**

	<b>Half-year</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	2,372,821	1,106,659
Payments to suppliers and employees (inclusive of GST)	(3,779,852)	(3,727,289)
Interest received	5,728	4,850
Interest paid and finance cost	(9,199)	-
Research and development tax incentive received	463,692	574,645
<b>Net cash outflow from operating activities</b>	<b>(946,810)</b>	<b>(2,041,135)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(6,033)	(4,242)
<b>Net cash outflow from investing activities</b>	<b>(6,033)</b>	<b>(4,242)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	-	1,411,970
Share issue transaction costs	(600)	(158,636)
Principal elements of lease payments	(45,122)	-
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(45,722)</b>	<b>1,253,334</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(998,565)</b>	<b>(792,043)</b>
Cash and cash equivalents at the beginning of the financial year	2,542,207	3,286,232
<b>Cash and cash equivalents at end of the half-year</b>	<b>1,543,642</b>	<b>2,494,189</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 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These 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 2019 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, other than as noted below.

### **(a) Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of \$1,454,500 and had operating cash outflows of \$946,810 for the half-year ended 31 December 2019. As at 31 December 2019, the company held cash and cash equivalents of \$1,543,642.

In the process of approving the company's internal forecast and business plan for upcoming financial years, the board has considered the cash position of the company within the next 12 months from the date of this report, further supported by the application of sensitivity analysis and stress-testing of the key existing revenue stream assumptions used with consideration to historical growth rate. Based on the assessment of the company's ability to achieve its growth targets, the board believes that the group will continue as a going concern and be able to repay its debts as and when they fall due. The board also acknowledges the company's access to the capital market should additional funding be required.

Accordingly, the financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

### **(b) New and amended standards adopted by the company**

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

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

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

#### **(i) AASB 16 Leases**

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.



## 1 Basis of preparation of half-year report (continued)

### (b) New and amended standards adopted by the company (continued)

#### (ii) Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	\$
Operating lease commitments as at 30 June 2019	226,495
Other adjustments relating to commitments disclosures	47,442
Operating lease liabilities before discounting	273,937
Operating lease commitments discount using the incremental borrowing rate of 8.32%	(25,215)
<b>Lease liabilities recognised as at 1 July 2019</b>	<b><u>248,722</u></b>
Of which are:	
Lease liabilities - current	(87,418)
Lease liabilities - non-current	<u>(161,304)</u>
	<b><u>248,722</u></b>

#### (iii) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### (iv) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 2 Segment and revenue 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.

## 3 Revenue from contract with customers

### (a) Disaggregation of revenue from contracts with customers

The company derives revenue from the transfer of services over time and at a point in time:

	31 December 2019 \$	31 December 2018 \$
Trading revenue	1,239,024	480,068
Membership subscription revenue	46,574	27,572
Interest income	940,599	587,108
ETF Income	2,072	-
	<u>2,228,269</u>	<u>1,094,748</u>

## 4 Other income and expense items

### (a) Other income

	31 December 2019 \$	31 December 2018 \$
R&D Tax Incentive Income	216,761	332,390
Interest Income	5,728	4,850
	<u>222,489</u>	<u>337,240</u>

#### 4 Other income and expense items (continued)

##### (b) Breakdown of expenses by nature

	31 December 2019 \$	31 December 2018 \$
<b>General and administrative expenses</b>		
Accounting and audit	76,150	73,346
Consulting	120,318	21,239
Depreciation	53,866	4,721
Employee benefits	1,472,920	1,070,623
Exchange-traded fund (ETF) costs	159,882	136,443
Insurance	89,357	53,082
Legal	11,971	21,139
Listing and share registry	61,820	29,845
Occupancy	19,371	90,499
Recruitment and staff training	20,379	15,047
Share-based payments	14,033	23,964
Superannuation	94,881	86,572
Travel and entertainment	76,359	123,941
Research and development expenses	45,455	-
Other	44,695	42,790
	<b>2,361,457</b>	<b>1,793,251</b>
<b>Selling and marketing expenses</b>		
Advertising and promotion	229,867	1,020,070
Conferences	18,223	24,230
Public relations	-	56,475
Other	1,128	1,113
	<b>249,218</b>	<b>1,101,888</b>

#### 5 Financial assets and financial liabilities

##### (a) Trade and other receivables

	31 December 2019			30 June 2019		
	Current	Non- current	Total	Current	Non- current	Total
	\$	\$	\$	\$	\$	\$
Other receivables	511	-	511	6,420	-	6,420
Accrued interest income	1,607	-	1,607	17,599	-	17,599
Research and development tax incentive	150,000	-	150,000	396,931	-	396,931
GST refundable	96,618	-	96,618	33,300	-	33,300
	248,736	-	248,736	454,250	-	454,250



## 5 Financial assets and financial liabilities (continued)

### (b) Trade and other payables

	31 December 2019			30 June 2019		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables	400,175	-	400,175	131,439	-	131,439
Accrued expenses	78,265	-	78,265	210,566	-	210,566
Other payables	73,999	-	73,999	49,045	-	49,045
	<b>552,439</b>	<b>-</b>	<b>552,439</b>	<b>391,050</b>	<b>-</b>	<b>391,050</b>

## 6 Leased assets

### (a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	31 December 2019 \$	30 June 2019 \$
<b>Right-of-use assets</b>		
Properties	<b>185,001</b>	-
<b>Lease liabilities</b>		
Current	<b>112,616</b>	-
Non-current	<b>90,987</b>	-
	<b>203,603</b>	-

### (b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	31 December 2019 \$	31 December 2018 \$
<b>Depreciation charge of right-of-use assets</b>		
Properties	<b>48,629</b>	-
Interest expense (included in finance cost)	<b>9,199</b>	-

The total cash outflow for leases in HY2019 was \$54,321.

## 6 Leased assets (continued)

### (c) The company's leasing activities and how these leases are accounted for

The company has adopted AASB 16 *Leases* during the half-year ended 31 December 2019 using the modified retrospective approach. The modified approach does not require restatement of comparative periods. Instead the cumulative impact of applying AASB 16 is accounted for as an adjustment to equity at the start of the current accounting period in which it is first applied, known as the 'date of initial application'.

At the start of the current accounting period, the Company has the following leased asset:

- Office lease at 613 Canterbury Road, Surrey Hills, Victoria

	31 December 2019	30 June 2019
	\$	\$
Land and buildings - right-of-use	289,658	-
Less: Accumulated depreciation	(104,657)	-
	<u>185,001</u>	<u>-</u>

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company,
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company leases land and building for its office under agreement of three years with option to extend for a further term of five years. On renewal, the terms of the lease is renegotiated.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.



## 7 Equity

### (a) Share capital

	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 \$	30 June 2019 \$
Ordinary shares Fully paid	171,782,428	170,376,197	20,935,197	20,598,302

#### (i) Movements in ordinary shares

Details	Number of shares	\$
<b>Balance at 1 July 2018</b>	<b>129,455,280</b>	<b>18,087,117</b>
Issue at \$0.07 pursuant to rights issue (20 Dec 2018)	20,171,001	1,411,970
Issue at \$0.07 pursuant to rights issue (07 Feb 2019)	2,252,308	157,662
Issue at \$0.07 pursuant to rights issue (07 Mar 2019)	17,357,144	1,215,000
Issue at \$0.15 pursuant to rights issue (27 Mar 2019)	285,714	20,000
Issue at \$0.15 pursuant to ESP loan shares to KMP (15 May 2019) (*)	854,750	-
Less: Transaction costs arising on share issues	-	(293,447)
<b>Balance at 30 June 2019</b>	<b>170,376,197</b>	<b>20,598,302</b>

Share issue in lieu of cash payment for FY19 employees' performance bonus determined and approved in FY20	1,406,231	337,495
Less: Transaction costs arising on share issues	-	(600)
<b>Balance at 31 December 2019</b>	<b>171,782,428</b>	<b>20,935,197</b>

(\*) The fair value of loan shares have been taken up in the share-based payments reserve as disclosed in note 6(b)(i).

#### (ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

## 7 Equity (continued)

### (b) Other reserves

	Notes	31 December 2019 Options	30 June 2019 Options	31 December 2019 \$	30 June 2019 \$
Options and loan shares (*)		<b>8,130,442</b>	8,321,471	<b>473,154</b>	467,198

#### (i) Movement in share-based payment reserve

Details	Number of options	\$
<b>Balance at 1 July 2018</b>	<b>9,606,829</b>	<b>523,643</b>
Lapse of ESOP unlisted options	(1,285,358)	(32,799)
Reclassify prior period lapsed options expense from reserves to accumulated losses	-	(64,024)
Amortisation of share-based payments for options	-	24,600
Amortisation of share-based payments for loan shares (**)	-	15,778
<b>Balance at 30 June 2019</b>	<b>8,321,471</b>	<b>467,198</b>
Lapse of ESOP unlisted options	(191,029)	(8,077)
Amortisation of share-based payments for options	-	7,877
Amortisation of share-based payments for loan shares (**)	-	6,155
<b>Balance at 31 December 2019</b>	<b>8,130,442</b>	<b>473,153</b>

(\*) Column 1 and 2 reflect the number of options. Column 3 and 4 reflect the dollar value of both options and loan shares.

(\*\*) The number of loan shares issued is reflected in share capital as disclosed in note 7(a)(i).

## 8 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company or economic entity in subsequent financial periods.

## 9 Loss per share

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

	31 December 2019 \$	31 December 2018 \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share:		
From continuing operations	<u>(1,454,500)</u>	<u>(2,238,960)</u>

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

	Half-year ended 2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>171,102,240</u>	<u>130,667,744</u>

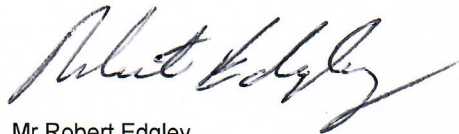
On the basis of the company's losses, the outstanding options as at 31 December 2019 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

**SelfWealth Limited  
Directors' declaration  
31 December 2019**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 2 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the SelfWealth Limited 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 directors.



Mr Robert Edgley  
Director

Melbourne  
24 February 2020



# 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 2019, 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.

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 the Company is not in accordance with the *Corporations Act 2001*, including:

- I. giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- II. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the 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 the consolidated entity's financial position as at 31 December 2019 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 other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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## Independence

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



**CROWE MELBOURNE**



**ANTONY BARNETT**  
Partner

**Melbourne, Victoria**  
**24 February 2020**