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ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Consolidated Financial Statements

For the Year Ended 30 June 2020

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Corporate Directory For the Year Ended 30 June 2020

DIRECTORS

Tony Leibowitz	<i>Chairman</i>	Appointed 29 September 2017
Adam Davey	<i>Non-Executive Director</i>	Appointed 17 August 2012
Tony Wehby	<i>Non-Executive Director</i>	Appointed 3 May 2018

COMPANY SECRETARY

Sam Hallab (appointed 1 February 2017)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Street: Level 21 Westfield Tower 2
101 Grafton St
Bondi Junction NSW 2022
Postal: PO Box 199
BONDI JUNCTION NSW 1355
Telephone: +61 (0)2 9167 8050
Website: www.ensurance.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
Website: www.asx.com.au
ASX Code: ENA

SOLICITORS TO THE COMPANY

Steinepreis Paganin
Level 4, The Read Buildings, 16 Milligan Street
PERTH WA 6000

AUDITORS

Mazars Risk & Assurance Pty Limited
Level 12, 90 Arthur Street
NORTH SYDNEY NSW 2060
Telephone: +61 (0) 2 99 22 11 66
Website: www.mazars.com.au

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

The directors present their report on the consolidated entity, consisting of Ensurance Limited (Ensurance or the Company) and its controlled entities (collectively the Group), for the financial year ended 30 June 2020.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Tony Leibowitz	Chairman
Mr Adam Davey	Non-Executive Director
Mr Tony Wehby	Non-Executive Director

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

Company secretary

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

Mr Sam Hallab

Qualifications B.Ec., CA, F-AIST, GAICD, Diploma FP

Experience Mr Hallab has spent more than 35 years in the financial sector and brings extensive experience to the group. As a chartered accountant, he was a partner with Sydney accounting firm Sothertons for more than a decade before moving into the superannuation industry as Deputy CEO of the Australian Catholic Superannuation and Retirement Fund. Mr Hallab also held positions of COO, CFO and Company Secretary. He is a registered auditor and tax agent and has gained extensive experience in risk management and compliance.

Dividends

There were no dividends paid or recommended during the financial year ended 30 June 2020.

Principal activities and significant changes in nature of activities

The principal activities of ENSURANCE LIMITED AND CONTROLLED ENTITIES during the financial year were providing customized insurance solutions specializing in both construction and terrorism & sabotage.

There were no significant changes in the nature of ENSURANCE LIMITED AND CONTROLLED ENTITIES's principal activities during the financial year.

Significant changes in the state of affairs

Ensurance Underwriting Pty Limited was sold on 1 March 2020. The share sale arrangement was for 100% of the issued capital for a consideration of \$1.1m.

Directors' Report

30 June 2020

Operating and financial review

Operating review

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

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

b. Established UK operations continue strong upward growth trajectory

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

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

c. New products expand global reach and offering

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

d. Technology supports greater efficiency and supports business to scale

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

e. Key departures follow restructuring

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

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

Operating and financial review (continued)

Financial review

a. Operating results

For the year ended 30 June 2020, the Group delivered a loss of \$2.15m after tax, representing an increase of \$0.75m on the prior year loss of \$1.40m. The increase was due to losses in the Australian businesses, which have now been sold.

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

b. Financial position

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

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

Events Subsequent to Reporting Date

There are no significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 35 - Events subsequent to reporting date.

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Environmental Regulations

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

Information on directors

Mr Tony Leibowitz	Executive Chairman
Qualifications	Chartered Accountant (FCA)
Length of service	2 years, 9 months from appointment 29 September 2017
Experience	Mr Leibowitz has over 30 years of corporate finance, investment banking and broad commercial experience and has a proven track record of providing the necessary skills and guidance to assist companies grow and generate sustained shareholder value. Previous roles include Chandler Macleod Limited and Pilbara Minerals Limited, where as Chairman and an early investor in both companies, he was responsible for substantial increases in shareholder value and returns. Mr Leibowitz was a global partner at PricewaterhouseCoopers and is a Fellow of the Institute of Chartered Accountants in Australia.
Interest in Shares and Options	119,954,957 ordinary shares in Ensurance Limited (indirect) (2019: 61,159,739). Shareholding increased as a result of multiple purchases on open trade market, at arm's length. 3,500,000 options exercisable at 5 cents, expiring 15 December 2020; 3,000,000 options exercisable at 4 cents expiring 31 December 2021; 5,000,000 options exercisable at 6 cents expiring 31 December 2022; 7,000,000 options exercisable at 9 cents expiring 31 December 2023; 13,894,197 options exercisable at 2 cents expiring 6 June 2021.
Directorships held in other listed entities	Non-executive chairman of Bardoc Gold (BDC)
Mr Adam Davey	Independent Non-Executive Director
Qualifications	Professional Diploma in Stockbroking
Length of service	7 years, 11 months from appointment 17 August 2012 (last re-elected 28 November 2018)
Experience	Mr Davey has had experience in the securities industry over the past 25 years. He has served as a Non-Executive Director of several industrial and mining companies. He has significant experience in capital raisings, mergers and acquisitions. Mr Davey also serves as Chairman of the not-for-profit organisation Teen Challenge Foundation.
Interest in Shares and Options	6,377,073 ordinary shares in Ensurance Limited (indirect) (2019: 3,542,819). Cash was paid for these shares. 4,000,000 partly paid shares in Ensurance Limited (indirect) (2019: 4,000,000). 708,563 options exercisable at 2 cents, expiring 6 June 2021.
Directorships held in other listed entities	Non-executive Director of PainChek Limited (PCK) and The Agency Group Australia Ltd (AU1).

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

Information on directors (continued)

Mr Tony Wehby	Independent Non-Executive Director
Qualifications	Chartered Accountant (FCA), member of Australian Institute of Company Directors
Length of service	2 years, 2 months from appointment 3 May 2019
Experience	Mr Wehby was a partner in PricewaterhouseCoopers for 19 years where he specialised in Corporate Finance and was responsible for the management of that part of the national practice. Since 2001 he has held Non-Executive Director roles and maintained a financial consulting practice, focusing on companies considering significant changes. Mr Wehby was a founding Director and Chairman of Aurelia Metals Limited (AMI), Chairman of Tellus Resources Ltd and member of the Board Advisory Committee of Moss Capital Funds Management Limited. Mr Wehby is currently chair of Kingston Resources Ltd (KSN) and deputy chair (and Chair of the Audit and Risk Committee) of Royal Rehab.
Interest in Shares and Options	5,237,018 ordinary shares in Ensurance Limited (indirect) (2019: 1,077,603). Cash was paid for these shares. 1,048,853 options exercisable at 2 cents, expiring 6 June 2021; 1,000,000 options exercisable at 5 cents, expiring 10 July 2021; 1,000,000 options exercisable at 8 cents, expiring 10 July 2021.
Directorships held in other listed entities	Chairman of Kingston Resources Ltd (KSN)

Meetings of directors and committees

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

	Directors Meetings	
	Number eligible to attend	Number attended
Tony Leibowitz	7	7
Adam Davey	7	6
Tony Wehby	7	7

Indemnifying officers or auditor

Indemnification

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

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

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

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

Indemnifying officers or auditor (continued)

Indemnification (continued)

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

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

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

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

Insurance premiums

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

Options

Unissued shares under option

At the date of this report, Ensurance Limited has the following unissued ordinary shares under option (unlisted):

Issuing Entity	Share Under Option No.	Class of Shares	Exercise Price of Option	Expiry Date of Option
Kalonda Pty Ltd	3,000,000	Ordinary	0.04	31.12.21
Kalonda Pty Ltd	3,500,000	Ordinary	0.05	15.12.20
Kalonda Pty Ltd	5,000,000	Ordinary	0.06	31.12.22
Kalonda Pty Ltd	7,000,000	Ordinary	0.09	31.12.23
KLI PTY LTD	250,000	Ordinary	0.05	15.12.20
PORTAFORTUNA PTY LTD	300,000	Ordinary	0.05	15.12.20
TONY WEHBY	1,000,000	Ordinary	0.05	10.07.21
TONY WEHBY	1,000,000	Ordinary	0.08	10.07.21
TRANSOCEAN SECURITIES PTY LTD	3,200,000	Ordinary	0.05	15.12.20
Convertible note holders (grouped)	12,634,301	Ordinary	0.04	30.06.21
Convertible note holders (grouped)	63,217,342	Ordinary	0.02	06.06.21
Total	100,101,643			

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company. These options were issued in connection with the Entitlement Offer Prospectus dated 6 June 2017 (9,097,314 options), short-term loan agreements (2,400,000 options), an executive employment agreement (19,000,000 options), for services provided (3,000,000 options), with the share placement completed in December 2017 (7,000,000 options), a non-executive employment agreement (2,000,000 options) and the extension of the Company's convertible notes (12,634,301 options). Entitlement Offer Prospectus dated 25 October 2019 (63,217,342 options).

Shares issued on exercise of options

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

Non-audit services

During the year the Company's auditor, Mazars Risk and Assurance Pty Limited (Mazars), did not provide any taxation compliance advice & assistance (2019: nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 28 - Auditor's Remuneration.

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

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

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

Proceedings on behalf of company

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

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

Officers of the company who are former partners of Mazars Risk and Assurance Pty Limited

There are no officers of the company who are former partners of Mazars Risk and Assurance Pty Limited.

Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 (Cth) for the year ended 30 June 2020 has been received and can be found on page 16 of the annual report.

Directors' Report

30 June 2020

Remuneration report (audited)

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

1. Key management personnel (KMP)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the Directors of the Company and key executive personnel. All individuals held their positions throughout the financial year unless otherwise stated:

Mr Tony Leibowitz	Executive Chairman
Mr Adam Davey	Non-Executive Director
Mr Tony Wehby	Non-Executive Director
Mr Tim James	CEO of Ensurance UK
Mr Sam Hallab	Company Secretary
Mr Arjan van Ameyde	Chief Financial Officer & Chief Operating Officer (resigned 31 January 2020)
Mr Michael Huntly	CEO of Ensurance Underwriting (redundancy on 31 March 2020)

2. Principles used to determine the nature and amount of remuneration

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

- Competitiveness and reasonableness;
- Acceptability to the shareholders;
- Performance;
- Transparency; and
- Capital management

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

a. Executive Directors and other Senior Executives

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

b. Non-Executive Directors

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

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

Directors' Report

30 June 2020

Remuneration report (audited) (continued)

2. Principles used to determine the nature and amount of remuneration (continued)

b. Non-Executive Directors (continued)

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

c. Fixed Remuneration

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

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

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

• Short-term incentives

No short-term incentives were granted during the year.

• Long-term incentives

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

The Directors of the Company are eligible to participate in the "Ensurance Limited Employee Incentive Option Plan".

e. Service Contracts

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

f. Engagement of Remuneration Consultants

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

g. Relationship between Remuneration of KMP and Earnings

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

Remuneration report (audited) (continued)

3. Remuneration Details for the Year Ended 30 June 2020

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

2020

Group Key Management Person	Short-term benefits				Postemployment benefits	Long-term benefits	Equity-settled share-based payments		Total \$
	Salary, fees and leave \$	Profit share and bonuses \$	Non-monetary \$	Other \$	Superannuation \$	Other \$	Equity \$	Options/Right \$	
Tony Leibowitz	205,962	-	-	-	19,566	-	-	-	225,528
Adam Davey	45,000	-	-	-	4,275	-	-	-	49,275
Tony Wehby	48,562	-	-	-	-	-	-	-	48,562
Michael Huntly	154,731	-	-	-	14,699	-	-	-	169,430
Tim James	374,374	-	-	-	21,588	-	-	-	395,962
Sam Hallab	48,000	-	-	-	-	-	-	-	48,000
Arian van Ameyde	173,154	-	-	-	14,725	-	42,000	-	229,879
	1,049,783	-	-	-	74,853	-	42,000	-	1,166,636

2019

Group Key Management Person	Short-term benefits				Postemployment benefits	Long-term benefits	Equity-settled share-based payments		Total \$
	Salary, fees and leave \$	Profit share and bonuses \$	Non-monetary \$	Other \$	Superannuation \$	Other \$	Equity \$	Options/Right \$	
Tony Leibowitz	283,846	-	-	-	26,965	-	-	20,310	331,121
Adam Davey	50,000	-	-	-	4,750	-	-	-	54,750
Tony Wehby	54,750	-	-	-	-	-	-	4,900	59,650
Brett Graves	69,547	-	-	-	6,607	-	-	-	76,154
Michael Huntly	231,000	-	-	-	21,945	-	-	-	252,945
Peter Fielding	99,355	-	-	-	9,233	-	-	-	108,588
Tim James	325,674	-	-	-	16,284	-	-	435	342,393
Sam Hallab	48,000	-	-	-	-	-	-	-	48,000
Arian van Ameyde	242,692	-	-	-	23,056	-	-	46	265,794
	1,404,864	-	-	-	108,840	-	-	25,691	1,539,395

Directors' Report

30 June 2020

Remuneration report (audited) (continued)

4. Service Agreements (continued)

a. Executive services contract (ESC) with Tony Leibowitz

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

- Mr Leibowitz is employed by the Company as Executive Chairman under an ESC that commenced 1 May 2017.
- The gross annual remuneration package (including superannuation) was \$197,100 per annum, this was increased to \$295,650 from 23 January 2020. Due to COVID19, this was reduced on the 16 April 2020 to \$ 236,520.
- Should Mr Leibowitz hold any office or directorship with any other Group company, he will not be entitled to any additional remuneration in respect of those appointments.
- The remuneration will be reviewed by the Board annually in accordance with the Company's policies and procedures.
- The ESC formalises Mr Leibowitz's full-time employment as Executive Chairman, following an initial appointment of six months. The current ESC expired 31 December 2018 and is extended beyond this date on a month to month basis, as agreed between Mr Leibowitz and the Board.

b. Non-Executive Director appointment letter with Adam Davey

The Company appointed Mr Adam Davey as a Non-Executive Director, on standard terms for agreements of this nature, under which he is entitled to director fees of \$50,000 per annum, plus superannuation. Due to COVID19, the Directors have reduced their salaries beginning in April 2020.

c. Non-Executive Director appointment letter with Tony Wehby

The Company appointed Mr Tony Wehby as Non-Executive Director, on standard terms for agreements of this nature, under which he is entitled to director fees of \$54,750 per annum. Due to COVID19, the Directors have reduced their salaries beginning in April 2020.

5. Share-based compensation

a. Securities Received that are not performance-related

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

b. Options and Rights Granted as Remuneration

As referred to in Note 24 'Share-based payments' and section 6.c of this Remuneration Report, on 30 November 2015, 6,500,000 Performance Rights Class A (Note 24a.i) and 500,000 Performance Rights Class B (Note 24a.ii) were issued to Directors of the Company. The balance of Performance Rights at 30 June 2020 were 1,000,000 Class A and 500,000 Class B. (2019: 1,000,000 and 500,000, respectively).

On 28 November 2018, 15,000,000 options were granted to Tony Leibowitz as part of his executive services agreement. 3,000,000 are exercisable at 4 cents within 3 years of issue, 5,000,000 are exercisable at 6 cents within 4 years of issue and 7,000,000 are exercisable at 9 cents within 5 years of issue.

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Directors' Report

30 June 2020

Remuneration report (audited) (continued)

6. Key Management Personnel equity holdings (continued)

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

2020

Group Key Management Person	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
Tony Leibowitz ⁽¹⁾ ⁽³⁾	60,059,739	-	-	59,895,218	119,954,957
Adam Davey ⁽²⁾ ⁽³⁾	7,542,819	-	-	2,834,254	10,377,073
Tony Wehby	1,077,603	-	-	4,195,415	5,273,018
Michael Huntly	1,743,818	-	-	(243,818)	1,500,000
Tim James ⁽⁴⁾	-	-	-	-	-
Sam Hallab	-	-	-	-	-
Arjan van Ameyde	500,000	2,000,000	-	400,000	2,900,000
	70,923,979	2,000,000	-	67,081,069	140,005,048

⁽¹⁾ Mr Leibowitz and his related parties held 2,633,722 shares prior to accepting his position with the Company.

⁽²⁾ Mr Davey's shares include 4,000,000 partly-paid ordinary shares held by Mr Davey and his related parties.

⁽³⁾ A number of the above KMP hold Convertible Notes. Upon conversion, shareholdings will increase as follows: Tony Leibowitz: 2,500,000; Adam Davey: 2,500,000.

⁽⁴⁾ Tim James has an incentive share plan entitlement. This being 2,000,000 shares to be issued on 18 Jun 2022 and another 2,000,000 shares to be issued on 18 Jun 2023.

2019

Group Key Management Person	Balance at start of year No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No.	Balance at end of year No.
Tony Leibowitz ⁽¹⁾ ⁽³⁾ ⁽⁵⁾	45,210,780	-	-	14,848,959	60,059,739
Adam Davey ⁽²⁾ ⁽⁵⁾	7,542,819	-	-	-	7,542,819
Tony Wehby	1,077,603	-	-	-	1,077,603
Brett Graves ⁽⁴⁾	4,210,899	-	-	(4,210,899)	-
Michael Huntly	1,813,818	-	-	(70,000)	1,743,818
Peter Fielding	-	-	-	-	-
Tim James	-	-	-	-	-
Sam Hallab	-	-	-	-	-
Arjan van Ameyde	500,000	-	-	-	500,000
	60,355,919	-	-	10,568,060	70,923,979

⁽¹⁾ Mr Leibowitz and his related parties held 2,633,722 shares prior to accepting his position with the Company.

⁽²⁾ Mr Davey's shares include 4,000,000 partly-paid ordinary shares held by Mr Davey and his related parties.

⁽³⁾ Other changes during the year represent shares purchased by Mr Leibowitz on the open trade market at arms length.

⁽⁴⁾ Brett Graves shares were bought back and cancelled by the Company as part of the consideration of the sale of Savill Hicks Corp Pty Ltd.

⁽⁵⁾ A number of the above KMP hold Convertible Notes. Upon conversion, shareholdings will increase as follows: Tony Leibowitz: 2,500,000; Adam Davey: 2,500,000.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Directors' Report

30 June 2020

Remuneration report (audited) (continued)

6. Key Management Personnel equity holdings (continued)

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

2020

Group Key Management Person	Balance at start of year No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz ⁽¹⁾	25,150,000	-	-	8,744,197	33,894,197	-	33,894,197
Adam Davey	3,000,000	-	-	(2,291,437)	708,563	-	708,563
Tony Wehby	2,000,000	-	-	1,048,853	3,048,853	-	3,048,853
Michael Huntly	-	-	-	-	-	-	-
Tim James	-	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	100,000	100,000	-	100,000
	30,150,000	-	-	7,601,613	37,751,613	-	37,751,613

⁽¹⁾ Mr Leibowitz and his related parties held 1,500,000 options prior to accepting his position with the Company.

2019

Group Key Management Person	Balance at start of year No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz ^{(1) (2)}	10,150,000	15,000,000	-	-	25,150,000	-	25,150,000
Adam Davey	3,000,000	-	-	-	3,000,000	-	3,000,000
Tony Wehby	2,000,000	-	-	-	2,000,000	-	2,000,000
Brett Graves	-	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-	-
Tim James	-	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	-	-	-	-
	15,150,000	15,000,000	-	-	30,150,000	-	30,150,000

⁽¹⁾ Mr Leibowitz and his related parties held 1,500,000 options prior to accepting his position with the Company.

⁽²⁾ During the financial year, 15,000,000 options were granted to Tony Leibowitz as part of his executive services agreement. 3,000,000 are exercisable at 4 cents within 3 years of issue, 5,000,000 are exercisable at 6 cents within 4 years of issue and 7,000,000 are exercisable at 9 cents within 5 years of issue.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Directors' Report

30 June 2020

Remuneration report (audited) (continued)

6. Key Management Personnel equity holdings (continued)

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

2020

Group Key Management Person	Balance at start of year No.	Granted as Remuneration during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz	-	-	-	-	-	-
Adam Davey	1,500,000	-	-	1,500,000	-	1,500,000
Tony Wehby	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-
Tim James	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	-	-	-
	1,500,000	-	-	1,500,000	-	1,500,000

2019

Group Key Management Person	Balance at start of year No.	Granted as Remuneration during the year No.	Other changes during the year No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Tony Leibowitz	-	-	-	-	-	-
Adam Davey	1,500,000	-	-	1,500,000	-	1,500,000
Tony Wehby	-	-	-	-	-	-
Brett Graves	-	-	-	-	-	-
Michael Huntly	-	-	-	-	-	-
Peter Fielding	-	-	-	-	-	-
Tim James	-	-	-	-	-	-
Sam Hallab	-	-	-	-	-	-
Arjan van Ameyde	-	-	-	-	-	-
	1,500,000	-	-	1,500,000	-	1,500,000

Other changes during the year relate to performance rights forfeited by the termination of each individual's Directorship with the Company.

7. Other Equity-related KMP Transactions

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

8. Loans to Key Management Personnel

The Group has a loan to Kalonda Pty Limited of \$2.5m. This company is a related party to the Chairman.

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

Transactions involving equity instruments are described in the tables above. For details of other transactions with KMP, refer Note 31 Related party transactions.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

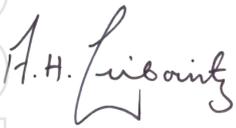
Directors' Report

30 June 2020

Remuneration report (audited) (continued)

END OF REMUNERATION REPORT

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



A H LEIBOWITZ

Chairman

Dated this Wednesday, 23rd September 2020

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020, there have been:

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

MAZARS RISK & ASSURANCE PTY LIMITED



Rose Megale

Director

Sydney, this 23rd day of September 2020

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ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
Continuing operations			
Revenue	5	3,796,117	1,533,647
Business development		(158,050)	(196,467)
Compliance costs		(324,527)	(286,971)
Computers and communications		(237,334)	(282,301)
Depreciation and amortisation	6	(344,241)	(46,925)
Employee costs	6	(4,322,579)	(3,986,266)
Finance costs	6	(740,740)	(557,002)
Legal and consulting fees		(109,151)	(299,671)
Occupancy costs		(174,879)	(497,107)
Travel and accommodation		(156,034)	(102,254)
Other expenses		(93,171)	(187,340)
Loss before tax		(2,864,589)	(4,908,657)
Income tax benefit	7	-	-
Loss from continuing operations		(2,864,589)	(4,908,657)
Loss from discontinued operations	32	(145,660)	(140,992)
Gain on disposal of discontinued operation	32	856,478	3,647,914
Total net loss for the year		(2,153,771)	(1,401,735)
Other comprehensive income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of property, plant and equipment		(120)	(880)
Other comprehensive loss for the year, net of tax		(120)	(880)
Total comprehensive loss attributable to members of the parent entity		(2,153,891)	(1,402,615)
Profit/(loss) for the period attributable to:			
Non-controlling interest		-	-
Owners of the parent		(2,153,771)	(1,401,735)
Total comprehensive income/(loss) attributable to:			
Non-controlling interest		-	-
Owners of the parent		(2,153,891)	(1,402,615)
Earnings per share:			
Basic and diluted loss per share (cents per share)	23	(0.47)	(0.44)

The accompanying notes form part of these financial statements.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Consolidated Statement of Financial Position As At 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,276,309	2,534,136
Trade and other receivables	9	1,630,714	624,167
Trust account insurer assets	10	13,240,759	7,389,279
Other assets	11	64,592	210,343
TOTAL CURRENT ASSETS		16,212,374	10,757,925
NON-CURRENT ASSETS			
Trade and other receivables	9	856,471	-
Financial assets	12	1,200	1,684
Other assets - bonds on deposits	13	77,466	72,131
Plant and equipment	14	91,418	134,698
Intangible assets	15	125,665	-
Right-of-use assets	16	30,289	-
TOTAL NON-CURRENT ASSETS		1,182,509	208,513
TOTAL ASSETS		17,394,883	10,966,438
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	359,862	767,654
Trust account insurer liabilities	10	13,097,128	7,389,279
Borrowings	18	4,714,997	289,892
Employee benefits	19	52,709	208,731
Lease liabilities	20	231,106	-
TOTAL CURRENT LIABILITIES		18,455,802	8,655,556
NON-CURRENT LIABILITIES			
Borrowings	18	-	4,565,546
Employee benefits	19	3,276	38,994
TOTAL NON-CURRENT LIABILITIES		3,276	4,604,540
TOTAL LIABILITIES		18,459,078	13,260,096
NET LIABILITIES		(1,064,195)	(2,293,658)
EQUITY			
Issued capital	21	19,291,070	16,301,785
Reserves	22	1,911,211	1,481,654
Accumulated losses		(22,266,476)	(20,077,097)
TOTAL EQUITY		(1,064,195)	(2,293,658)

The accompanying notes form part of these financial statements.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Ordinary shares	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Share option reserve	Revaluation reserve	Convertible note option premium reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	16,301,785	(20,077,097)	(11,197)	8,980	1,280,624	(680)	203,927	(2,293,658)
Impact due to change in accounting standard*	-	(84,381)	-	-	-	-	-	(84,381)
Balance at 1 July 2019 - restated	16,301,785	(20,161,478)	(11,197)	8,980	1,280,624	(680)	203,927	(2,378,039)
Loss for the year attributable owners of the parent	-	(2,153,771)	-	-	-	-	-	(2,153,771)
Other comprehensive loss for the year attributable owners of the parent	-	-	-	-	-	(120)	-	(120)
Transactions with owners								
Capital raising and transaction costs	2,989,285	-	-	-	560,528	-	-	3,549,813
Rollover of convertible notes	-	40,335	-	-	-	-	(47,985)	(7,650)
Forfeit of options	-	-	-	-	(8,438)	-	-	(8,438)
Expense of options	-	8,438	-	-	75,488	-	-	83,926
Translation of Ensurance UK ledger	-	-	(149,916)	-	-	-	-	(149,916)
Balance at 30 June 2020	19,291,070	(22,266,476)	(161,113)	8,980	1,908,202	(800)	155,942	(1,064,195)

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

The accompanying notes form part of these financial statements.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2019

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

The accompanying notes form part of these financial statements.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Consolidated Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Notes	\$	\$
OPERATING ACTIVITIES:		
Receipts from customers	3,581,464	2,223,241
Payments to suppliers and employees	(7,318,010)	(7,493,365)
Interest received	93,877	131,238
Interest and borrowing costs paid	(496,304)	(215,063)
Other income	84,788	-
Refund of income taxes	-	284,000
Net cash used in operating activities	8 <u>(4,054,185)</u>	<u>(5,069,949)</u>
INVESTING ACTIVITIES:		
Proceeds from sale of discontinued operation	220,000	1,999,011
Payments for intercompany loan with discontinued operation	-	(223,660)
Purchase of plant and equipment	-	(2,727)
Payment other non-current assets	(131,606)	-
Payment of lease deposit	(5,745)	(3,636)
Net cash provided by investing activities	<u>82,649</u>	<u>1,768,988</u>
FINANCING ACTIVITIES:		
Proceeds from issue of shares	3,511,291	503,335
Convertible notes interest paid	(192,226)	(223,452)
Net proceeds from borrowings	-	2,500,000
Repayment of borrowings	(284,518)	(148,265)
Payment of principal on lease liabilities	(320,838)	-
Net cash provided by financing activities	<u>2,713,709</u>	<u>2,631,618</u>
Net decrease in cash and cash equivalents held	(1,257,827)	(669,343)
Cash and cash equivalents at beginning of year	2,534,136	3,203,479
Cash and cash equivalents at end of financial year	8 <u>1,276,309</u>	<u>2,534,136</u>
Cashflows from discontinued operations	<u>(273,112)</u>	<u>(418,025)</u>

The accompanying notes form part of these financial statements.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements

For the Year Ended 30 June 2020

These are the consolidated financial statements and notes of Ensurance Limited ('Ensurance' or the 'Company') and controlled entities (collectively the 'Group'). Ensurance is a company limited by shares, domiciled and incorporated in Australia.

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

The functional and presentation currency of ENSURANCE LIMITED AND CONTROLLED ENTITIES is Australian dollars.

The financial report was authorised for issue by the Directors on 23 September 2020.

1 Basis of Preparation

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

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

(i) Statement of compliance

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

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

(ii) Going concern

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

The Group incurred a net loss for the year of \$2,153,771 (2019: \$1,401,735). As at 30 June 2020, the Group had negative working capital of \$2,243,428 (2019: \$2,102,369), and net liabilities of \$1,064,195 (2019: \$2,293,658) which includes related party loans of \$2,500,000 and convertible notes of \$2,188,335 due for repayment on 19th June 2021 and 30th June 2021 respectively. The Group has had recurring operating losses as a result of the delivery of new products and cashflow generating business units in accordance with the Group's strategic goals.

Based on a cashflow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending 12 months from the date of this report. The Group is exploring various capital raising strategies and the Group has also received confirmation of continued and ongoing financial support from one of its major shareholders. This continued financial support will enable the Group to meet its current obligations as and when they fall due.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Basis of Preparation (continued)

Ultimately the ability of the Group to continue as a going concern is dependent upon the continued unconditional financial support provided by a major shareholder of Ensurance Limited, which was provided in writing on 18 August 2020. On this basis, it is the Directors belief that the Group is able to pay its debts as and when they fall due and will have adequate resources to continue operating for the foreseeable future. For this reason, the Directors consider the going concern basis of preparation to be appropriate.

(iii) Reverse acquisition

Ensurance Ltd is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Ensurance Capital Pty Ltd (Ensurance Capital) on 5 May 2015.

Ensurance Capital (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Ensurance (accounting subsidiary). Notwithstanding, as Ensurance Ltd is the listed entity and the ultimate holding company of the Ensurance Group of companies, the financial statements have been referred to as the financial statements of Ensurance Ltd.

(iv) Use of estimates and judgments

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

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

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

(v) Comparative figures

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(a) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 33.

(b) Principles of consolidation

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

(i) Subsidiaries

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

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

A list of controlled entities is contained in Note 29 Interests in Subsidiaries of the financial statements.

(ii) Transactions eliminated on consolidation

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

(c) Segment reporting

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(d) Foreign currency transactions and balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies and foreign operations

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

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

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

(e) Revenue and other income

Interest revenue is recognised in accordance with Note 2 (j) (ix) Finance income and expenses.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(e) Revenue and other income (continued)

Revenue is recognised when the Group has satisfied its performance obligations, which occurs when control of the goods or services are transferred to the customer. This is deemed to be the policy inception date. An invoice and policy documents are created at the date of inception, which specify each party's rights and obligations, the price of the policy, the payment terms and the level of coverage. The insured party assumes full control at the date of inception and cover is enforceable as at that date, regardless of when payment is received. When the performance obligation has been satisfied, the Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation, after excluding any estimates of variable consideration that are constrained in respect of settlement activities. See Note 5 for further information.

All revenue is stated net of the amount of GST/VAT (Note 2 (f) (iii) Goods and Services Tax (GST) and Value Added Tax (VAT)).

(f) Taxation

(i) Income tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit). Gains and losses on discontinued operations are aggregated with the results of continuing operations for the purposes of income taxes up to the point where the operation no longer forms a legal part of the consolidated tax group.

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

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

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(f) Taxation (continued)

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

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

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

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

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

(ii) Tax consolidation

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(f) Taxation (continued)

(iii) Goods and Services Tax (GST) and Value Added Tax (VAT)

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

The net amount of GST/VAT recoverable from, or payable to, the Australian Taxation Office in Australia or HM Revenue & Customs in the UK is included as a current asset or liability in the balance sheet.

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

(g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property and equipment: 1 year

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (l) Impairment of non-financial assets.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(g) Leases (continued)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(h) 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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 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 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments

(i) *Initial recognition and measurement*

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

AASB 9 contains three principal classification categories: Measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). This is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit or loss as they arise (FVPL), unless restrictive criteria are met for classifying and measuring the asset at either amortised cost or FVOCI. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) *Non-derivative financial instruments*

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

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. The Group has elected to account for listed shares using FVOCI. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(iii) *Classification and subsequent measurement*

(1) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash at bank.

For the statement of cash flows presentation purposes, cash and cash equivalents comprises the above.

(2) Loans

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

(3) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(4) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated 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.

(5) Share capital

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

(iv) *Amortised cost*

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

(v) *Fair value*

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

(vi) *Effective interest method*

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

(vii) Impairment

For Trade and other receivables, the Group has elected to measure the cancellation provision based on the expected value by looking at the previous year's cancellations and negative endorsements as a percentage of the overall premiums sold. As such, the Group has assessed the historical credit loss experience and applied it to the current balance to establish the basis of the cancellation provision. Other financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

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

(viii) Derecognition

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

(ix) Finance income and expenses

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

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

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(k) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see Note 2 (l) Impairment of non-financial assets).

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

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

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

(ii) Depreciation

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

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, fixtures and equipment	11.25% - 37.50%
Plant and equipment	25.00% - 37.50%

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

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

(l) Impairment of non-financial assets

Goodwill and other 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.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(l) Impairment of non-financial assets (continued)

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.

(m) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(n) Employee benefits

(i) Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(n) Employee benefits (continued)

(iii) Retirement benefit obligations: Defined contribution superannuation funds

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

(iv) Termination benefits

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

(v) Equity-settled compensation

The Group operates an employee share option plan.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(n) Employee benefits (continued)

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(o) Provisions

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

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

(p) Share capital

Ordinary shares are classified as equity.

(q) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(s) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(t) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(u) Government grants

Government assistance is recognised in accordance with AASB 120. Where the grant income relates to an expense item, it is recognised as a reduction of the expense to which it relates.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(v) Changes in accounting policies, disclosures, standards and interpretations

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial years except the following which the Group adopted from 1 July 2019:

AASB 16 Leases

The consolidated entity 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 depreciation and amortisation 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. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The impact on the financial performance and position of the consolidated entity from the adoption of this Accounting Standard is detailed in Note 16.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 30 June 2020. The directors have not early adopted any of these new amended standards and interpretations. The directors are in the process of assessing the impact of the applications of the standard and its amendment to the extent relevant to the financial statement of the Group.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - Impairment

(1) Legal Parent Financial Assets related to Subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments in subsidiaries and loans to subsidiaries are impaired. Where necessary, the Company's assessments are based on the estimation of the value-in-use of the assets defined in AASB 136 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 30 June 2020 was \$1,566,578 (2019: \$669,754), and loans \$nil (2019: \$2,361) after an impairment loss of \$2,448,385 was recognised in 2020 (2019: \$231,465). The impairment losses have been included in the parent Company's results for the year. Details of the impairment loss calculation are set out in Note 33.

In determining whether an impairment exists, management assumes that a subsidiary will only be able to repay its loans to the extent it has positive net assets. It is also assumed that the Company's legal subsidiaries have no realisable value as standalone entities and so the shares it owns in them must be fully impaired. It is assumed that loans with each subsidiary are interchangeable and so the extent of any impairment on loans is limited to the amount of the net deficiency of the sub-group.

(2) Intangible Assets

The Company assesses impairment of intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The Company used the income approach in determining the fair value which reflects the current market expectations about future amounts that will be generated by the intangible assets. This involves employing present value techniques that are dependent on the circumstances specific to the intangible asset and the availability of sufficient data.

Key estimates - Revenue

The Group's Trade and other receivables recognise an allowance for expected credit loss upon initial recognition of the financial instrument as a cancellation provision. The Group has elected to measure the cancellation provision based on the expected value by looking at the previous year's cancellations and negative endorsements as a percentage of the overall premiums sold. As such, the Group has assessed the historical credit loss experience and applied it to the current balance to establish the basis of the cancellation provision. This makes the assumption that the rate of cancellation and negative endorsement will be materially the same as in the previous year and this is assessed annually.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Critical Accounting Estimates and Judgements (continued)

Key estimates - Intangible assets and amortisation

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

Intangible Assets, arising from software development costs, are initially recognised as an asset when it is expected that material future economic benefits will be derived from such expenditure. The estimated future economic benefits are used to determine the recoverable amount of this asset, however, where the timing and value of these future economic benefits cannot be determined with reasonable accuracy, the carrying amount is written down to the recoverable amount through an impairment charge to the profit & loss account.

Key estimate - Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. Refer Note 7 Income Tax.

Key Estimate - Convertible notes and Valuation of options

Convertible notes are a debt instrument that may be converted to equity at a later date and thus a portion of the note has its derivative in equity. The Company has chosen to estimate the value of the equity derivative by applying a discount rate of 3% per quarter over the period of the note. The present value of the principal and interest payable over the term of the note represent the liability component, with the balance representing equity.

During the financial year, the Company issued options for unissued shares in the Company (refer to Note 21c). These options were valued using the Black-Scholes valuation model, taking the stock price on the date of issue, the interest rate as the RBA 3-year risk free bond rate and volatility of the Company's share price over the preceding three months of trading.

Management judgment - Discontinued operations

An operation is classified as discontinued when a decision is made by management to dispose of an operating segment of the business. The sale of Ensurance Underwriting Pty Limited completed on 1 March 2020, it therefore met the criteria for classification as a discontinued operation in the financial year and the results of this entity are disclosed separately in this document from the continuing operations of the business.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Critical Accounting Estimates and Judgements (continued)

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 21 for further information.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

3 Critical Accounting Estimates and Judgements (continued)

Estimation of useful lives of assets

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

Employee benefits provision

As discussed in Note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

4 Operating Segments

a. Identification of reportable segments

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

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (the Board) on a monthly basis and in determining the allocation of resources. Management has identified four reportable segments: insurance (both in Australia and the UK), information technology and corporate overheads.

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

(i) Accounting policies adopted

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

(ii) Inter-segment transactions

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

4 Operating Segments (continued)

b. Basis of accounting for purposes of reporting by operating segments (continued)

(iii) Segment assets

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

(iv) Segment liabilities

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

(v) Unallocated items

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

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income

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

The Group operates in two geographical areas being Australia and the United Kingdom. Segment results are reported under the Australian regulatory body's accounting standards.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

4 Operating Segments (continued)

c. Basis of accounting for purposes of reporting by operating segments (continued)

	Insurance (UK) \$	Information technology \$	Corporate head office \$	Total \$
For the year ended 30 June 2020				
Revenue				
Revenue	3,612,314	-	-	3,612,314
Interest revenue	11,196	-	87,819	99,015
Other income	24,966	54,858	4,964	84,788
Total segment revenue	3,648,476	54,858	92,783	3,796,117
<i>Reconciliation of segment revenue to group revenue</i>				
Intra-segment income and expense				-
Total group revenue and other income				3,796,117
Segment net/profit (loss) from continuing operations before tax	(181,278)	-	(1,628,252)	(1,809,530)
<i>Reconciliation of segment loss to group loss</i>				
(i) Amounts not included in segment results but reviewed by Board:				
Depreciation, amortisation and impairment	(300,633)	-	(43,608)	(344,241)
(ii) Unallocated items				
	-	-	-	-
Loss before income tax				(2,153,771)
As at 30 June 2020				
Segment assets	15,145,703	-	26,968,157	42,113,860
<i>Reconciliation of segment assets to group assets</i>				
Intra-segment eliminations				(24,718,977)
Total assets				17,394,883
Segment asset increases for the year:				
Capital expenditure	-	-	-	-
Acquisitions	-	-	-	-
Total assets	-	-	-	-
Segment liabilities	13,579,124	-	14,699,261	28,278,385
<i>Reconciliation of segment liabilities to group liabilities</i>				
Intra-segment eliminations				(9,819,307)
Total liabilities				18,459,078

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

4 Operating Segments (continued)

c. Basis of accounting for purposes of reporting by operating segments (continued)

	Insurance (AUS) \$	Insurance (UK) \$	Information technology \$	Corporate head office \$	Total \$
For the year ended 30 June 2019					
Revenue					
Revenue	-	1,272,937	-	-	1,272,937
Interest revenue	-	1,561	-	122,889	124,450
Other Income	-	-	136,260	-	136,260
Total segment revenue	-	1,274,498	136,260	122,889	1,533,647
<i>Reconciliation of segment revenue to group revenue</i>					
Intra-segment income and expense					-
Total group revenue and other income					1,533,647
Segment net/profit (loss) from continuing operations before tax	-	(1,997,059)	(748,699)	1,390,948	(1,354,810)
<i>Reconciliation of segment loss to group loss</i>					
(i) Amounts not included in segment results but reviewed by Board:					
Depreciation, amortisation and impairment	-	(41,903)	(553)	(4,469)	(46,925)
(ii) Unallocated items					
	-	-	-	-	-
Loss before income tax					(1,401,735)
As at 30 June 2019					
Segment assets	2,434,309	6,454,963	15,271	25,165,679	34,070,222
<i>Reconciliation of segment assets to group assets</i>					
Intra-segment eliminations					(23,103,784)
Total assets					10,966,438
Segment asset increases for the year:					
Capital expenditure	-	-	-	-	-
Acquisitions	1,748	-	-	2,961	4,709
Total assets	1,748	-	-	2,961	4,709
Segment liabilities	2,201,706	5,785,208	5,215,936	8,173,388	21,376,238
<i>Reconciliation of segment liabilities to group liabilities</i>					
Intra-segment eliminations					(8,116,142)
Total liabilities					13,260,096

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

5 Revenue and Other Income

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

6 Expenses

	2020	2019
	\$	\$
Finance costs		
Interest paid on borrowings	662,081	557,002
Interest paid on lease liabilities	78,659	-
	<u>740,740</u>	<u>557,002</u>
Leases		
Short-term lease payments	320,838	-
Depreciation and amortisation		
Depreciation expense on plant and equipment	48,071	46,925
Depreciation expense on right-of-use assets	296,170	-
	<u>344,241</u>	<u>46,925</u>
Employee costs		
Directors fees	93,563	104,750
Decrease in employee benefits provision	(57,973)	(24,104)
Superannuation expenses	262,756	250,054
Wages and salaries	3,673,307	3,326,223
Other employment related costs	350,926	329,343
	<u>4,322,579</u>	<u>3,986,266</u>

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

7 Income Tax Expense

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

	2020	2019
	\$	\$
Current tax	-	-
Deferred tax	-	-

(b) Reconciliation of income tax to accounting profit:

Prima facie tax expense/(benefit) on operating loss of Australian continued operations at 27.5% (2019: 27.5%)	(844,854)	214,010
Prima facie tax payable on loss from ordinary activities before income tax at 27.5% (2019: 27.5%)	(40,057)	(38,773)
Prima facie tax expense on operating loss of UK continued operations at 19% (2019: 19%)	(91,563)	(387,403)
Tax effect of:		
Non-deductible expenses	3,112	3,962
Loss on sale of investments	189,618	(2,026,782)
Losses in Ensurance UK Limited at 19%	91,563	387,403
Non-assessable income	(44,948)	-
Deferred tax asset not brought to account	737,129	1,847,583
Income tax (benefit)/expense attributable to operating loss	-	-

(c) Weighted average effective tax rate - % - %

(d) Balance of franking account at year end of the legal parent 8,620 8,620

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

7 Income Tax Expense (continued)

	2020	2019
	\$	\$
(e) Deferred tax assets		
Provisions	(25,565)	141,162
Asset revaluation reserve	33	242
Capital raising costs	16,925	-
Others	(7,484)	-
Tax losses	6,167,670	4,991,231
	<u>6,151,579</u>	<u>5,132,635</u>
Set-off against deferred tax liabilities	(715)	(7,956)
Net deferred tax assets	6,150,864	5,124,679
Less deferred tax assets not recognised	(6,150,864)	(5,124,679)
Net tax assets	<u>-</u>	<u>-</u>
(f) Deferred tax liabilities		
Intangibles	-	27,603
Contract liabilities	-	(34,339)
Prepayments	(1,840)	(145)
Other	1,125	(1,075)
Set-off deferred tax assets	715	7,956
Net deferred tax liabilities	<u>-</u>	<u>-</u>
(g) Tax losses and deductible temporary differences		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
Deductible temporary differences	(16,806)	133,450
Capital losses	1,105,078	1,023,605
Revenue losses	5,062,592	3,967,625
	<u>6,150,864</u>	<u>5,124,680</u>

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

7 Income Tax Expense (continued)

(h) Tax consolidation

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

8 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	1,690	2,010
Cash at bank	1,245,673	2,532,126
Short-term deposits	28,946	-
	<u>1,276,309</u>	<u>2,534,136</u>

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

Cash and cash equivalents	<u>1,276,309</u>	<u>2,534,136</u>
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The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26 Financial risk management.

Loss after income tax	(2,153,771)	(1,401,735)
<i>Non-cash flows in (loss)/profit from ordinary activities:</i>		
Depreciation and amortisation	405,780	52,964
Convertible note interest	192,226	275,749
Profit on disposal of Savill Hicks Corp Pty Ltd	-	(3,647,914)
Profit on disposal of Ensurance Underwriting Pty Limited	(856,478)	-
Other (option reserves)	(352,294)	(108,747)
Movements related to discontinued operations	-	(401,648)
<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
Decrease in receivables	641,904	198,920
(Increase) in prepayments and other assets	(60,443)	(7,383)
Decrease in net tax assets	-	284,000
Decrease in trade and other payables	(1,814,156)	(223,768)
Decrease in employee benefits	(56,953)	(90,387)
Cash flow used in operations	<u>(4,054,185)</u>	<u>(5,069,949)</u>

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

8 Cash and Cash Equivalents (continued)

	2020	2019
	\$	\$
Debt Movements		
<i>Current amounts</i>		
Opening balance	289,892	467,288
New accounting standard adjustment	231,106	-
Drawdowns	13,639	-
Movement from non-current to current	4,565,546	270,869
Interest accrual	44,709	-
Repayments	(198,789)	(448,265)
Closing balance	4,946,103	289,892
<i>Non-current amounts</i>		
Opening balance	4,565,546	2,583,632
Drawdowns	-	2,500,000
Movement from non-current to current	(4,565,546)	(270,869)
Repayments	-	(247,217)
Closing balance	-	4,565,546

Credit standby facilities

The Group has no credit standby facilities.

Non-cash investing and financing activities

Nil.

9 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	1,663,925	624,167
Less: expected credit losses	(33,211)	-
	1,630,714	624,167
NON-CURRENT		
Trade receivables	871,493	-
Less: expected credit losses	(15,022)	-
	856,471	-

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26 Financial risk management.

The Group has recognised a loss of \$48,233 in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

10 Compliance of Underwriting Assets and Liabilities

	Insurance Underwriting Pty Limited	Insurance UK Limited	Total
	\$	\$	\$
30 June 2019			
Trust account insurer assets			
Insurance debtors	1,029,523	4,275,676	5,305,199
Trust accounts	816,757	1,267,323	2,084,080
Total trust account insurance assets	1,846,280	5,542,999	7,389,279
Trust account insurer liabilities			
Underwriter's liability	1,788,037	5,376,106	7,164,143
Other	58,243	166,893	225,136
Total trust account insurance liabilities	1,846,280	5,542,999	7,389,279
Excess of insurance assets over insurance liabilities	-	-	-
30 June 2020			
Trust account insurer assets			
Insurance debtors	-	9,515,767	9,515,767
Trust accounts	-	3,724,992	3,724,992
Total trust account insurance assets	-	13,240,759	13,240,759
Trust account insurer liabilities			
Underwriter's liability	-	12,719,614	12,719,614
Other	-	377,514	377,514
Total trust account insurance liabilities	-	13,097,128	13,097,128
Excess of insurance assets over insurance liabilities	-	143,631	143,631

11 Other Assets

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

12 Financial Assets

	2020	2019
	\$	\$
NON-CURRENT		
Fair value through other comprehensive income: listed shares	1,200	1,684

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

13 Other Non-current Assets - Bonds on Deposit

	2020	2019
NON-CURRENT	\$	\$
Bonds on deposit	77,466	72,131

14 Plant and Equipment

	2020	2019
	\$	\$
Plant and equipment		
At cost	85,682	93,599
Accumulated depreciation	(80,390)	(84,813)
	<u>5,292</u>	<u>8,786</u>
Furniture, fixtures and fittings		
At cost	179,766	192,604
Accumulated depreciation	(93,640)	(66,692)
	<u>86,126</u>	<u>125,912</u>
Total plant and equipment	<u>91,418</u>	<u>134,698</u>

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Plant and equipment	Furniture, fixtures and equipment	Total
	\$	\$	\$
Year ended 30 June 2020			
Balance at the beginning of year	8,786	125,912	134,698
Additions	7,648	870	8,518
Depreciation expense	(8,976)	(39,095)	(48,071)
Depreciation expense of Ensurance Underwriting Pty Limited	(2,166)	(1,561)	(3,727)
Balance at the end of the year	<u>5,292</u>	<u>86,126</u>	<u>91,418</u>
Year ended 30 June 2019			
Balance at the beginning of year	161,555	19,233	180,788
Additions	4,987	1,886	6,873
Depreciation expense	(39,280)	(7,645)	(46,925)
Depreciation expense of Ensurance Underwriting Pty Limited	(1,350)	(4,688)	(6,038)
Balance at the end of the year	<u>125,912</u>	<u>8,786</u>	<u>134,698</u>

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

15 Intangible Assets

	2020	2019
	\$	\$
Software	125,665	-

16 Right-of-use Assets

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

Movement in the carrying amounts between the beginning and the end of the current financial year:

	Cost	Accumulated depreciation	Total
	\$	\$	\$
Opening balance (on application of new standard)	1,335,647	(469,036)	866,611
Charge for the period	-	(296,169)	(296,169)
Modifications to lease terms	(337,339)	-	(337,339)
De-recognition of ROU for discontinued operation	(269,301)	119,689	(149,612)
Exchange movement	-	(53,202)	(53,202)
Closing balance	729,007	(698,718)	30,289

TRANSITION TO AASB 16

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

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

a. Recognition of right-of-use assets amounting to \$1,335,647, less accumulated amortisation of \$469,036

b. Recognition of a lease liability of \$950,992

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Right-of-use Assets (continued)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

Consolidated Statement of Financial Position

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

The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019
	\$
Recognition of lease liabilities	(950,992)
Recognition of right-of-use assets	866,611
Reduction in opening retained profits as at 1 July 2019	(84,381)

The above reconciliation includes balances related to Ensurance Underwriting Pty Ltd prior to presentation as a discontinued operation.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

17 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
<i>Unsecured</i>		
Trade payables and accruals	262,508	283,982
Other payables	17,618	223,406
Other taxes	79,736	260,266
	<u>359,862</u>	<u>767,654</u>

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

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26 Financial risk management.

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

18 Borrowings

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

(i) A \$3m convertible note was issued by the Company on 11 July 2016 at an issue price of \$0.22 per note. Each note entitles the holder to convert to one ordinary share. Conversion may occur at any time for a period of three years from the subscription date. If the notes have not been converted, they will be redeemed at this point. Interest of 8% will be paid quarterly up until that settlement date. On 12 November 2018, \$0.5m of the notes were cancelled, forming part of the consideration for the sale of Savill Hicks Corp Pty Ltd.

The conversion price of the note reduces in line with the issue price of any capital raising conducted during the life of the note. At the balance date, the conversion price was 4 cents and as such a further 62,500,000 shares stood to be issued.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

18 Borrowings (continued)

Convertible notes are due to expire on the 30 June 2021. The holders have one option to acquire fully paid ordinary shares in the Company for every four shares into which their convertible notes would convert.

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company. The equity derivative has been credited to equity (option premium on convertible notes). The liability component is measured at amortised cost. The interest component is measured at amortised cost. The interest expense is calculated by applying an effective interest rate of 12.57% for the period since the loan notes were issued.

19 Employee Benefits

	2020	2019
	\$	\$
CURRENT		
Provision for employee benefits	<u>52,709</u>	208,731
NON-CURRENT		
Provision for employee benefits	<u>3,276</u>	38,994

Movements in Carrying Amounts

	Annual leave	Long service leave	Total
	\$	\$	\$
Carrying amount at the beginning of year	187,103	60,622	247,725
Additional provisions raised during the year	74,365	16,592	90,957
Amounts used/forfeited	<u>(208,759)</u>	<u>(73,938)</u>	<u>(282,697)</u>
Carrying amount at the end of year	<u>52,709</u>	<u>3,276</u>	<u>55,985</u>

Description of provisions

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

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

20 Lease Liabilities

	2020	2019
	\$	\$
CURRENT		
Lease liabilities	<u>231,106</u>	<u>-</u>

21 Issued Capital

	2020	2019
	\$	\$
570,956,232 (2019: 316,086,819) Fully paid ordinary shares at no par value	<u>19,291,070</u>	<u>16,301,785</u>

(a) Ordinary shares

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

(b) Partly paid shares

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

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

21 Issued Capital (continued)

(c) Options

	2020 No.	2019 No.
Options exercisable at 12 cents expiring 31 July 2020	1,000,000	1,000,000
Options exercisable at 4.6 cents expiring 31 July 2020	3,000,000	3,000,000
Options exercisable at 8 cents expiring 31 July 2020	2,597,314	2,597,314
Options exercisable at 4 cents expiring 31 July 2020	3,500,000	3,500,000
Options exercisable at 8 cents expiring 15 December 2019	-	5,000,000
Options exercisable at 5 cents expiring 15 December 2019	-	3,150,000
Options exercisable at 5 cents expiring 15 December 2020	7,250,000	7,250,000
Options exercisable at 5 cents expiring 10 July 2021	1,000,000	1,000,000
Options exercisable at 8 cents expiring 10 July 2021	1,000,000	1,000,000
Options exercisable at 4 cents expiring 31 December 2021	3,000,000	3,000,000
Options exercisable at 6 cents expiring 31 December 2022	5,000,000	5,000,000
Options exercisable at 9 cents expiring 31 December 2023	7,000,000	7,000,000
Options exercisable at 4 cents expiring 30 June 2021	12,634,301	12,634,301
Options exercisable at 2 cents expiring 6 June 2021	63,217,342	-
	<u>110,198,957</u>	<u>55,131,615</u>

Options were valued using the Black-Scholes model as follows

	2020 No.	2019 No.
Options exercisable at 12 cents expiring 31 July 2020	76,100	76,100
Options exercisable at 4.6 cents expiring 31 July 2020	245,700	245,700
Options exercisable at 8 cents expiring 31 July 2020	219,992	219,992
Options exercisable at 4 cents expiring 31 July 2020	141,837	141,837
Options exercisable at 8 cents expiring 15 December 2019	98,500	98,500
Options exercisable at 5 cents expiring 15 December 2019	98,595	98,595
Options exercisable at 5 cents expiring 15 December 2020	273,615	273,615
Options exercisable at 5 cents expiring 10 July 2021	3,133	3,133
Options exercisable at 8 cents expiring 10 July 2021	1,767	1,767
Options exercisable at 4 cents expiring 31 December 2021	6,450	6,450
Options exercisable at 6 cents expiring 31 December 2022	7,000	7,000
Options exercisable at 9 cents expiring 31 December 2023	6,860	6,860
Options exercisable at 4 cents expiring 30 June 2021	101,074	101,074
Options exercisable at 2 cents expiring 6 June 2021	522,006	-
	<u>1,802,629</u>	<u>1,280,623</u>

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

21 Issued Capital (continued)

	2020	2019
	No.	No.
Performance rights		
Performance Rights Class A	1,000,000	1,000,000
Performance Rights Class B	500,000	500,000
	<u>1,500,000</u>	<u>1,500,000</u>
Carrying amount at the end of year	<u>1,500,000</u>	<u>1,500,000</u>
Convertible Notes		
Convertible notes	<u>148,099,200</u>	<u>62,500,000</u>

Capital Management

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short-term commitments.

	2020	2019
Current ratio	<u>0.88</u>	<u>1.24</u>

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

The company has ongoing support from Tony Leibowitz to allow it to continue as a going concern for the next 18 months.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

22 Reserves

	2020	2019
	\$	\$
Investment revaluation reserve	(800)	(680)
Share-based payment reserve	8,980	8,980
Convertible note option premium reserve	155,942	203,928
Foreign currency translation reserve	(161,113)	(11,197)
Share option reserve	1,908,202	1,280,623
Total reserves	1,911,211	1,481,654

Investment revaluation reserve

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

Share-based payment reserve

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

Convertible note option premium reserve

The convertible note option premium reserve recognises the equity component attached to the Company's convertible notes.

Share option reserve

The share option reserve recognises the value of the unlisted share options in the Company.

Foreign currency translation reserve

The foreign currency translation reserve records the unrealised foreign currency gains or losses on translation of the financial statements of subsidiaries where the functional currency differs to that of the parent entity.

23 Earnings per Share (EPS)

(a). Reconciliation of earnings to profit or loss

	2020	2019
	\$	\$
Loss for the year	(2,153,771)	(1,401,735)
Less: loss attributable to non-controlling equity interest	-	-
Loss used in the calculation of basic EPS	(2,153,771)	(1,401,735)

(b). Weighted average number of ordinary shares outstanding used in calculation of basic and diluted EPS

	461,293,670	-
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Number of ordinary shares outstanding during the year used in calculation of basic EPS for 2019

	570,956,232	316,086,819
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(c). Earnings per share

Basic EPS (cents per share)	(0.47)	(0.44)
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ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

23 Earnings per Share (EPS) (continued)

(d). At the balance date, the Group has 110,198,957 unissued shares under options (2019: 55,131,615), 8,000,000 partly-paid shares on issue (2019: 8,000,000), 1,500,000 performance rights (2019: 1,500,000) and 148,099,200 convertible notes (2019: 62,500,000). The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2019 financial year the Group's unissued shares under option, partly-paid shares, and performance rights were anti-dilutive. The Group's convertible notes are dilutive.

(e). During the year, the group issued the following unissued shares under options: 63,217,342 options exercisable at 2 cents and expiring 6 June 2021. All these options are anti-dilutive.

(f). In calculating the number of ordinary shares outstanding (the denominator of the EPS calculation) for the year ended 30 June 2020 the number of ordinary shares outstanding at the beginning of the year ended 30 June 2020 shall be adjusted by the number of shares issued in the period multiplied by the number of days they were in issue divided by the total number of days in the reporting period.

24 Share-based Payments

	2020	2019
	\$	\$
Share-based payment expense	-	-

a. The share-based payment expense is comprised of the following arrangements in place at 30 June 2020:

(i) On 30 November 2015, 6,500,000 Performance Rights Class A (Class A Rights) were granted to Directors of the Company. Upon the Company achieving the target share price of \$0.80, based on a 30-day volume weighted average share price, within 5 years, the Class A Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class A Right. The Class A Rights hold no voting or dividend rights and are not transferable. At balance date, no Class A Right has converted, 5,500,000 had been forfeited and 1,000,000 Class A Rights remain.

(ii) On 30 November 2015, 500,000 Performance Rights Class B (Class B Rights) were granted to Mr Adam Davey. Class B Rights will vest on the introduction to, and entry into an agreement with, a strategic partner to the Company which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, at the discretion of the Board of the Company. The Class B Rights hold no voting or dividend rights and are not transferable. At balance date, no Class B Right has converted or been forfeited and 500,000 Class B Rights remain.

(b) A summary of the movements of all Company performance rights issued as share-based payments is as follows:

	2020	2019
	No.	No.
Outstanding at the beginning of the year	1,500,000	1,500,000
Granted	-	-
Converted to ordinary shares	-	-
Expired	-	-
Outstanding at year-end	1,500,000	1,500,000

The weighted average remaining contractual life of performance rights outstanding at year end was 0.423 years.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

24 Share-based Payments (continued)

The fair value of the performance rights granted to Directors is deemed to represent the value of the Directors' services received over the vesting period. These values were calculated using the Monte-Carlo option pricing model, applying the following inputs to performance rights issued:

	Class A Rights 30 November 2015	Class B Rights 30 November 2015
Grant date:		
Grant date share price:	\$0.19	\$0.19
Deemed strike price:	\$0.80	\$0.80
Number of performance rights issued:	6,500,000	6,500,000
Remaining life of the performance rights (years):	3.423	3.423
Expected share price volatility:	31.06%	31.06%
Risk-free interest rate:	2.00%	2.00%

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

25 Capital and Leasing Commitments

Operating Leases

	2020	2019
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	240,202
- between one year and five years	-	69,626
- later than five years	-	-
		<hr/>
		- 309,828
		<hr/> <hr/>

The operating lease held over 400 Canterbury Road, Surrey Hills Melbourne Vic is a non-cancellable lease with a three-year period commencing 9 March 2018.

An operating lease over Level 2, 10 Philpot Lane, London has been cancelled.

The operating lease at Level 5, 68 Alfred Street, Milsons Point, NSW ceased on 30 June 2020. This has not been renewed.

As described in the accounting policy, the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

26 Financial Risk Management

a. Financial risk management policies

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

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

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

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

	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
2020				
Financial assets				
Cash and cash equivalents	1,251,309	25,000	-	1,276,309
Trade and other receivables	-	1,058,801	1,428,384	2,487,185
Trust account insurer assets	-	-	13,240,759	13,240,759
Financial assets	-	-	78,666	78,666
Total financial assets	1,251,309	1,083,801	14,747,809	17,082,919
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	-	-	(359,862)	(359,862)
Trust account insurer liabilities	-	-	(13,097,128)	(13,097,128)
Borrowings	-	(4,714,997)	-	(4,714,997)
Total financial liabilities	-	(4,714,997)	(13,456,990)	(18,171,987)
Net financial assets/(liabilities)	1,251,309	(3,631,196)	1,290,819	(1,089,068)
2019				
Financial assets				
Cash and cash equivalents	2,534,136	-	-	2,534,136
Trade and other receivables	-	-	624,167	624,167
Trust account insurer assets	-	2,084,080	5,305,199	7,389,279
Financial assets	-	-	73,815	73,815
Total financial assets	2,534,136	2,084,080	6,003,181	10,621,397
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	-	-	(767,654)	(767,654)
Trust account insurer liabilities	-	-	(7,389,279)	(7,389,279)
Borrowings	-	(4,855,438)	-	(4,855,438)
Total financial liabilities	-	(4,855,438)	(8,156,933)	(13,012,371)
Net financial assets/(liabilities)	2,534,136	(2,771,358)	(2,153,752)	(2,390,974)

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Notes to the Financial Statements

For the Year Ended 30 June 2020

26 Financial Risk Management (continued)

b. Specific financial risk exposures and management

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

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls.

(i) Credit risk

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

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

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

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

The Group establishes that no allowance for impairment is necessary in respect of trade and other receivables.

- Credit risk exposures

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

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

- Impairment losses

The ageing of the Group's trade and other receivables at reporting date was as follows (standard terms of trade are 90 days in the UK and 30 days in Australia):

	Gross 2020 \$	Impaired 2020 \$	Net 2020 \$	Past due but not impaired 2020 \$
Insurance receivables (premiums)				
Current	5,256,278	-	5,256,278	-
Past due	4,259,489	-	4,259,489	4,259,489
	9,515,767	-	9,515,767	4,259,489
Trade receivables (commissions and other)				
Current	1,663,925	(33,211)	1,630,714	-
Non-current	895,670	(39,199)	856,471	-
Total	12,075,362	(72,410)	12,002,952	4,259,489

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements

For the Year Ended 30 June 2020

26 Financial Risk Management (continued)

(ii) Liquidity risk

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

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

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

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

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

All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

• Contractual Maturities

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

	Within 1 year		1 to 5 years		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	(359,862)	(767,654)	-	-	(359,862)	(767,654)
Trust account insurer liabilities	(13,097,128)	(7,389,279)	-	-	(13,097,128)	(7,389,279)
Borrowings	(4,714,997)	(289,892)	-	(4,565,546)	(4,714,997)	(4,855,438)
Total contractual outflows	(18,171,987)	(8,446,825)	-	(4,565,546)	(18,171,987)	(13,012,371)
Financial assets						
Cash and cash equivalents	1,276,309	2,534,136	-	-	1,276,309	2,534,136
Trade and other receivables	1,616,509	624,167	870,676	-	2,487,185	624,167
Trust account insurer assets	13,240,759	7,389,279	-	-	13,240,759	7,389,279
Total anticipated inflows	16,133,577	10,547,582	870,676	-	17,004,253	10,547,582
Net (outflow)/inflow on financial instruments	(2,038,410)	2,100,757	870,676	(4,565,546)	(1,167,734)	(2,464,789)

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

26 Financial Risk Management (continued)

Market risk

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

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

(1) Interest rate risk

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

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

(2) Foreign exchange risk

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

The Group has no material exposure to foreign exchange risk on its financial instruments.

(3) Price risk

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

Sensitivity Analyses

(1) Foreign exchange

The company undertakes certain transactions denominated in GBP and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Balance sheet risks have been managed by centralising the contracts and expenses of our UK subsidiary in their home currency. The risk to the parent company is the market movement in foreign exchange rates over the year on translation of its subsidiary. With a weaker exchange rate the profit / (loss) of the UK business will be increased.

Net Fair Values

(1) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in Note 26 (a) and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

26 Financial Risk Management (continued)

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

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

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

27 Key Management Personnel Remuneration

The names and positions of KMP are as follows:

Mr Tony Leibowitz	Chairman
Mr Adam Davey	Non-Executive Director
Mr Tony Wehby	Non-Executive Director
Mr Arjan van Ameyde	Chief Financial Officer & Chief Operating Officer
Mr Michael Huntly	CEO of Ensurance Underwriting
Mr Sam Hallab	Company Secretary
Mr Tim James	CEO of Ensurance UK Limited

The totals of remuneration paid to the key management personnel of ENSURANCE LIMITED AND CONTROLLED ENTITIES during the year are as follows:

	2020	2019
	\$	\$
Short-term employee benefits	1,049,782	1,430,555
Post-employment benefits	116,854	108,840
	<u>1,166,636</u>	<u>1,539,395</u>

28 Auditors' Remuneration

	2020	2019
	\$	\$
Audit and review of financial statements:		
Mazars Risk and Assurance Pty Limited	<u>91,250</u>	<u>90,000</u>

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

29 Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2020	Percentage Owned (%) [*] 2019
Subsidiaries:			
Ensurance Capital Pty Limited	Australia	100	100
Ensurance IT Pty Limited	Australia	100	100
Ensurance UK Limited	United Kingdom	100	100
Ensurance Underwriting Pty Limited	Australia	-	100
Ensurance Life Pty Ltd	Australia	-	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Investments in subsidiaries are accounted for at cost.

Ensurance Life Pty Ltd was deregistered on 1 January 2020.

Ensurance Underwriting Pty Limited forms the Australian retail brokerage business sold on 1 March 2020 and their results are classified as discontinued operations in this annual report.

30 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2020 (30 June 2019: None).

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

31 Related Parties

The ultimate parent entity, which exercises control over the Company, is Ensurance Limited which is incorporated in the United Kingdom and owns 100% of ENSURANCE LIMITED AND CONTROLLED ENTITIES.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

	Purchases	Sales	Owed to the Company	Owed by the Company
	\$	\$	\$	\$
2020				
Kalonda Pty Limited	-	-	-	2,500,000
2019				
Kalonda Pty Limited	-	-	-	2,500,000

Payments made in respect to remuneration of related parties of the KMP:

	2020	2019
	\$	\$
J Huntly (son of Mr Michael Huntly)	22,464	23,876
P Huntly (wife of Mr Michael Huntly)	25,000	-

In June 2019, the Company established a \$2.5m loan with Kalonda Pty Ltd, a related entity of Mr Tony Leibowitz. Interest on the facility is charged at 16% per annum. Total interest paid to Kalonda Pty Ltd in the year was \$403,839 (2019: \$14,545).

On 18 August 2020, the Company paid Mr Tony Leibowitz \$20,000 for a letter of guarantee, confirming he would continue to support the Company financially for eighteen months.

The Company has a payable of nil to Mr Adam Davey (2019: \$6,000), representing interest on a loan that was settled in a previous financial year.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements

For the Year Ended 30 June 2020

32 Discontinued Operations

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

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Notes to the Financial Statements For the Year Ended 30 June 2020

32 Discontinued Operations (continued)

	2020	2019
	\$	\$
d. Loss/(gain) on disposal of discontinued operations		
Net assets of Savill Hicks Pty Ltd at disposal	-	120,200
Issued capital of Ensurance Underwriting Pty Ltd at disposal	1,775,358	-
Less: retained earnings	(1,545,997)	-
Net assets of Ensurance Underwriting Pty Ltd at disposal	229,361	-
Consideration:		
Cash deposit received in June 2018	-	(200,000)
Cash received on settlement	-	(1,999,011)
Fair value of buy-back of shares	-	(1,205,636)
Carrying amount of convertible notes cancelled	-	(450,230)
Transfer of employee entitlements	-	(44,648)
Future cash to be received	(1,093,125)	-
Proceeds received	(220,000)	-
Commitments	100,050	-
	(1,213,075)	(3,899,525)
Expenses incurred in sale:		
Independent expert's report	-	32,640
Legal and compliance costs	88,037	44,925
IT and transition costs	-	53,846
Credit loss	15,022	-
Discount for time value of money	24,177	-
	127,236	131,411
Gain on disposal	(856,478)	(3,647,914)

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

33 Parent Entity

	2020	2019
	\$	\$
Financial Position of Ensurance Limited (legal parent)		
Current assets	1,037,624	1,966,939
Non-current assets	1,567,779	671,074
Total assets	2,605,403	2,638,013
Current liabilities	2,599,193	146,119
Non-current liabilities	2,143,626	4,939,319
Total liabilities	4,742,819	5,085,438
Net assets/(liabilities)	(2,137,416)	(2,447,425)
Equity		
Issued capital	25,049,391	21,423,381
Investment revaluation reserve	(800)	(680)
Convertible note option premium reserve	155,942	269,112
Foreign currency translation reserve	(252,893)	(40,925)
Share-based payment reserve	1,500,476	1,221,735
Accumulated losses	(28,589,532)	(25,320,048)
Total equity	(2,137,416)	(2,447,425)
Financial performance of Ensurance Limited		
Loss for the year	(996,913)	(1,592,089)
Other comprehensive income	-	-
Total comprehensive income	(996,913)	(1,592,089)

(i) Guarantees entered into by Ensurance Limited for the debts of its subsidiaries

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

(ii) Impairment of investments and loans to subsidiaries

The Board of Ensurance Ltd has undertaken an impairment assessment of the parent entity's investment in Ensurance Capital of \$7,525,195, its investment in Ensurance UK Ltd of \$7,374,414 and loans to subsidiaries of \$9,819,307. As a result of this assessment, the Company has recognised an impairment to the investment of \$7,525,195 and \$5,807,835, respectively and an impairment to the loans of \$9,819,307. This equates to an impairment loss of \$23,152,337. Of this amount \$2,346,318 is recognised in the current year (2019: \$231,465). These impairments relate only to disclosures as contained in this Note 33.

(iii) Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

33 Parent Entity (continued)

(iv) *Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at as at 30 June 2020 and 30 June 2019.

(v) *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

34 Changes in Liabilities Arising From Financing Activities

	Bank loans	Convertible notes	Total
	\$	\$	\$
Balance at 1 July 2018	(467,288)	(2,583,632)	(3,050,920)
Net cash used in financing activities	<u>(2,051,735)</u>	<u>247,217</u>	<u>(1,804,518)</u>
Balance at 30 June 2019	(2,519,023)	(2,336,415)	(4,855,438)
Net cash from financing activities	<u>(7,639)</u>	<u>192,789</u>	<u>185,150</u>
Balance at 30 June 2020	<u><u>(2,526,662)</u></u>	<u><u>(2,143,626)</u></u>	<u><u>(4,670,288)</u></u>

35 Events Occurring After the Reporting Date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Notes to the Financial Statements For the Year Ended 30 June 2020

36 Registered Office and Principal Place of Business

The registered office and principal place of business of the Company is:

Level 21 Westfield Tower 2
101 Grafton St
Bondi Junction NSW 2022

Postal: PO Box 199
Bondi Junction NSW 2022
Telephone: +61 (0)2 9167 8050

Other business locations

Melbourne: 4/400 Canterbury Road, Surrey Hills VIC 3127
Telephone: +61 1300 794 079

London: Level 2, 10 Philpot Lane, London, EC3M 8AA, United Kingdom
Telephone: +44 (0)20 3941 7710

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 74, are in accordance with the *Corporations Act 2001*(Cth) and:
 - a. comply with Accounting Standards;
 - b. are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
 - c. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Group;
 - d. the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);
2. In the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Chairman



Dated 23 September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENSURANCE LIMITED AND ITS CONTROLLED ENTITIES

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Ensurance Limited and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020 and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, other selected explanatory notes and the directors' declaration as set out on pages 17 to 75.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1.ii in the financial report, which indicates that the Group incurred a net loss of \$2,153,771 during the year ended 30 June 2020 (2019: \$1,401,735 loss). As at 30 June 2020, the Group's statement of financial position reflected negative working capital of \$2,243,428 (2019: positive working capital \$2,102,369) and net liabilities of \$1,064,195 (2019: \$2,293,658)

which includes related party loans of \$2,500,000 and convertible notes of \$2,188,335 due for repayment on 19th June 2021 and 30 June 2021 respectively.

The ability of the Group to continue as a going concern and pay their debts as and when they fall due is dependent upon the continued and ongoing unconditional financial support of a major shareholder.

Should the ongoing financial support cease, then a material uncertainty exists which may cast significant doubt as to the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Key Audit Matters

The key audit matters are those matters that, in our professional judgement key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p><i>Sale of Insurance Underwriting and Deconsolidation</i> <i>Note 32</i></p>	
<p>The Group disposed of 100% of the share capital of Insurance Underwriting Pty Ltd effective 1 March 2020. In exchange, Insurance will receive cash payments staged over 3 years, combined with other forms of consideration. The calculation of gain on sale is a complex accounting transaction to ensure all aspects are appropriately recorded, presented and disclosed.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> ○ identifying and summarising the key terms of the purchase agreement. ○ recalculating the gain on sale at the immediate parent entity and consolidated level. ○ reviewing management's journal entries and vouching them to supporting documents. ○ assessment of the tax treatment of the transaction and whether it was made on an arm's length basis. ○ reviewing all legal contracts and agreements to check for appropriate dates and signatures. ○ assessing whether any warranties are included in the transaction and appropriately disclosed in the financial report. ○ assessing the financial reporting presentation and disclosure requirements with reference to IFRS.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extreme rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 8-14 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ensurance Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MAZARS RISK & ASSURANCE PTY LIMITED



Rose Megale

Director

Sydney, this 23rd day of September 2020

Corporate Governance Statement

30 June 2020

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

The Company's Corporate Governance Plan has been posted on the Company's website at www.ensurance.com.au.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board members. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibilities and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	(a) The Company has adopted a Diversity Policy. (i) The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 8 of the Corporate Governance Plan which is available on the company website. (c) (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition, the Board will review progress against the objectives in its annual performance assessment. (ii) The Company currently has 19 employees, 7 of those employees are woman

Corporate Governance Statement

30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 3 of the Company's Corporate Governance Plan.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p> <p>Due to the size of the Board and the nature of the business, it has not been deemed necessary to institute a formal documented performance review program of individuals. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director are reviewed. The Board considers that at this stage of the Company's development an informal process is appropriate.</p> <p>The review will assist to indicate if the Board's performance is appropriate and efficient with respect to the Board Charter.</p> <p>The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements. New Directors are obliged to participate in the Company's induction process, which provides a comprehensive understanding of the Company, its objectives and the market in which the Company operates. Directors are encouraged to avail themselves of resources required to fulfil the performance of their duties.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance evaluation of the senior executives. Schedule 3 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p> <p>During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>
Principle 2: Structure the board to add value		
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	NO	<p>(a) Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Remuneration & Nominations Committee. The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</p>

Corporate Governance Statement

30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION	
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	YES	<p>Board Skills Matrix</p> <p>Listed Executive & Non- Executive experience Industry experience & knowledge at senior management level Leadership Corporate governance & risk management Development & implementation of strategy M&A assessment & execution Development & implementation of culture International experience Capital Markets experience Subject matter expertise: - accounting - ASX compliance - capital management - corporate financing - employee management & remuneration - industry taxation - industrial relations/communications/PR - risk management - legal</p>	<p>Number of Directors that Meet the Skill</p> <p>3 1 3 3 3 3 3 1 3 3 3 3 0 3 3 3 0</p>
<p>Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director</p>	YES	<p>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions, associations and relationships are provided in the Annual Reports and Company website. (c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Report and Company website.</p>	
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors.</p>	YES	<p>The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Report and Company website.</p>	
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	NO	<p>The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director. At the present time the Board has an Executive Chairman in place.</p>	
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	YES	<p>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p>	
Principle 3: Act ethically and responsibly			
<p>Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.</p>	YES	<p>(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.</p>	

Corporate Governance Statement

30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are nonexecutive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NO	(a) Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Audit and Risk Committee. (b) The Board devotes time at board meetings to review and evaluate financial reporting, audit, risk and compliance issues. The Board as a whole also considers the appointment and removal of the external auditor.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 4 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 4 of the Corporate Governance Plan are available on the Company's website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders. The Shareholder Communications Strategy can be found in Schedule 7 of the Corporate Governance Plan which is available on the Company's website.

Corporate Governance Statement

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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	<p>The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary sends out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p>Principle 7: Recognise and manage risk</p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	NO	<p>(a) Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Audit and Risk Committee.</p> <p>(b) The Board devote time at board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Company's processes for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 5 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>The company does not have an internal audit program. The Board is responsible for monitoring the effectiveness of the Company's risk management and internal control processes.</p>
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>Schedule 5 of the Company's Corporate Governance Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.</p>

Corporate Governance Statement

30 June 2020

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	NO	<p>Due to the size of the Board, it is not practical to maintain separate Board Committees. The Board as a whole considers all matters that would normally be considered by the Remuneration & Nominations Committee.</p> <p>The Board devotes time at board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of nonexecutive directors, executive directors and other senior executives.</p>
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. 	YES	<ul style="list-style-type: none"> (a) The Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Additional Information for Listed Public Companies

30 June 2020

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

1. Capital

a. Ordinary share capital

570,956,232 ordinary fully paid shares held by 428 shareholders.

b. Unlisted Options over Unissued Shares

At the end of the financial year, the Company had 110,198,957 unlisted options for ordinary shares. Details of these options can be found in note "Options" of the Directors' report on page 6 of this annual report.

c. Convertible notes

The Company raised \$3m via a convertible notes issue on 11 July 2016 at a conversion price of \$0.22 per note. The conversion price was reduced to \$0.04 following the entitlement issue conducted as per the prospectus dated 28 May 2017. Each note entitles the holder to convert to one ordinary share. \$500,000 of the notes were cancelled as part of the consideration for the sale of Savill Hicks Corp Pty Ltd.

Prior to year-end, existing holders of the remaining \$2.5m convertible notes were offered an extension of the notes to 30 June 2021 on the same terms. Holders that opted to extend the terms were granted one option to acquire fully paid ordinary shares in the Company for every four shares into which their convertible notes would convert. \$2,221,488 of the notes were extended and \$278,518 were declined and will be redeemed as per the original terms of the agreement. 148,099,213 shares currently stand to be issued. Conversion may occur at any time up to 30 June 2021. If the notes have not been converted, they will be redeemed at this point. Interest of 8% will be paid quarterly up until the settlement date.

d. Performance Rights

The Company has:

- 1,000,000 Performance Rights Class A (**Class A Rights**) on issue to 30 November 2020. Upon the Company achieving the target share price of \$0.80, based on a 30 day volume weighted average share price the Class A Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class A Right.
- 500,000 Performance Rights Class B (**Class B Rights**) on issue. Class B Rights will vest on the introduction to, and entry into an agreement with, a strategic partner to the Company which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, at the discretion of the Board of the Company.

e. Partly Paid Shares

The Company has the following:

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

f. Voting Rights

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

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

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Additional Information for Listed Public Companies

30 June 2020

1. Capital (continued)

g. Substantial Shareholders as at 27 July 2020

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Kalonda Pty Ltd <Leibowitz Super Fund A/C>	118,954,957	20.83
Church Street Trustees Limited <The Matlas A/C>	29,232,063	5.12

h. Distribution of Shareholders as at 27 July 2020.

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1-1,000	14	4,377	0.00
1,001 – 5,000	1	4,546	0.00
5,001 – 10,000	61	605,663	0.11
10,001 – 100,000	161	7,223,226	1.27
100,001 – and over	191	563,118,420	98.63
	428	570,956,232	100.00

i. Unmarketable Parcels as at 27 July 2020

As at 27 July 2020 there were 156 fully paid ordinary shareholders holding less than a marketable parcel of shares.

j. On-Market Buy-Back

There is no current on-market buy-back.

k. Restricted Securities

The Company has 2,000,000 shares on escrow until 31 January 2022. There are no other restricted securities.

l. 20 Largest Shareholders — Ordinary Shares as at as at 27 July 2020

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Kalonda Pty Ltd <Leibowitz Super Fund A/C>	118,954,957	20.83
2.	Church Street Trustees Limited <The Matlas A/C>	29,232,063	5.12
3.	JP Morgan Nominees Australia Pty Limited	25,524,090	4.47
4.	Goldstake Corporation Pty Ltd	24,025,795	4.21
5.	BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd DRP	23,897,935	4.19
6.	Museum Investments Limited	20,497,380	3.59
7.	Capricorn Eleven Superannuation Fund Pty Ltd <Capricorn Eleven S/F AC>	20,347,828	3.56
8.	First Car International Limited <0312.6904.02.01 A/C>	19,000,000	3.33
9.	Gabriel Investments and Management Limited	18,333,334	3.21
10.	Citicorp Nominees Pty Limited	18,093,574	3.17
11.	The Brand Laboratories FZEC	16,583,334	2.90
12.	Flue Holdings Pty Ltd <Bromley Superannuation A/C>	9,000,000	1.58
13.	HSBC Custody Nominees (Australia) Limited	9,000,000	1.58
14.	Mr David Alan Stern	7,800,000	1.37
15.	Mr Robert John Peters + Mrs Sandra Lillian Peters <Peters Super Fund a/c>	7,762,500	1.36
16.	Biddle Partners Pty Ltd <Biddle Family A/C>	7,571,481	1.33
17.	Mr Allan Graham Jenzen + Mrs Elizabeth Jenzen <AG & E Jenzen p/l no2 sf a/c>	7,200,000	1.26
18.	Tabachnik Super Pty Ltd <Tabachnik Super Fund A/C>	7,195,500	1.26
19.	Florabelle Imports Pty Ltd	6,666,667	1.17
20.	Fidan Holdings Pty Ltd <Fleischer Super Fund A/C>	6,295,500	1.10
	Total	402,981,938	70.58

ENSURANCE LIMITED AND CONTROLLED ENTITIES

ABN: 80 148 142 634

Additional Information for Listed Public Companies

30 June 2020

2. The name of the Company Secretary is Sam Hallab.

3. Principal registered office

As disclosed in Note 36 'Company details' on page 74 of this Annual Report.

4. Registers of securities

As disclosed in the Corporate directory of this Annual Report.

5. Stock exchange listing

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

6. Use of funds

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

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