

Powerwrap™

Powerwrap Limited

Group Annual Report
For the financial year ended 30 June 2019



Contents

Unconstrained Wealth Management	1
Message from the Chair	3
Message from the CEO	4
Financial Performance	5
Business Performance	6
Board of Directors	10
Management	11
Directors' Report	12
Remuneration Report	16
Auditors' Independence Declaration	24
Financial Statements	
– Statement of Profit or Loss and Other Comprehensive Income	25
– Statement of Financial Position	26
– Statement of Changes in Equity	27
– Statement of Cash Flow	29
– Notes to the Financial Statements	30
– Directors' Declaration	65
– Independent Auditor's Report	66
Shareholder Information	70
Corporate Directory	72

Unconstrained Wealth Management

Powerwrap is the leader in sophisticated investment solutions for financial advisers and their clients.

Our goal is to unleash the full potential of adviser and client relationships.

Powerwrap provides a flexible, technology-based platform, to help financial advisers administer and manage their clients' portfolios. Powerwrap's comprehensive financial product range and customer service are tailored to High Net Worth (HNW) investors.

2019 was a landmark year for Powerwrap and its growth trajectory, with the company listing on the Australian Securities Exchange.

We delivered a strong result, with Funds Under Administration (FUA) of \$8.1 billion at 30 June 2019, up \$967 million from the previous year and \$550 million higher than the Prospectus forecast.

Platform revenue was \$16.3 million, up from \$14.1 million* in the previous year and \$0.9 million better than Prospectus forecast.

Underlying EBITDA (excluding Share Based Payments) was -\$4.9 million, \$1.9 million better than the Prospectus forecast of -\$6.8 million.

Powerwrap has cash balances of \$20 million as at 30 June. These cash reserves will fund us beyond the forecast period and enable us to deliver on our strategy of being the standout HNW wealth management platform.



* Per the Prospectus, the statutory figure has been adjusted to reclassify Scheme Expense Recovery income.

Continued strong performance in FY2019



\$8.1b FUA

Growth \$976 million (14%)



\$16.3m Platform Revenue

Growth \$2.2 million (16%)



-\$4.9m Underlying EBITDA*

\$1.9 million better than prospectus forecast



-\$5.4m Underlying Net Loss**

\$1.1 million better than Prospectus forecast



122 AFSLs



Broadest product range



\$20m cash balances



\$614 million Net Flows



Used by the best

A third of Australia's best advisers use the Powerwrap platform[#]



High Net Worth

Institutional grade platform servicing HNW investors

[#] The Australian's The Deal
- Barron's Top 50 Advisers
June 2019

* Excluding Share Based Payments.

** After tax including Management Share Based Payments (excluding Escala Share Based Payments).

Message from the Chair

Dear Shareholder,

I am pleased to present the 2019 Annual Report of Powerwrap Limited.

It has been an exciting year for Powerwrap. The business continued to enjoy strong growth in funds under administration and platform revenue. This growth reflects the sound position of Powerwrap as one of the “challenger platforms” which have been enjoying solid tailwinds and growing market share at the expense of the larger financial institutions.

This was the first full financial year under the leadership of a new Board and management team. The management team implemented several important changes in how Powerwrap operates its business. These changes have contributed to improvements in client service and the technology platform. Importantly, as you know, we also completed the IPO and listed on the ASX. I would like to thank all directors and staff who served Powerwrap over the past year for their contribution to these pleasing results.

The capital raised during the IPO allowed Powerwrap to strengthen its balance sheet and provided funding for developing the technology to better meet the needs of our existing and prospective clients. The cash position of \$20 million at the end of the financial year provides the necessary capacity for Powerwrap to continue to execute the plans outlined in the Prospectus.

The Board acknowledges that our shareholders own the business and we aim to reflect this in our approach to governance. We are also mindful of other important stakeholders. We understand the importance of attracting and retaining high performing staff and providing a working environment where they can perform to their highest potential as part of a successful team. If we meet that aspiration then we believe our staff will continue to not only serve, but ultimately delight our clients.

Part of the contribution Powerwrap can make is to provide innovative products and exceptional service so that wealth managers and financial advisers can improve the relationships they have with their clients. Although we are relatively small, we aspire to make a difference that will help build confidence in this important profession.

I would like to conclude by assuring you that Powerwrap’s Board and management team are focused on delivering the business objectives that were described in the Prospectus. Thank you for your support as a shareholder.

Yours sincerely,



Anthony Wamsteker

Chair Powerwrap Limited

Message from the CEO

Dear Shareholder,

The business has undergone a significant transformation over the past 18 months. We listed on the Australian Securities Exchange in May this year, marking an important milestone for our shareholders and people. I would like to thank our team and business partners, and also the advisers who provided their support and guidance along the way.

I am pleased to report that Powerwrap enjoyed a strong year, outperforming Prospectus forecasts on a number of key indicators for the year ended June 2019. Platform revenue was \$16.3 million, up from \$14.1 million in the previous year and \$0.9 million better than Prospectus forecast. EBITDA and NPAT were also both ahead of the Prospectus forecast.

The past year has seen Powerwrap continue to successfully focus on delivering its strategy in the high net worth investor space. We added to the number of wholesale managed funds available on the platform, with this asset class now representing \$1 billion of platform FUA and 14% of high net worth investor portfolios. Our platform offers the widest range of alternative investments in the platform market.

We have also worked closely and collaboratively with our adviser clients to understand how we can improve our service to them. This, combined with in-depth analysis of client-Powerwrap interactions and the deployment of Lean Six Sigma across our operations function, has resulted in improved service delivery and stronger relationships. The improvements to our platform service have a direct impact on the relationship between the adviser and the end investor, and we are pleased that in the recent Top 50 Advisers report published by The Australian's The Deal in association with Barrons, a third of the top ten advisers were users of the Powerwrap platform.

Powerwrap's staff are critical to Powerwrap's success and they live our values of client focus, accountability and innovation. As part of an organisation of 80 people, each team member knows they have an important role to play in the success of our company. We are confident that with our innovative mindset, best-of-breed approach to technology, and our system and processes, we can successfully deliver our strategy.

Thank you for your support.

Yours sincerely,



Will Davidson

CEO Powerwrap Limited



Positive cash position

At 30 June 2019 Powerwrap had cash balances of \$20 million, and is utilising this more slowly than was forecast in the Prospectus.

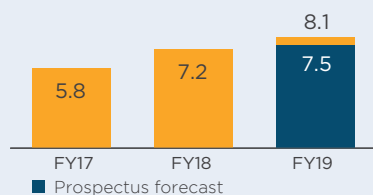
Powerwrap expects its cash reserves will fund the company beyond the Prospectus period.

Financial Performance

Key Performance Indicators

Powerwrap's results for FY19 exceeded Prospectus forecasts and show a steady improvement on the prior year.

FUA target (\$billion)

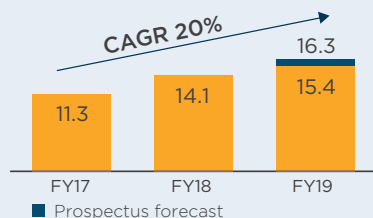


Outperformed FUA target

At 30 June 2019, Powerwrap's FUA was \$8.1 billion. This was \$550 million above Prospectus forecast of \$7.5 billion and represents an increase of \$976 million from FY18.

This outperformance was the result of growth from both existing and new clients.

Platform revenue (\$million)

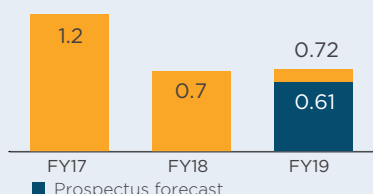


Strong platform revenue result

Powerwrap achieved platform revenue of \$16.3 million for FY19. This was \$0.9 million above the Prospectus forecast of \$15.4 million.

Powerwrap attributes this positive result to growth from improved margins and existing and new client flows.

Net Flows (\$billion)

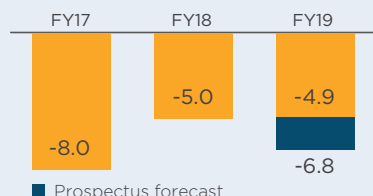


\$614 million in net flows

The Prospectus forecast FY19 net flows of \$720 million; the result was \$614 million.

Given the HNW profile of Powerwrap's investor client base, account sizes are substantially higher than the market average and subject to fluctuation in balances due to the nature of the investors and their investment interests. FY19 was a good example of this, where prior to year end, an investor withdrew more than \$120 million from their account for business purposes. This single withdrawal had a disproportionate impact on the net flows and resulted in a shortfall of \$106 million against the Prospectus target.

Underlying EBITDA exc. SBP (\$million)

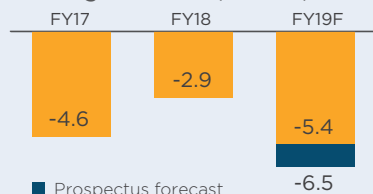


Underlying EBITDA* excluding Share Based Payments

Powerwrap's tight cost controls resulted in a \$1.9 million improvement on the Prospectus forecast of -\$6.8 million.

* Excludes IPO costs of \$1m and one-off costs of \$0.4m and adjusted to reflect the anticipated incremental costs to be incurred as a listed company.

Underlying Net Loss After Tax inc. Management SBP (\$million)



Underlying NPAT* including Management Share Based Payments

Pleasingly, Powerwrap achieved an underlying net loss after tax of \$5.4 million, \$1.1 million better than the \$6.5 million underlying net loss after tax forecast in the Prospectus

* Excludes IPO costs of \$1m and one-off costs of \$0.4m and adjusted to reflect the anticipated incremental costs to be incurred as a listed company.

Business Performance

Powerwrap overview

Powerwrap provides platform products and services to Wealth Advice Groups and their underlying HNW investor clients. Powerwrap has more than 80 employees across offices in Melbourne and Sydney.

The Powerwrap Platform had \$8.1 billion in FUA at the end of June 2019.

Approximately \$7.9 billion (97%) of Powerwrap's FUA is held in the Powerwrap Investment Account, which is predominantly used by HNW investors, including SMSFs. SMSFs comprise 57.5% of all accounts on the platform.

At the end of June 2019, the Powerwrap platform was used by over 122 AFSL financial intermediaries.

The Powerwrap difference

The Powerwrap platform stands apart because it is tailored to the needs of high net worth investors, offering levels of breadth, depth, flexibility and stability that we believe are unparalleled in the Australian market.

Breadth in product range

Powerwrap provides access to the broadest range of products in the market, from managed funds to wholesale Information Memorandum (IM)-based managed funds for sophisticated investors. We also offer domestic and international securities and models, fixed interest and cash products.

Depth of asset classes

Powerwrap gives investors access to 19 international markets for foreign exchange, securities and fixed interest investments. We have unmatched depth in wholesale IM-based managed funds, which are growing in demand by high net worth investors seeking exposure to alternative investments.

Service flexibility

Our platform is flexible and adaptable, meaning advisers can use it however it best suits their needs. With the rapid pace of change in the industry, the ability to adapt quickly means advisers can do the same for their clients.

Stability and security

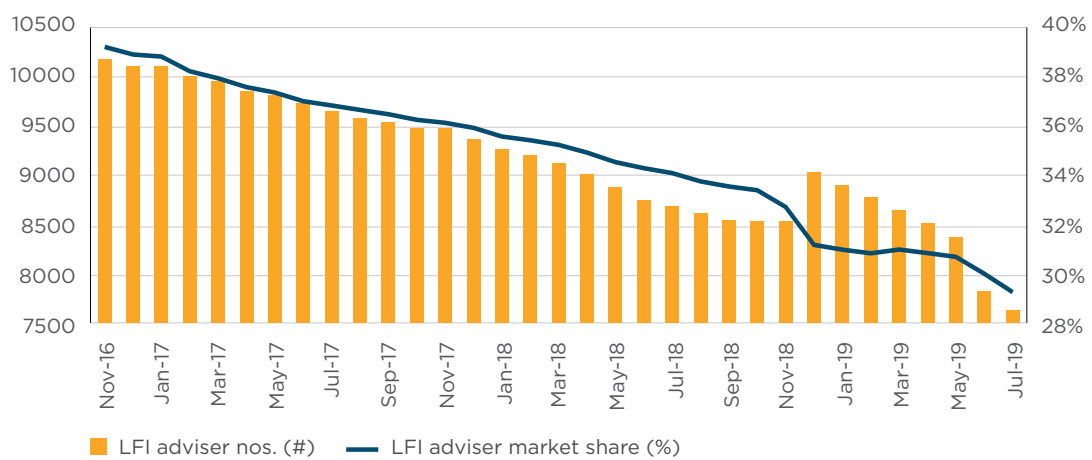
The Powerwrap platform is built on stable foundations and provides client security through its leading technology, sophisticated partnerships, robust systems and processes, and high data integrity.

Powerwrap positioned to meet the opportunities in the market

Tickr

The tailwinds for Challenger platforms as a result of the Banking Royal Commission are seeing an outflow of advisers from the Large Financial Institutions. Some of these advisers are leaving the industry altogether, opting out of the FASEA standards. Others are looking to join non-aligned, non-vertically integrated platforms.

Total advisers - Large Financial Institutions

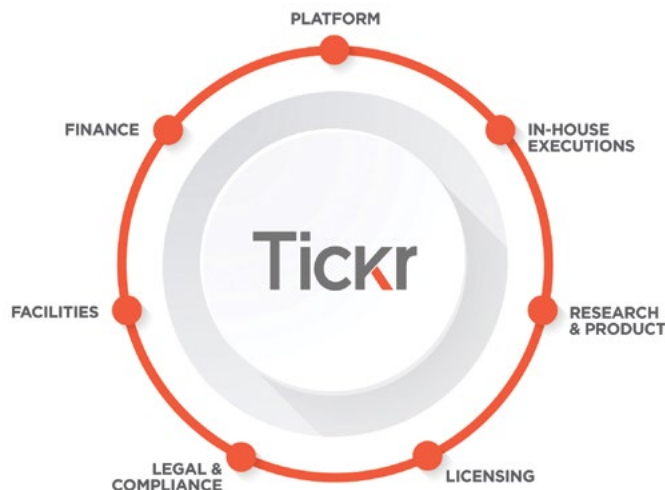


Powerwrap’s wealth management incubator Tickr was launched in March, with premises in the Collins Street heart of Melbourne.

Tickr is a service package for financial advisers seeking to leave Large Financial Institutions. It combines Powerwrap’s platform with the back-office support needed to transition to a standalone practice.

Powerwrap has a history of supporting groups of advisers seeking to establish their own practices and we continue to deliver services to some of these advice brands.

Tickr offers a range of services to new wealth advice groups:



Business Performance

The trend by the major banks to depart wealth management – by either spinning off their wealth management businesses or exiting them altogether – is helping to underpin a key strategy for Powerwrap.



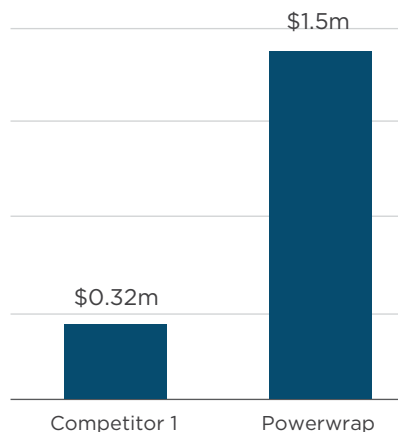
HNW Investors

A High Net Worth individual is a person with more than \$1 million of investments and assets, excluding their home, collectibles and consumer goods such as vehicles.

The HNW investor segment in Australia comprised more than 460,000 individuals, representing over \$1.96 trillion in assets as at 30 June 2018.

Other platforms operating in the Investment Platform market are typically targeted towards retail investors, with a large proportion of accounts being held in APRA-regulated Superannuation and Pension accounts. The average account value for these retail platforms is \$200-\$300,000.

Powerwrap's average account size is \$1.5 million.



Client Focus

Taking a 'client first' approach to every aspect of our business; being knowledgeable about the business of our clients; setting the highest standards in service and value for our clients, business partners and stakeholders.

Accountability

Encouraging and embracing new ideas to achieve continuous improvement; being more resourceful than our competitors. Taking responsibility for the delivery of a robust, stable and compliant service to our advisers and their investor clients.

Innovation

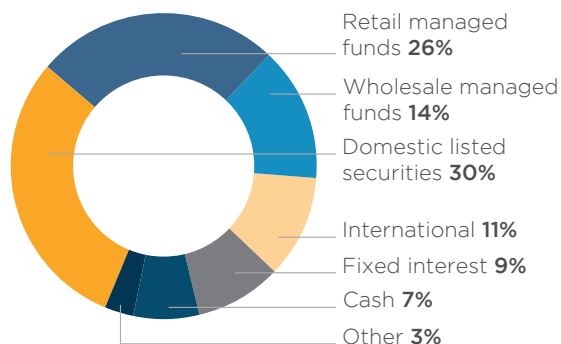
Taking responsibility for our actions and results, keeping our promises; developing alternative solutions to problems.

The portfolio composition of HNW investors is generally broader than retail investors, and Powerwrap has seen a growing demand for alternative assets. Alternative assets include wholesale managed funds, typically only available to wholesale investors.

Powerwrap's product-agnostic approach to its Approved Products List has seen this asset class grow significantly over time. Powerwrap now administers in excess of 350 such funds, and for HNW investor accounts they represent 14% of their portfolio composition.

The complexity of administering these alternative assets means other platforms steer away from them. This is a key differentiator for Powerwrap.

Powerwrap Platform HNW investor Portfolio composition (June 2019)

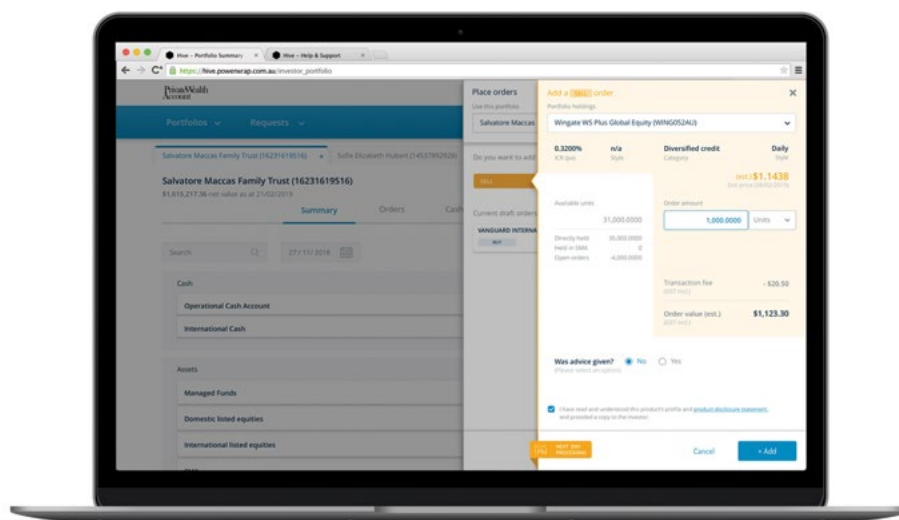


Adviser portal – Hive

A key aspect of Powerwrap's IT strategy is the delivery of its Hive proprietary client interface to the Wealth Advice Groups using the Powerwrap platform. Hive is a centralised hub which facilitates the creation of new accounts, trade execution and performance tracking. It has been developed and is owned by Powerwrap.

Advisers can use Hive to interrogate investor client portfolios, trade assets almost anywhere in the world and stay connected to portfolio investments at all times.

The next phase in its development is the Managed Fund Order Pad, which will enable the placement of investment orders and trades from one place. This is expected to roll out toward the end of this calendar year.



Board of Directors



Anthony Wamsteker
BEcon(Finance)
Non-Executive – Chairman

Anthony has been a Non-Executive Director of the Company since August 2017 and the Chairman since January 2018.

He has 30 years' experience in financial services including nine years as the founding CEO of ME Bank and 12 years in the Funds Management division of National Mutual/AXA.



Richard Loveridge
BCom, LLB, Grad Dip App Fin
Non-Executive Director

Richard Loveridge has extensive experience in the corporate advisory field including IPOs and capital raisings, mergers and acquisitions, joint ventures, shareholder agreements, company re-organisations, corporate finance transactions and corporate head office matters. He has also advised a number of Australia's leading companies on corporate governance, remuneration and incentives, and constitutional and Corporations Act matters. He is currently a non-executive director of ASX-listed Capitol Health.



Donna Hardman
MBA, BCom, GAICD, FAMI, FGIA
Non-Executive Director

Donna Hardman is an experienced non-executive director. Ms Hardman brings extensive experience in financial services and technology-based transformation, having led a number of large-scale start-up and change projects across the financial services sector in Australia, New Zealand, Singapore and the United Kingdom. Ms Hardman is an independent Audit and Risk Committee Member to the Australian Department of Foreign Affairs and Trade and the Civil Aviation and Safety Authority. Most recently Ms Hardman was also a non-executive director of ASX-listed company Villa World Limited.

Management



From left to right: Will Cole; Libby O'Farrell; Bruce MacDougall; James Edmonds; William Davidson; Tony Keller; Julian de Crespigny; Tracey May; Wes Gillett

William Davidson

Chief Executive Officer

William's previous roles include Chief Executive Officer of Bennelong Wealth Partners and Chief Operating Officer of Bangarra, one of the largest single family offices in Australia. Previously, he built a 400-person digital and advertising group with offices in seven countries that was successfully sold to a NASDAQ-listed company, Sapient.

Bruce MacDougall

Chief Financial Officer

Bruce is a Certified Practising Accountant (CPA) with over 30 years' experience in the financial services industry. Previously he was the Chief Financial Officer at Netwealth and also had 11 years as Chief Financial Officer at Colonial First State and 2 years as Chief Financial Officer at Summit, AXA's wrap platform.

James Edmonds

Chief Operating Officer

James has had a long career with a number of top tier firms including State Street, Deutsche Bank and more recently, Morgan Stanley. He has worked in Europe and the United States. As Head of Investment Platforms, James was responsible for building Morgan Stanley Australia's global SMA solution and managed key relationships with Praemium and Ausmaq.

Wes Gillett

Head of Sales

Wes is a leader in the platform segment with over 25 years experience in this space. Wes has led a number of sales teams, most recently as Head of Sales and Distribution for HUB24 where he grew HUB24 from a \$400M FUA business to over \$6 Billion FUA in around 4 years. Prior to HUB24, Wes had a 12 year career at Asgard.

Libby O'Farrell

General Manager Product & Client Experience

Libby has over 18 years experience in financial services with organisations such as AMP Securities in Japan and ANZ Banking Group across the Institutional, Private Banking and Retail divisions. Her focus is on the continuous enhancement and development of the Powerwrap offering.

Will Cole

Head of Risk and Compliance

Will is a risk and compliance specialist with 17 years' experience in the financial services sector. Previous roles include Management Consultant at Accenture, Private Client Adviser at Bell Potter Securities, Head of Risk and Compliance at Intersuisse and Head of Risk & Compliance at Phillip Capital.

Julian de Crespigny

Head of Commercial & Product Development

Julian has 30 years' experience in the local finance and stockbroking industry as Merrill Lynch Equities Director, BT Financial Group Equities Director, Deutsche Bank Equities Associate Director, Macquarie Private Bank.

Tony Keller

Head of Technology

Tony is an experienced IT professional with over 25 years' experience applying people, process, problem solving and technical skills to improve organisational performance within retail, government and financial services both nationally and internationally. He is a platform professional with his most recent roles including Colonial First State and Avanteos where he utilised agile methodologies to deliver platform products and services.

Tracey May

Head of Human Resources

Tracey has extensive experience in senior HR positions across finance and professional services, sport and hospitality, not for profit, global pharmaceuticals and healthcare. Her expertise lies in organisational & cultural change, executive coaching, recruiting, L & D, strategic planning, employee relations & generalist HR consulting.

Directors' Report

The Directors present their report together with the Financial Report of Powerwrap Limited ("the Company") and its Controlled Entity for the year ended 30 June 2019 (collectively referred to as the "Group") and the independent auditor's report thereon.

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

Directors' names

Anthony Wamsteker

Richard Loveridge

Donna Hardman (appointed 16 January 2019)

David Lamm (resigned 31 March 2019)

Matthew Driscoll (resigned 20 November 2018)

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the Group during the course of the financial year was the development and execution of investment portfolio administration services. There were no other significant changes in the nature of the activities of the Group during the financial year.

Review of operations

The loss after income tax of the Group for the financial year ended 30 June 2019 was \$6.5 million (2018: \$9.7 million).

Powerwrap achieved a record \$8.1 billion Funds Under Administration at 30 June 2019, based on net funds flow of \$614 million. Platform revenue also performed strongly, at \$16.3 million for the year, 18% higher than the 2018 result of \$13.8 million and out-performed the IPO forecast platform revenue by \$0.9 million.

Powerwrap has a strong balance sheet with \$20.0 million in cash and no debt as at the end of the financial year 2019.

The Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The following table summarises Group performance and key performance indicators:

	2019	2018	2017	2016 (Restated)	2015	2014
Revenue (\$'000)	17,014	14,655	11,646	7,739	6,028	4,262
% increase in revenue	16.1%	25.8%	50.5%	28.4%	41.4%	341.2%
Loss after tax (\$'000)	(6,469)	(9,650)	(8,732)	(4,395)	(1,110)	(1,672)
%(decrease)/increase in loss after tax	(33.0%)	10.5%	98.7%	295.9%	(33.6%)	(23.3%)

Significant changes in state of affairs

There have been no significant changes in the Group's state of affairs during the financial year.

Subsequent Events

Unless otherwise stated elsewhere in the financial report, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

During the year, the Group has actively engaged in developing and marketing its technologies and products. It is expected that the Group will derive increasing revenues in coming years as a consequence of these developments from the resulting increase in funds on platform.

Dividends

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Environmental regulation

The Group's operations are not subject to any particular or significant environmental regulations under either Commonwealth or State legislations.

Information on Directors

Anthony Wamsteker

Chairman and Non-Executive Director BEcon(Finance)

Experience

Anthony Wamsteker has 30 years' experience in financial services, including nine years as the founding CEO of ME Bank and 12 years in the Funds Management division of National Mutual/AXA.

Richard Loveridge

Non-Executive Director BCom, LLB, Grad Dip App Fin

Experience

Richard Loveridge has extensive experience in the corporate advisory field including IPOs and capital raisings, mergers and acquisitions, joint ventures, shareholder agreements, company re-organisations, corporate finance transactions and corporate head office matters. He has also advised a number of Australia's leading companies on corporate governance, remuneration and incentives, and constitutional and Corporations Act matters. He is currently a non-executive director of ASX-listed Capitol Health.

Donna Hardman

Non-Executive Director MBA, BCom, GAICD, FAMI, FGIA

Experience

Donna Hardman is an experienced non-executive director. Ms Hardman brings extensive experience in financial services and technology-based transformation, having led a number of large-scale start-up and change projects across the financial services sector in Australia, New Zealand, Singapore and the United Kingdom. Ms Hardman is an independent Audit and Risk Committee Member to the Australian Department of Foreign Affairs and Trade and the Civil Aviation and Safety Authority. Most recently Ms Hardman was also a non-executive director of ASX-listed company Villa World Limited.

Directors' Report

Continued

Mark Licciardo

Company Secretary B Bus(Acc), GradDip CSP, FGIA, GAICD

Experience

Mark is the founder and Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. As a former company secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, administration and company secretarial matters. He is also the former Chairman of the Governance Institute of Australia Victoria division, Academy of Design (LCI Melbourne) and Melbourne Fringe Festival and is a current non-executive director of a number of public and private companies. Mr Licciardo is currently a director of Frontier Digital Ventures Limited and Mobilicom Limited, ASX listed entities. He was recently a Director of iCar Asia Limited.

Directors

The names and positions of each person who held the position as a Director or Executive of the Company at any time during the financial year are:

DIRECTORS AND EXECUTIVES	POSITION
Anthony Wamsteker	Non-Executive Director (from August 2017)
Richard Loveridge	Non-Executive Director (from October 2017)
Donna Hardman	Non-Executive Director (from January 2019)
David Lamm	Non-Executive Director (resigned in March 2019)
Matthew Driscoll	Non-Executive Director (resigned in November 2018)

Meetings of Directors

Director	Directors' meetings		Audit and Risk Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Anthony Wamsteker	12	12	11	11
Richard Loveridge	12	12	11	11
Donna Hardman*	7	7	4	4
David Lamm**	8	8	8	8
Mathew Driscoll***	4	4	6	6

* Appointed to the Board on 16 January 2019

** Resigned on 31 March 2019

*** Resigned on 20 November 2018

Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance premiums

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and officers' liability and legal expense insurance contracts.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses insurance contracts; as such disclosure is prohibited under the terms of the contract.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Group

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

Disclosure of Parent Entity accounts

The Company has elected to adopt Class Order CO 10/654 to allow the presentation of consolidated financial statements to include parent entity financial statements as part of the financial report under Chapter 2M of the *Corporations Act 2001*. Taking advantage of this class order relieves the requirement to prepare summary parent entity information otherwise required by regulation 2M.3.01 of the Corporations Regulations 2001.

Signed on behalf of the Board of Directors,



Anthony Wamsteker
Chairman

26 September 2019

Melbourne



Richard Loveridge
Director

26 September 2019

Melbourne

Remuneration Report

Dear Shareholders,

Letter from the Chairman

On behalf of the Board, I am pleased to present Powerwrap Limited's ('the Company's') FY2019 Remuneration Report. The Company was listed on the Australian Stock Exchange on 23 May 2019 and this is therefore its first Remuneration Report to shareholders.

The Company has in place a Nomination and Remuneration Committee Charter. Until such time as the size of the Company's operations and the Board justify the establishment of a separate Nomination and Remuneration Committee, the function of the committee in accordance with the Nomination and Remuneration Committee Charter will be performed by the Board. The Company will review this periodically. The Board gives consideration to all remuneration matters.

The Company's performance in FY2019

Revenue growth of 16.1%, year on year and NPAT was 33.0% ahead of the prior year. Each exceeding the IPO prospectus forecasts. This performance was driven principally by growth in FUA of 13.7%.

Short term incentive plan (STIP)

The Company has established a STIP and this provides for permanent full-time and part-time employees of the Company who have been employed in an eligible position for a minimum of 6 months prior to the end of the relevant financial year to receive an annual short-term incentive payment on the terms set out in the STIP based on the Company achieving its annual EBITDA target. The payment of any short-term incentive is made at the Board's sole discretion. Further detail of the STIP is provided in the Remuneration Report.

Long term incentive plan (LTIP)

The Company has also established a LTIP for the CEO and for senior management.

The Board recognises the importance of suitably incentivising senior executives and key staff. Our objective of the LTIP structure is to provide an incentive to staff to achieve the long-term objectives of the Company and improve the performance of the Company and value for shareholders. A summary of the new LTIP scheme is set out in the Remuneration Report.

The Board believes the Remuneration Report will assist both our shareholders and other stakeholders to understand our remuneration policy, objectives and practices. We are committed to engaging with our shareholders and other stakeholders and we welcome your feedback.

Yours faithfully



Anthony Wamsteker

Chair

26 September 2019

Contents

- A. Introduction
- B. Remuneration objectives
- C. Remuneration governance
- D. Remuneration framework
- E. Executive remuneration
- F. Non-executive director remuneration
- G. Other information

A. Introduction

This FY2019 Remuneration Report for the Company is prepared in accordance with the requirements of s300A of the *Corporations Act 2001* and its regulations. The report outlines the remuneration arrangements in place for the Key Management Personnel (KMP) of the Company. KMP are the individuals who have authority and responsibility for planning, directing and controlling the activities of the Company, as defined under AASB 124 Related Party Disclosure.

The following table lists the Company's KMP for FY2019.

NAME	POSITION
Non-Executive Directors	
Anthony Wamsteker	Independent Non-Executive Chairman
Richard Loveridge	Independent Non-Executive Director
Donna Hardman	Independent Non-Executive Director
David Lamm	Independent Non-Executive Director
Matthew Driscoll	Independent Non-Executive Director
Senior Executive	
William Davidson	Chief Executive Officer (CEO)
Bruce MacDougall	Chief Financial Officer (CFO)

All KMP held office for the whole of FY2019 other than Donna Hardman who was appointed to the Board on 16 January 2019, David Lamm who retired on 31 March 2019 and Matthew Driscoll who retired on 20 November 2018.

B. Remuneration objectives

The Board is committed to a remuneration framework targeted on driving excellent client service, integrity and a performance culture.

The Company's objectives for remuneration include:

- to ensure the Company's remuneration structure is equitable and aligned with the long-term interest of the Company and its shareholders and having regard to relevant company policies;
- to attract and retain skilled employees;
- to structure short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
- to ensure any termination benefits are justified and appropriate.

These remuneration objectives apply to all employees, including KMP.

Remuneration Report

Continued

C. Remuneration governance

The Board is responsible for establishing the Company's remuneration policy (the Remuneration Policy) and determining non-executive director remuneration, senior executive remuneration and the Company's incentive structures.

The Remuneration charter defines key responsibilities as being to:

- Review arrangements for the Executive Directors (including the CEO) and the executives reporting to the CEO, including remuneration and participation in the Company's short and long-term incentive plans.
- Review and approve the short-term incentive strategy, performance targets (in so far as those relate to the STI plan) and bonus payments for the CEO and the executives reporting to the CEO.
- Review and approve major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management.
- Review and approve major changes and developments in the Company's remuneration policies and/or human resources strategies.
- Review and approve major changes and developments to the Company's employee equity incentive plans.
- Approve whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year.
- Oversee the operation of the Company's employee equity incentive plans in place from time to time.
- Review the remuneration arrangements for the Chair of the Board and the Non-Executive Directors of the Board, including fees, travel and other benefits.
- Approve the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Commonwealth).
- Be satisfied that the Board and management have available to them sufficient information and external advice to ensure informed decision-making regarding remuneration.
- Review the remuneration report prepared in accordance with the Corporations Act for inclusion in the annual Director's report.
- Review and facilitate shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.

D. Remuneration framework

Fixed remuneration

The Company's employees' fixed remuneration is determined on an annual basis in accordance with the Company's remuneration objectives. The Board will conduct a similar review for FY2020.

Short term incentive plan (STIP)

The Company has established a short-term incentive plan (STIP) and guidelines in order to:

- provide appropriately competitive salary and rewards to successfully attract, motivate and retain the highest standard quality individuals;
- reward staff for their individual and collective contribution to the Company's success, demonstrating the Company's values and behaviours, and for creating and enhancing value for Shareholders; and
- develop the Company's competitive advantage and respond quickly and strategically to changing opportunities and challenges.

The STIP provides for permanent full-time and part-time employees of the Company who have been employed in an eligible position for a minimum of 6 months prior to the end of the relevant financial year to receive an annual short-term incentive payment on the terms set out in the STIP based on the Company achieving targets relating to annual EBITDA, revenue and Net Promoter Scores. The payment of any short-term incentive is made at the Board's sole discretion. The Directors are not entitled to participate in the STIP.

Long term incentive plan (LTIP)

Prior to listing, the Company established a CEO LTIP, details of which were set out in the Company's Prospectus. If the consolidated revenue and EBITDA of the Company exceeds specified hurdles, Mr Davidson may participate in a long-term incentive program entitling him to be granted performance rights. Mr Davidson currently holds 6,383,250 performance rights granted pursuant to this incentive plan.

From 1 July 2018, the Company has established a long-term equity-based incentive plan (LTIP) for the management team and some additional senior staff, in order to:

- Recognise the ability and efforts of staff who have contributed to the success of the Company;
- Provide an incentive to staff to achieve the long-term objectives of the Company and improve the performance of the Company and value for Shareholders; and
- Attract talent to the Company and foster and promote loyalty between the Company and its staff.

The LTIP contains performance rights (Performance Rights) granted to plan participants in respect of each of the plan periods which are intended to vest in the form of shares at the end of the plan period, subject to certain performance conditions. The Board believes that the terms of the LTIP are consistent with schemes adopted by other Australian companies with similar risk and reward profiles.

The key terms of the LTIP are as follows:

Eligibility: The Board may, in its absolute discretion, invite an Eligible Participant to apply for Performance Rights. An Eligible Participant is an employee or contractor of the Company, and Directors are not entitled to participate in the LTIP.

Terms of Performance Rights:

- Each Performance Right will be granted to Eligible Participants under the LTIP for no consideration;
- Each Performance Right will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon vesting (where applicable) and exercise of that Performance Right);
- The Performance Rights will not be listed on the ASX or any other stock exchange; the Company will apply for official quotation of the Shares issued upon the exercise of any vested Performance Rights;
- No payment is required for the exercise of a Performance Right;
- A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Performance Rights have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Performance Rights; and
- There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Performance Rights.

Remuneration Report

Continued

Performance Conditions: The vesting of the Performance Rights is conditional on the satisfaction of Performance Conditions within a specified period. The Performance Rights are separated into two tranches for the purposes of the Performance Conditions. The Performance Conditions include:

- the relevant Eligible Participant remaining an employee or contractor of the Company for the full 'Performance Period' in respect of them, being the period from 1 July of the Financial Year in which the invitation is made to the Eligible Participant until three years after that date (unless otherwise provided in the invitation);
- the Listing of the Company; and
- the achievement of the agreed milestones in respect of the relevant Performance Periods; calendar year 2019 (CY2019), CY2020 and CY2021 for the CEO LTIP and 30 June 2021 for the staff LTIP.

Both the CEO LTI and the staff LTI milestones relate to the achievement of a specific level of revenue and EBITDA targets which were chosen as they align with Company performance. For the purposes of the calculation the EBITDA is defined as earnings before interest, tax, depreciation and amortisation, and one-off items. One-off items will be items restricted to items that are proposed by the CEO and subsequently approved by the Board.

Performance Rights

The Performance Rights will vest following satisfaction of the Performance Conditions. Subject to the LTIP rules, the Board may declare that all or a specified number of any unvested Performance Rights granted to an Eligible Participant which have not lapsed, immediately vest if a change of control in relation to the Company has occurred, or is likely to occur, having regard to the Eligible Participant's level of achievement of the Performance Conditions at the time. The CEO LTI performance rights do not have an expiry date. The staff LTI performance rights are deemed to expire on 31 August 2021.

Disposal restrictions

A participant may not assign, transfer, novate, or otherwise dispose of a Performance Right granted under the LTIP without the express written approval of the Board, or where such assignment or transfer occurs by force of law.

Overriding restrictions

No grant or issue of Performance Rights and/or Shares will be made to the extent that it would contravene the Constitution, any applicable Listing Rules, the Corporations Act, the Securities Trading Policy or any other applicable law.

E. Executive remuneration

The table below sets out details of the remuneration of the Company's officers (the two executive KMP) for FY2019.

	CEO William Davidson	CFO Bruce MacDougall	Total
Short Term Benefits			
Cash Salary	417,469	200,000*	617,469
STIP – cash ¹	153,574	62,415	215,989
Other	9,900	1,200	11,100
Long Term Benefits			
Leave ²	2,137	1,017	3,154
Post-Employment Benefits			
Superannuation ³	20,531	19,000	39,531
Share-Based Payments			
LTIP ⁴	952,363	111,111	1,063,474
Termination benefits	-	-	-
Total	1,555,974	394,743	1,950,717
% Performance Related	71.1%	44.0%	65.6%

1 All STIs are related to the performance of the individual and the performance of the Group and includes superannuation.

2 Long term benefits related to long service leave entitlements accrued for the year.

3 Superannuation payments are made in accordance with the relevant statutory requirements and relates to cash salary.

4 All LTIs are related to the performance of the Group.

* Based on a 4-day working week.

Service Agreements

The remuneration and other terms of employment for the senior executive KMP are formalised in employment contracts.

The two executives are entitled to receive pay in lieu of notice of resignation, in addition to any leave entitlements upon cessation of employment. All services agreements are for unlimited duration but may be terminated immediately in the event of serious misconduct, in which case the executive is not entitled to any payment in lieu of notice.

The following table outlines the key contractual arrangements for the KMP.

Position	Contractual Term	Employer Notice Period	Employee Notice Period	Post-Employment Restraints
CEO	Ongoing	3 months	3 months	6-month non-competition period
CFO	Ongoing	3 months	3 months	12-month non-competition period

Remuneration Report

Continued

F. Non-Executive Director remuneration

The table below sets out the total Non-Executive Director fees paid for FY2019.

	Short Term Fees	Post-Employment Benefits Super	Post-Employment Termination Benefits	Total
Anthony Wamsteker	90,000	-	-	90,000
Richard Loveridge	70,000	-	-	70,000
Donna Hardman	32,398	-	-	32,398
David Lamm	52,500	-	-	52,500
Matthew Driscoll	29,167	-	-	29,167
TOTAL	274,065	-	-	274,065

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, under the ASX Listing Rules, the total amount of fees payable to all Directors for their services (excluding for these purposes, the remuneration of any executive Directors) must not exceed in aggregate, in any financial year, the amount fixed by the Company in its general meeting. Any increase to that aggregate annual sum needs to be approved by Shareholders. Directors will seek approval of the Shareholders in respect of any increase from time to time, as appropriate. The current aggregate annual sum is \$500,000.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for, or at the request of the Company, which may be made in addition to, or in substitution for the Director's fees.

The annual Directors' fees currently paid by the Company are \$90,000 (exclusive of GST) to the Chairman and \$70,000 (exclusive of GST) to each of the other Non-Executive Directors.

Other entitlements

Directors may also be reimbursed for travel and other expenses reasonably incurred in connection with the performance of their duties as Directors. Directors may be paid such special remuneration as the Directors decide is appropriate where a Director performs extra work or services for or at the request of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. All Directors' fees include superannuation.

Director protection deeds

The Company has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to Board papers and requires the Company to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain losses and liabilities (including all reasonable legal expenses) which the Director may incur as a Director of the Company or of a related body corporate. Under the deeds of access, indemnity and insurance, the Company must maintain a directors' and officers' insurance policy insuring each Director (amongst others) against liability as a director of the Company and its related bodies corporate for the period that they are directors and for seven years after they cease to act as directors of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven-year period have been finally resolved).

G. Other information

KMP Share Movements

The table below sets out the shareholdings of ordinary shares of each KMP for FY2019.

FY2019	Ordinary Shares				
	Balance at the beginning of the year ¹ Number	Purchase of shares Number	Sale of shares Number	Shares in lieu of cash bonus Number	Balance at the end of the year Number
Non-Executive Directors					
Anthony Wamsteker	2,740,000	-	-	-	2,740,000
Richard Loveridge	-	-	-	-	-
Donna Hardman	-	-	-	-	-
David Lamm	-	-	-	-	-
Matthew Driscoll	555,992	-	-	-	555,992
Senior Executive					
William Davidson	-	-	-	93,699	93,699
Bruce MacDougall	-	-	-	13,200	13,200

¹ In conjunction with the IPO there was a one for five share consolidation. The adjusted balance in this column shows the ordinary shareholdings adjusted for the restructure.

KMP Shareholdings under the LTIP

The table below sets out the holdings of performance rights granted under the LTIP to each KMP.

FY2019	Balance at the beginning of the year ¹ Number	Granted during the year ¹ Number	Vested Number	Expired Number	Balance at the end of the year ¹ Number
Senior Executive					
William Davidson	6,600,000	-	(1,983,250)	(216,750)	4,440,000
Bruce MacDougall	-	800,000	-	-	800,000

The grant date and the fair value per option at grant date for William Davidson's options was 2 October 2017 and \$0.06. The grant date and the fair value per option for the other executive's options was 1 July 2018 and \$0.10.

¹ As part of the five for one share consolidation the performance rights have also been consolidated on the same basis. The number of rights in this column is adjusted for that share consolidation.

Previous comments or resolutions in relation to Remuneration Reports

The Company has not previously issued a Remuneration Report and therefore there have been no previous comments or resolutions in relation to its Remuneration Reports.

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

26 September 2019

The Board of Directors
Powerwrap Limited
Level 7, 356 Collins Street
MELBOURNE VIC 3000

Dear Board Members,

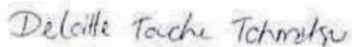
Auditor's Independence Declaration to Powerwrap Limited and its Controlled Entities

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Powerwrap Limited.

As lead audit partner for the audit of the financial statements of Powerwrap Limited and its Controlled Entities for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Lani Cockrem
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation
Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income For the financial year ended 30 June 2019

	Note	Consolidated		Powerwrap Limited	
		2019 \$'000	2018 (restated) \$'000	2019 \$'000	2018 (restated) \$'000
Revenue and other Income					
Platform revenue	5	16,266	13,784	15,104	12,150
Interest income	5	203	61	203	61
Other income	5	545	810	123	140
		17,014	14,655	15,430	12,351
Expenses					
Employee benefits expenses		(11,457)	(9,888)	(11,197)	(9,383)
Administrative expenses		(5,383)	(3,429)	(5,277)	(3,418)
Service provider and custodian expenses		(4,737)	(4,153)	(4,737)	(4,153)
Occupancy expenses		(572)	(447)	(572)	(447)
Trading expenses		(1,754)	(1,681)	-	-
Depreciation expenses		(83)	(75)	(83)	(75)
Amortisation expenses		(231)	-	(231)	-
Finance cost		(19)	(44)	(19)	(44)
Share based payment expense to third party		(364)	-	(364)	-
Share options cancellation costs		-	(1,674)	-	(1,674)
Intangible assets write-off		-	(5,581)	-	(5,581)
		(24,600)	(26,972)	(22,480)	(24,775)
Loss before income tax expense					
Income tax benefit	7	1,117	2,667	1,117	2,548
Net loss from continuing operations					
		(6,469)	(9,650)	(5,933)	(9,876)
Other comprehensive income for the year (net of income tax)		-	-	-	-
Total comprehensive loss					
		(6,469)	(9,650)	(5,933)	(9,876)
Loss per share					
Basic (cents per share)	16(d)	(4.12)	(7.10)	(3.78)	(7.26)
Diluted (cents per share)	16(d)	(4.12)	(7.10)	(3.78)	(7.26)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statements

Continued

Statement of Financial Position as at 30 June 2019

	Note	Consolidated		Powerwrap Limited	
		2019 \$'000	2018 (restated) \$'000	2019 \$'000	2018 (restated) \$'000
Current assets					
Cash and cash equivalents	8	20,037	5,043	19,943	4,912
Trade and other receivables	9	3,324	4,268	3,032	3,921
Other current assets	10	1,089	7,216	1,089	7,216
Total current assets		24,450	16,527	24,064	16,049
Non-current assets					
Other financial assets	11	-	-	600	600
Intangible assets	12	3,733	1,461	3,269	997
Property, plant and equipment	13	327	178	327	178
Total non-current assets		4,060	1,639	4,196	1,775
Total assets		28,510	18,166	28,260	17,824
Current liabilities					
Trade and other payables	14(a)	3,235	2,901	2,999	3,138
Contract Liabilities	14(b)	117	6	117	6
Short term debt	14(c)	-	150	-	150
Provisions	15	699	436	699	423
Total current liabilities		4,051	3,493	3,815	3,717
Non-current liabilities					
Provisions	15	173	165	173	149
Total non-current liabilities		173	165	173	149
Total liabilities		4,224	3,658	3,988	3,866
Net assets		24,286	14,508	24,272	13,958
Equity					
Share capital	16(a)	64,692	50,259	64,692	50,259
Reserves	17	2,607	793	2,607	793
Accumulated losses	19	(43,013)	(36,544)	(43,027)	(37,094)
Total equity		24,286	14,508	24,272	13,958

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the financial year ended 30 June 2019

	Note	Contributed equity \$'000	Reserves \$'000	CRPS distribution reserve \$'000	Accumulated losses \$'000	Total \$'000
Consolidated						
Balance as at 1 July 2017 (restated)		42,903	1,124	(1,346)	(25,762)	16,919
Total comprehensive loss for the year		-	-	-	(9,650)	(9,650)
Total		42,903	1,124	(1,346)	(35,412)	7,269
Transactions with owners in their capacity as owners						
Equity instrument raising	16	7,356	-	-	-	7,356
Options reserve	17	-	(331)	-	-	(331)
Transfer of reserve following conversion		-	-	1,346	(1,346)	-
Prior year P&L restatement		-	-	-	214	214
Total transactions with owners in their capacity as owners		7,356	(331)	1,346	(1,132)	7,239
Balance as at 30 June 2018		50,259	793	-	(36,544)	14,508
Balance as at 1 July 2018 (restated)		50,259	793	-	(36,544)	14,508
Total comprehensive loss for the year		-	-	-	(6,469)	(6,469)
Total		50,259	793	-	(43,013)	8,039
Transactions with owners in their capacity as owners						
Equity instrument raising	16	14,433	-	-	-	14,433
Options reserve		-	1,814	-	-	1,814
Total transactions with owners in their capacity as owners		14,433	1,814	-	-	16,247
Balance as at 30 June 2019		64,692	2,607	-	(43,013)	24,286

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statements

Continued

Statement of Changes in Equity For the financial year ended 30 June 2019 (continued)

	Note	Contributed equity \$'000	Reserves \$'000	CRPS distribution reserve \$'000	Accum- ulated losses \$'000	Total \$'000
Powerwrap Limited						
Balance as at 1 July 2017 (restated)		42,903	1,124	(1,346)	(26,086)	16,595
Total comprehensive loss for the year		-	-	-	(9,876)	(9,876)
Total		42,903	1,124	(1,346)	(35,962)	6,719
Transactions with owners in their capacity as owners						
Equity instrument raising	16	7,356	-	-	-	7,356
Options reserve	17	-	(331)	-	-	(331)
Transfer of reserve following conversion		-	-	1,346	(1,346)	-
Prior year P&L restatement		-	-	-	214	214
Total transactions with owners in their capacity as owners		7,356	(331)	1,346	(1,132)	7,239
Balance as at 30 June 2018		50,259	793	-	(37,094)	13,958
Balance as at 1 July 2018 (restated)		50,259	793	-	(37,094)	13,958
Total comprehensive loss for the year		-	-	-	(5,933)	(5,933)
Total		50,259	793	-	(43,027)	8,025
Transactions with owners in their capacity as owners						
Equity instrument raising	16	14,433	-	-	-	14,433
Options reserve	17	-	1,814	-	-	1,814
Total transactions with owners in their capacity as owners		14,433	1,814	-	-	16,247
Balance as at 30 June 2019		64,692	2,607	-	(43,027)	24,272

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flow
For the financial year ended 30 June 2019

	Note	Consolidated		Powerwrap Limited	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flows from operating activities					
Receipts from customers		16,327	14,464	14,410	11,969
Payments to suppliers and employees		(21,527)	(19,875)	(19,573)	(17,161)
Interest received		123	61	123	61
Finance costs		(11)	(29)	(11)	(29)
Research & development grant received		2,479	3,573	2,479	3,573
Payment towards security deposit		(100)	-	(100)	-
Net cash used in operating activities	20	(2,709)	(1,806)	(2,672)	(1,587)
Cash flows from investing activities					
Investment in Term Deposits		6,500	(6,500)	6,500	(6,500)
Payment for plant and equipment		(232)	(16)	(232)	(16)
Payment for intangibles		(2,558)	(2,179)	(2,558)	(2,179)
Net cash provided by/(used in) investing activities		3,710	(8,695)	3,710	(8,695)
Cash flows from financing activities					
Proceeds from share issue		15,000	18,947	15,000	18,947
Transaction costs related to issue of shares		(999)	(653)	(999)	(653)
Repayment of CRPS/CRRPS		-	(10,967)	-	(10,967)
Distribution to CRPS holders		(8)	(467)	(8)	(467)
Net cash provided by financing activities		13,993	6,860	13,993	6,860
Net increase/(decrease) in cash and cash equivalents		14,994	(3,641)	15,031	(3,422)
Cash and cash equivalents at beginning of the financial year		5,043	8,684	4,912	8,334
Cash and cash equivalents at 30 June	8	20,037	5,043	19,943	4,912

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Powerwrap Limited and its Controlled Entity as a consolidated entity. Powerwrap Limited is a company limited by shares, incorporated and domiciled in Australia. Powerwrap Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Directors as at the date of the Directors' Report.

The following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

Historical Cost Convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

(c) Going concern

The full year financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to meet its regulatory requirements and pay its debts as and when they become due and payable for at least 12 months from the date of signing the full year financial report.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the full year ended 30 June 2019 reflects a Group net loss after income tax of \$6.5 million and the Consolidated Statement of Cash Flows reflects net cash inflows from operating and investing activities of \$1.0 million. As at 30 June 2019, the Consolidated Statement of Financial Position reflects a Group net asset position of \$24.3 million. Following the recent IPO capital raise the Company has sufficient capital to continue to meet its Australian Financial Services Licence (AFSL) conditions for the foreseeable future.

(d) Revenue

The Group derives revenue from provision of platform services to wealth advisor groups and their underlying investor clients. From 1 July 2018, the Group applied AASB 15 Revenue from Contracts with Customers. Revenue is recognised as, or when, services are transferred to the customer, and is measured by reviewing each revenue contract and its respective services to customers to determine its performance obligations. The performance obligations identified are platform services and listing fund/model manager services, as discussed in note 2(a).

Contract liabilities, which consist of fees for services received in advance are recorded as a liability within contract liabilities on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

Interest income comprises interest earned on cash and short-term deposits and is recognised using the effective interest rate method.

Other income comprises shared service income and proprietary trading income, which are recognised when right to received income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Research and development grants

The Company makes claims under the research and development tax incentive provided by the Australian Government (R&D tax incentive).

The R&D Incentive allows eligible entities to claim a non-refundable tax offset at the rate of 43.5% where its turnover is less than \$20 million.

The Company recognises the R&D tax incentive as a tax benefit or a refund of income tax through its income tax return. A credit is recognised within tax expense and an asset is recorded for the 43.5% refundable R&D tax offset.

During the year, the Company has changed its accounting policy in relation to R&D tax incentive. Refer to note 26 for details of the restatement relating to the full year 2018 financial statements.

(f) Income Tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognized directly in equity.

Notes to the Financial Statements

Continued

(g) Tax Consolidation

Powerwrap Limited and its wholly-owned Australian subsidiary formed an income tax consolidated group under the tax consolidation legislation with effect from 1 July 2016. Powerwrap Limited is the head entity of the Group.

Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'separate taxpayer within group' approach to allocation. Current tax liabilities/ (asset) and deferred tax assets arising from unused tax losses and tax credits in the subsidiary are immediately transferred to the head entity.

The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

(i) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of Fixed Asset	Depreciation Rates	Depreciation Basis
Leasehold improvements at cost	5-10%	Straight Line
Furniture, fixtures and fittings at cost	10-25%	Straight Line
Computer equipment at cost	5-10%	Straight Line
Office equipment at cost	25-40%	Straight Line

(j) Impairment of non-financial assets

Assets with an indefinite useful life, which includes goodwill, are not amortised but are tested annually for impairment in accordance with AASB 136 (refer note 1(p)). Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less cost of disposal and value in use.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

(k) Employee benefits

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

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

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

(m) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred.

(n) Financial Instruments

Initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial liabilities and financial assets other than trade receivables without a significant financing component are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are adjusted against fair value of the financial assets or financial liabilities, on initial recognition.

Subsequent measurement

Financial assets are required to be subsequently measured at Amortised Cost, Fair Value Through Other Comprehensive Income ("FVTOCI") and Fair Value Through Profit and Loss ("FVTPL").

Amortised cost

This includes financial assets managed under a business model to hold the assets in order to collect the contractual cash flows (CCFs) and those cash flows represent solely payments of principal and interest (SPPI).

Notes to the Financial Statements

Continued

Fair Value through other comprehensive income (FVTOCI)

This includes financial assets managed under a business model to sell the assets and collect the CCFs and those cash flow represent SPPI. An irrevocable election can also be made for investments in equity instruments on initial recognition to be measured at FVTOCI.

Fair Value through profit or loss (FVTPL)

This includes financial assets managed under a business model that is not based on collecting the CCFs e.g. they are held for trading or the CCFs of the asset do not represent SSPI.

The Group financial assets are subsequently measured at amortised cost. There are no financial assets that are categorised at FVTOCI or FVTPL.

Impairment of financial assets

The impairment requirements for financial assets are based on a forward-looking Expected Credit Loss (“ECL”) model. The model applies to debt instruments measured at amortised cost or at FVTOCI, such as lease receivables, trade receivables and contract assets (as defined in AASB15).

Expected credit losses (ECL)

Financial assets are required to determine the ECL to recognise the possible loss derived from the Financial Asset.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including intercompany balances and loans from or other amounts due to director-related entities. These are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognised in the income statement over the period to maturity using the effective interest rate method. Trade and other payables and borrowings from related parties are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(o) Goods and services tax (GST)

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

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

(p) Intangibles

Goodwill

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer’s previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets are initially recorded at the purchase price. Other intangible assets are tested for impairment annually or more frequently if events or change in circumstances indicate a potential for impairment. Other intangible assets are carried at cost less accumulated impairment losses. Other intangible assets are amortised on a straight-line basis over their useful life commencing from the time the asset is ready for use.

Class of other intangible assets	Amortisation Rates	Amortisation Basis
Front end developments	5 years	Straight Line
Core application	10 years	Straight Line

(q) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Deferred consideration payable is measured at fair value. Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the surplus is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

2. New and Revised Accounting Standards

(a) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) which are mandatorily applicable to the current period. Disclosures required by these standards that are deemed material have been included in this financial report.

AASB 9 – Financial Instruments (applicable to annual reporting periods beginning on or after 1 January 2018).

The Group has adopted AASB 9 Financial Instruments from 1 July 2018.

Initial measurement

Financial liabilities and financial assets other than trade receivables without a significant financing component are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are adjusted against fair value of the financial assets or financial liabilities, on initial recognition.

Notes to the Financial Statements

Continued

Subsequent classification and measurement

Under AASB 9, the classification and measurement model of financial assets has been revised and is now based on an entity's business model for managing the assets and their contractual cash flow characteristics according to one of the three categories listed below:

- Amortised cost – this includes financial assets managed under a business model to hold the assets in order to collect the contractual cash flows (CCFs) and those cash flows represent solely payments of principal and interest (SPPI).
- Fair Value through other comprehensive income (FVTOCI) – this includes financial assets managed under a business model to sell the assets and collect the CCFs and those cash flows represent SPPI. An irrevocable election can also be made for investments in equity instruments that are not held for trading, on initial recognition to be measured at FVTOCI.
- Fair Value through profit or loss (FVTPL) – this includes financial assets managed under a business model that is not based on collecting the CCFs e.g. they are held for trading or the CCFs of the asset do not represent SPPI.

In addition to the Business Model assessment, there is also the “Solely Payments of Principal and Interest” (“SPPI”) criteria to be considered before a financial asset can be considered Amortised Cost.

Summary of the application of the Business Model and SPPI tests

Amortised Costs
Bank deposits, repayable on demand, where interest, if payable, is at a fixed or floating market rate
Trade receivables requiring payment only of fixed amounts on fixed dates
Related party receivables, repayable on demand
Security deposit bonds, repayable to the Group when no longer required

Upon adoption of AASB 9, the Group has assessed the business model applicable to management of its financial assets under the category of “hold and collect” and hence has classified these financial assets under Amortised Cost.

Impairment of financial assets

The impairment requirements for financial assets are based on a forward-looking Expected Credit Loss (“ECL”) model. The model applies to debt instruments measured at amortised cost or at FVTOCI, such as lease receivables, trade receivables and contract assets (as defined in AASB15).

Under AASB 9, there are three approaches to assessing impairment:

1. The simplified approach, which applies to trade receivables, lease receivables and contract assets, and
2. The general approach

The Group's financial assets that are subject to the new expected credit loss model under AASB 9 include:

- Trade receivables
- Other financial assets at amortised cost

Trade receivables

The Group applied the simplified approach to measuring ECLs for trade receivables whereby the lifetime ECL is recognised. To measure the ECLs, the Group has assessed historical default rates for its receivables. On adoption, the expected credit loss is assessed to be immaterial based on each asset category's historic credit loss. Platform revenue are either pulled directly from client's cash accounts or deducted from advisor fees. For both categories, in instances where there is insufficient cash in the client's cash account, fees will be rolled over to the following month(s) and deducted when there is sufficient cash balance.

Other Financial Assets at Amortised Cost

Other financial assets at amortised cost include cash at bank and term deposits, other receivables, related party receivables and security deposit bonds. For these financial assets, the Group applied the general approach to measuring ECLs whereby 12 months ECLs are applied as the term of the assets are shorter and the credit risk is low.

Based on the above assessment, there was no impairment to Financial Assets of the Group.

Definition of Financial Liabilities

Financial Liabilities for the Group are:

- Creditors;
- Other Payables;
- Related party payables;
- Short term debt (CRRPS converted to shares in December 2018)

Under AASB 9, there are 2 financial liability classification categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities are generally classified and measured at amortised cost unless they meet the criteria for 'fair value through profit or loss'. A financial liability is classified as a financial liability at fair value through profit or loss (FVTPL) if it meets one of the following conditions:

- It is held for trading, or
- It is designated by the entity as being at FVTPL (note that such a designation is only permitted if specified conditions are met).

For financial liabilities at amortised cost, they are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method.

The group's financial liabilities are not held for trading and are assessed to be financial liabilities at amortised cost. Due to the short-term nature of financial liabilities of the Group, the effective interest method has not been applied.

AASB 15 - Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018).

The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018.

From initial application of the standard, the cumulative impact to the opening balance of retained earnings is nil, as the timing of revenue recognition has not changed for the Group's contracts that were in progress at 1 July 2018.

If services rendered by the Group exceed the payment, a contract asset (previously referred to as "accrued income") is recognised. If the payments exceed the services rendered, a contract liability (previously referred to as "deferred revenue") is recognised.

Notes to the Financial Statements

Continued

Revenue recognition for the Group's revenue streams are as follows:

REVENUE STREAM	PERFORMANCE OBLIGATION	TIMING OF RECOGNITION
Services provided to advisers to enable them to administer, transact and report on behalf of their clients ('the investors') portfolios.	<p>There is only one performance obligation that being the provision of platform administration services which includes the following:</p> <ul style="list-style-type: none"> • Platform administration and reporting; and • Transaction services. <p>The services form a series of distinct services that are substantially the same and that have the same pattern of transfer to the investors. Therefore, there is only one performance obligation.</p> <p>Powerwrap is responsible for providing the series of services to the investors each day for as long as the investor's funds remain on Powerwrap's platform.</p>	<p>Revenue is recognised over time as the investors simultaneously receive and consume the benefit of accessing the platform and the services utilised.</p> <p>The platform administration fee structure is set out in the PDS and revenue is a fixed percentage based on funds under administration or number of accounts in respect of relevant months.</p>
Service provided to fund managers which is the listing of fund manager and model manager products on the platform.	<p>There is only one performance obligation that being the listing of fund manager and model manager products on the platform.</p>	<p>Revenue is recognised over time as services are provided.</p> <p>Revenue is based on annual fees set in the contract with each fund manager and fixed percentage based on funds under administration for each model manager.</p>

During the year, revenue is summarised below:

Revenue Stream	Revenue recognition	Total (\$'000)
Services provided to advisers	Over time	15,776
Services provided to fund managers	Over time	490
Platform revenue		16,266

Contract asset for the year was nil.

Contract liabilities for the year were \$116,505.

(b) Standard and Interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are relevant to the Group but are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Group.

The Group has assessed the impact of the new standard on the Group's Consolidated Financial Statements and it expects the impact to be minimal.

AASB 16 – Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

In February 2016, the AASB issued AASB 16 Leases “AASB 16”. This standard will replace the current accounting requirement applicable to leases in AASB 117 Leases. AASB 16 introduces a single lessee accounting model which eliminates the requirement for leases to be classified as operating or finance leases. The revised leases standard will become effective for reporting periods commencing on or after 1 January 2019 and therefore is applicable to the Company for the reporting period commencing 1 July 2019.

The Company is party to a number of property lease arrangements with regard to the Company’s offices and a number of leases with respect to IT equipment. These lease arrangements will be treated in accordance with AASB 16 for the reporting period commencing 1 July 2019, and will be on the following basis:

- A right of use asset and associated lease liability will be recognised in the Company’s statement of financial position; and
- Depreciation and interest expenses will be recognised in the Company’s statement of profit or loss and other comprehensive income, below EBITDA, replacing an operating expense, included in EBITDA, currently recognised by the Company in the Financial Information.

Transition

The Group has elected to apply the modified retrospective approach as permitted by AASB 16.

The cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance (if any) of retained earnings at 1 July 2019 with no restatement of comparative information. The Group has chosen to measure the existing operating leases at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at the date of initial application.

If AASB 16 was to be adopted, with respect of the Company’s property and IT lease arrangements (note that low value and short-term IT arrangements have been excluded) in place as at 30 June 2019, the anticipated impact on the Financial Information would be as follows:

- The initial recognition of right of use assets and associated lease liabilities of \$2.0 million included in the Company’s statement of financial position; and
- Annual depreciation and interest expense of \$0.6 million and \$0.1 million respectively in the Company’s statement of profit or loss and other comprehensive income replacing an annual operating expense of \$0.6 million.

Notes to the Financial Statements

Continued

3. Critical Accounting Estimates and Judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on the higher of fair value less cost of disposal and value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 19.1% (2018: 37.7%) for cash flows in years one to three, a terminal value growth rate of 3% (2018: Nil) and a discount rate of 8.7% (2018: 8.7%) to determine value-in-use.

(b) Intangible assets estimate of useful life

Management have assessed the remaining useful life of the development assets based upon the useful life of its separate components. The two components with different useful lives are:

- Core applications with a useful life of 10 years; and
- Front end user interface with a useful life of 5 years.

The assessment of useful life is a key management judgement and the useful lives adopted could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(c) Capitalisation of development costs

The Group capitalises project development costs eligible for capitalisation in relation to development projects. The capitalised costs are all directly attributable costs necessary to create, produce, and prepare assets to be capable of operating in the manner intended. Capitalised project costs are amortised over the project's useful life.

(d) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets are only recognised for deductible temporary differences where it is estimated that future taxable profits will be available to utilise those temporary differences.

(e) Equity-settled share-based payments

Powerwrap Limited has established an employee option plan as part of its remuneration, performance and retention policy. Powerwrap Limited has also issued options to a third party. Significant judgement is required when determining the inputs utilised in the valuation of options granted by the Company. Refer to note 18 for more details.

(f) Research and Development grants

From 1 July 2011, the Australian Government has provided a tax incentive, in the form of a refundable tax offset of 43.5%, for eligible research and development expenditure. Management has assessed its research and development activities and expenditure to determine which are likely to be eligible under the scheme. For the period ended 30 June 2019 the Company has recorded a tax benefit of \$1.1 million (\$2.5 million) to recognise the amount which relates to this period.

4. Segment information

The consolidated entity is organised into one reportable segment.

The reporting operating segment is based on the internal reports that are reviewed and used by the Board of Directors and the executive management team, in assessing performance and in determining allocation of resources. The Board of Directors and the executive management team review segment profits (Segment EBITDA) on a monthly basis. The accounting policies adopted for internal reporting to the Board of Directors and the executive management team are consistent with those adopted in the financial statements.

All of the Group's operations are based in Australia.

During the year ended 30 June 2019, the largest client by gross revenue accounted for 31% (2018: 48%) or \$4.6 million (2018: \$7.3 million) in revenue to the consolidated group. The client is a wealth management advisory service.

5. Revenue and other income

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue				
Platform revenue	16,266	13,784	15,104	12,150
Interest received	203	61	203	61
Total Revenue	16,469	13,845	15,307	12,211
Other Income				
Shared service income	123	140	123	140
Proprietary trading income	422	670	-	-
Total other income	545	810	123	140
Total revenue and other income	17,014	14,655	15,430	12,351

6. Expense

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Remuneration of Auditors				
Audit and assurance services	285	204	261	184
Other Non-audit services	255	16	255	16
Total Remuneration of Auditors	540	220	516	200

Notes to the Financial Statements

Continued

7. Income tax

(a) Components of tax (benefit)/expense

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 (Restated) \$'000	2019 \$'000	2018 (Restated) \$'000
Current tax	(1,117)	(2,548)	(1,117)	(2,548)
Deferred tax	-	10	-	-
Over provision in prior years	-	(129)	-	-
	(1,117)	(2,667)	(1,117)	(2,548)

(b) Prima facie tax

The prima facie tax benefit on loss before income tax is reconciled to the income tax benefit as follows:

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 (Restated) \$'000	2019 \$'000	2018 (Restated) \$'000
Components of tax benefit				
Prima facie income tax benefit on loss be-fore income tax at 27.5% (2018: 27.5%)	(2,086)	(3,387)	(1,939)	(3,417)
Add tax effect of:				
Accounting for expenditure subject to R&D tax incentive	389	1,252	389	1,252
Non-deductible intangibles amortisation	63	-	63	-
R&D tax credit	(1,117)	(2,548)	(1,117)	(2,548)
Entertainment	14	11	14	11
Share based payments	503	671	503	671
IPO costs	-	-	-	-
Legal expenses	-	6	-	6
Non-deductible write down of intangibles	-	1,535	-	1,535
DTA movements not brought to account	173	-	180	-
DTL first brought to account	624	274	624	274
Tax losses not converted to DTAs	320	-	320	-
	(1,117)	(2,186)	(963)	(2,216)
Less tax effect of:				
Black hole deductions	-	(2)	-	(2)
Intercompany dividend not assessable on consolidation	-	-	(621)	(413)
Transfer of liability from subsidiary to parent	-	-	467	443
Derecognition of DTAs previously brought to account	-	10	-	-
Under/(over) provision in prior years	-	(129)	-	-

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 (Restated) \$'000	2019 \$'000	2018 (Restated) \$'000
Utilisation of DTA losses not previously brought into account	-	(274)	-	(274)
DTAs not previously brought to account	-	(86)	-	(86)
Income tax (benefit)/expense recognised in the statement of profit or loss and other comprehensive income	(1,117)	(2,667)	(1,117)	(2,548)

The aggregate amount of Research and development expenditure during the year was \$2,567,968 (2018: \$5,856,899) out of which the amount that was recognised as an expense during the year was \$2,009,454 (2018: \$4,522,585).

(c) Deferred tax assets not brought to account

Deferred tax assets not brought to account are as follows:

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 (Restated) \$'000	2019 \$'000	2018 (Restated) \$'000
Tax losses not recognised as DTAs	1,481	1,161	1,481	1,361
Timing differences not brought to account	388	214	397	217

Members of the tax consolidated entity and the tax sharing arrangement

The Group and its 100% owned Australian resident subsidiary have formed a tax consolidated entity. Powerwrap Limited is the head entity of the tax consolidated entity. Members of the Group have entered into a tax sharing agreement.

Tax effect accounting by members of the tax consolidated Group

The head entity and the controlled entity in the tax consolidated group continue to account for their own current and deferred tax amounts as per Interpretation 1052 Tax Consolidation Accounting. The consolidated group has applied the consolidated group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) assumed from controlled entities in the tax consolidated group.

Notes to the Financial Statements

Continued

8. Cash and cash equivalents

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank	19,987	4,007	19,893	3,876
Cash on deposit	50	1,036	50	1,036
	20,037	5,043	19,943	4,912

9. Trade and other receivables

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Trade debtors	2,026	1,132	1,735	784
Other receivables				
R&D receivable	1,114	2,475	1,114	2,475
Other debtors	145	425	144	426
Total other receivables	1,259	2,900	1,258	2,901
Amounts receivables from:				
Powerwrap Managed Investment Scheme	39	236	39	236
Total receivables from related parties	39	236	39	236
Total Trade and other receivables	3,324	4,268	3,032	3,921

10. Other current assets

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Prepayments and other deposits	1,089	716	1,089	716
Term deposits	-	6,500	-	6,500
Total other current assets	1,089	7,216	1,089	7,216

11. Other financial assets

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Shares in controlled entity	-	-	600	600
Total other financial assets	-	-	600	600

Shares in controlled entity are carried at cost.

12. Intangible assets

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Goodwill at cost	464	464	-	-
Capitalised software at cost	3,269	997	3,269	997
Total intangible assets	3,733	1,461	3,269	997

(a) Reconciliation

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year.

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Goodwill at cost				
Opening balance	464	464	-	-
Closing balance	464	464	-	-
Capitalised software at cost				
Opening balance	997	4,398	997	4,398
Additions	2,503	2,180	2,503	2,180
Amortisation	(231)	-	(231)	-
Write off	-	(5,581)	-	(5,581)
Closing balance	3,269	997	3,269	997

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives

	2019 \$'000	2018 \$'000
Goodwill and intangibles with indefinite useful lives are allocated to the following cash generating units (CGU):		
MWH Capital Pty Ltd	464	464
	464	464

(c) Impairment assessment

The recoverable amount of the CGU is based on the higher of fair value less cost of disposal and value in use. These calculations are based on projected cash flows approved by management covering the next three years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

Value in use

The present value of future cash flows has been calculated using an average growth rate of 19.1% (2018: 37.7%) for cash flows in years one to three, a terminal value growth rate of 3% (2018: Nil) and a discount rate of 8.7% (2018: 8.7%) to determine value-in use.

Fair value less cost of disposal

The Company successfully raised \$15m in May 2019 at \$0.35. Based on the year end share price of \$0.28 and the number of shares at the year-end of 205,831,244, the Company currently has an implied equity value of \$58m. This amount significantly exceeds the carrying value of the CGU.

Notes to the Financial Statements

Continued

13. Property, plant and equipment

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Leasehold improvements				
At cost	214	109	214	109
Less accumulated depreciation	(62)	(52)	(62)	(52)
	152	57	152	57
Office equipment				
Office equipment at cost	64	48	64	48
Less accumulated depreciation	(28)	(24)	(28)	(24)
	36	24	36	24
Furniture, fixtures and fittings				
Furniture, fixtures and fittings at cost	151	86	151	86
Less accumulated depreciation	(46)	(35)	(46)	(35)
	105	51	105	51
Computer equipment				
Computer equipment at cost	358	312	358	312
Less accumulated depreciation	(324)	(266)	(324)	(266)
	34	46	34	46
Total plant and equipment	175	121	175	121
Total property, plant and equipment	327	178	327	178

(a) Reconciliation

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Leasehold improvements				
Opening carrying amount	57	64	57	64
Additions	105	-	105	-
Depreciation expense	(10)	(7)	(10)	(7)
Closing carrying amount	152	57	152	57
Office equipment				
Opening carrying amount	25	26	25	26
Additions	16	3	16	3
Depreciation expense	(5)	(5)	(5)	(5)
Closing carrying amount	36	24	36	24
Furniture, fixtures and fittings				
Opening carrying amount	50	52	50	52
Additions	65	8	65	8
Disposals	-	-	-	-
Depreciation expense	(10)	(9)	(10)	(9)
Closing carrying amount	105	51	105	51
Computer equipment				
Opening carrying amount	46	101	46	101
Additions	46	4	46	4
Adjustments	-	(5)	-	(5)
Depreciation expense	(58)	(54)	(58)	(54)
Closing carrying amount	34	46	34	46
Total property, plant and equipment				
Carrying amount at 1 July	178	243	178	243
Additions	232	15	232	15
Adjustments	-	(5)	-	(5)
Depreciation expense	(83)	(75)	(83)	(75)
Carrying amount at 30 June	327	178	327	178

Notes to the Financial Statements

Continued

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
14.(a) Trade and other payables				
Current				
Unsecured liabilities				
Trade creditors	285	544	166	424
Other creditors	245	259	221	217
Tax payable	-	-	-	-
Dividend payable to CRRPS holders	-	5	-	5
Accrued expenses	2,705	1,871	2,599	1,850
PAYG payable	-	222	-	190
Other related companies	-	-	13	452
Total Trade and other payables	3,235	2,901	2,999	3,138

14.(b) Contract Liabilities

Revenue received in advance	117	6	117	6
Total contract liabilities	117	6	117	6

14.(c) Short term debt

Convertible Redeemable Resetable Preference Shares	-	150	-	150
Total short term debt	-	150	-	150

15. Provisions

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Employee benefits	699	436	699	423
Non-current				
Employee benefits	173	165	173	149
Aggregate employee benefits liability	872	601	872	572
Number of employees at year end	80	73	80	71

16. Share capital

		Consolidated		Powerwrap Limited	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Issued and paid-up capital					
Ordinary shares	(a)	64,692	50,259	64,692	50,259

(a) Ordinary shares

	2019		2018	
	Number	\$'000	Number	\$'000
Opening balance	754,132,619	50,259	324,072,979	20,918
Shares issued:				
3 July 2017	-	-	323,412,550	19,405
3 July 2017	-	-	134	-
21 July 2017	-	-	100,000	13
15 August 2017	-	-	4,120,000	247
27 September 2017	-	-	2,413,794	350
27 September 2017	-	-	1,620,370	233
27 September 2017	-	-	580,000	87
31 October 2017	-	-	2,237,792	224
22 December 2017	-	-	20,000,000	2,000
16 April 2018	-	-	72,500,000	7,250
17 April 2018	-	-	45,000	3
27 June 2018	-	-	3,030,000	182
29 August 2018	1,943,848	195	-	-
21 December 2018	1,547,261	155	-	-
14 February 2019	103,499	15	-	-
	3,594,608	365	430,059,640	29,994
Pre-consolidation total	757,727,227	50,624	430,059,640	50,192
Share consolidation (1 share for every 5 shares)	(606,181,698)	-	-	-
Post consolidation total	151,545,529	50,624	430,059,640	50,192
IPO new shares issued	42,857,143	15,000	-	-
IPO shares to 8 Partners Investments Pty Ltd	11,428,572	-	-	-
Total shares at reporting date	205,831,244	65,624	754,132,619	50,912
Less: Cost of Equity raising	-	(932)	-	(653)
	205,831,244	64,692	754,132,619	50,259

Notes to the Financial Statements

Continued

(b) Ordinary shares on allotment

	2019		2018	
	Number	\$'000	Number	\$'000
Opening balance	-	-	323,412,550	19,405
Total shares issued during the year	-	-	(323,412,550)	(19,405)
Total shares allotted at reporting date	-	-	-	-

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During 2019 no dividends were paid (2018: Nil).

(c) Convertible Redeemable Preference Shares (CRPS)

	2019		2018	
	Number	\$'000	Number	\$'000
Opening balance	-	-	25,800	2,580
Converted during the year	-	-	(25,800)	(2,580)
Total preference shares in issue at the year end	-	-	-	-

(d) Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

CONSOLIDATED	2019		2018	
	Number	\$'000	Number	\$'000
Loss used in the calculation of basic loss per share	-	6,469	-	9,650
Loss used in the calculation of diluted loss per share	-	6,469	-	9,650
Weighted average number of ordinary shares used in the calculation of basic loss per share*	157,123,393*	-	136,003,147**	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share*	157,123,393*	-	136,003,147**	-

POWERWRAP LIMITED	2019		2018	
	Number	\$'000	Number	\$'000
Loss used in the calculation of basic loss per share	-	5,933	-	9,876
Loss used in the calculation of diluted loss per share	-	5,933	-	9,876
Weighted average number of ordinary shares used in the calculation of basic loss per share	157,123,393*	-	136,003,147**	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share	157,123,393*	-	136,003,147**	-

* After taking into account the five for one share consolidation.

** Restated to reflect the five for one share consolidation.

17. Reserves

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Share based payments reserve	1,994	543	1,994	543
Options reserves	130	130	130	130
Share based payment expense to third party reserve	338	-	338	-
Escala option reserve	25	-	25	-
Expired option reserve	120	120	120	120
	2,607	793	2,607	793

The share-based payments reserve is used to record the fair value of shares or options issued to employees.

The options reserve is used to account for options allocated under the employee option plan.

Notes to the Financial Statements

Continued

18. Share Based Payments

Equity-settled share-based payments

(i) Employee option plan

Powerwrap has established an employee option plan as part of its employee remuneration, performance and retention policy. At 30 June 2019 the plan has been issued with 179,311* options with an exercise price of \$0.145, all these options have currently been allocated to employees.

Details of the options granted are provided below:

2019							
Grant Date	Expiry Date	Exercise Price	Balance at the beginning of the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
24/12/2015	30/06/2021	\$0.145	896,553	-	-	-	179,311 *
24/12/2015	24/12/2018	\$0.145	103,499	-	(103,499)	-	-
1,000,052				-	(103,499)	-	179,311

* Note the balance at the end of the year has been restated to reflect the five for one share consolidation.

2018							
Grant Date	Expiry Date	Exercise Price	Balance at the beginning of the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
30/06/2014	30/06/2017	\$0.133	100,000	-	(100,000)	-	-
24/12/2015	30/06/2019	\$0.145	2,413,794	-	(2,413,794)	-	-
24/12/2015	24/12/2018	\$0.145	1,000,052	-	-	-	1,000,052
30/06/2016	30/06/2020	\$0.144	810,185	-	(810,185)	-	-
30/06/2016	30/06/2020	\$0.144	-	810,185	(810,185)	-	-
4,324,031				810,185	(4,134,164)	-	1,000,052

The weighted average share price for share options exercised during the period was \$NIL.

(ii) Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions were recorded within employee benefit expense in the Statement of Comprehensive Income were as follows:

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Options issued/accrued under employee option plan	-	124	-	124
Shares issued in lieu of cash bonus	-	221	-	221
Long term incentive plan	1,526	468	1,526	468
Share based payment expense to third party	363	-	363	-
Share based payment reserve adjustment	(75)	-	(75)	-
Total expenses recognised from share-based payment transactions	1,814	813	1,814	813

(iii) Long-term incentive plan recognised as a share-based payment (CEO)

A performance based Long Term Incentive plan has been introduced for the CEO covering a performance period over a 3-year term from 1/1/2018 to 30/12/2020. This will be expensed over the period of the plan as a Share Based Payment in accordance with AASB2 *Share-based payment*. The Plan contains performance rights (Zero Exercise Price Options -ZEPO) granted to Plan participant in respect of each year of the Plan period which are intended to vest in the form of shares at the end of each year of the Plan period. Qualifying criteria exist in the form of continued employment through each year of the Plan period and both Revenue and EBITDA targets.

Fair value of share options at grant date:

In assessing the fair value of the share options, the following inputs were utilised:

1. Share price at grant date: \$0.06
2. Expected price volatility of the group's shares: 0%
3. Expected dividend yield: 0%
4. Risk-free interest rate: 0%

The fair value of the shares at grant date was \$0.06 and this is based on the value at the time of granting the share options. As the rights are zero exercise price options, this results in inputs 2-4 being classified as 0%.

Details of options granted:

2019						
Grant date	Balance at the beginning of the year	Granted during the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
2/10/2017	6,600,000*	-	(1,983,250)	-	(216,750)	4,400,000
	6,600,000*	-	(1,983,250)	-	(216,750)	4,400,000

* Note the balance at the beginning of the year has been restated to reflect the five for one share consolidation.

2018						
Grant date	Balance at the beginning of the year	Granted during the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
2/10/2017	33,000,000	-	-	-	-	33,000,000
	33,000,000	-	-	-	-	33,000,000

The amount expensed is shown in note 18 (ii).

Notes to the Financial Statements

Continued

(iv) Long-term incentive plan recognised as a share-based payment (Staff)

A performance based Long Term Incentive plan has been introduced for staff covering a performance period over a 3-year term from 1/07/2019 to 30/06/2021. This will be expensed over the period of the plan as a Share Based Payment in accordance with AASB2 Share-based payment. The Plan contains performance rights (Zero Exercise Price Options -ZEPO) granted to Plan participant in respect of the period of the Plan which are intended to vest in the form of shares at the end of the Plan. Qualifying criteria exist in the form of continued employment through each year of the Plan period and agreed milestones in respect of the Performance Period ending 30 June 2021.

Fair value of share options at grant date:

In assessing the fair value of the share options, the following inputs were utilised:

1. Share price at grant date: \$0.10
2. Expected price volatility of the group's shares: 0%
3. Expected dividend yield: 0%
4. Risk-free interest rate: 0%

The fair value of the shares at grant date was \$0.10 and this is based on the value at the time of granting the share options. As the rights are zero exercise price options, this results in inputs 2-4 being classified as 0%.

Details of options granted:

2019						
Grant date	Balance at the beginning of the year	Granted during the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
1/7/2018	-	6,274,285*	-	-	-	6,274,285
	-	6,274,285*	-	-	-	6,274,285

* After taking into account the five for one share consolidation.

The amount expensed is shown in note 18 (ii) above.

(v) Other share-based payments

On 20 December 2017, the Company granted 400,000 options to subscribe for shares to 8 Partners Investments Pty Ltd, exercisable in the following tranches:

- Tranche 1: 200,000 options to subscribe for shares at a 1:1 ratio, exercisable at any time within three years after the issue date, with an exercise price of 150% of the IPO offer price of 35 cents.
- Tranche 2: An additional 200,000 options to subscribe for shares at a 1:1 ratio, exercisable at any time within five years after the issue date, with an exercise price of 175% of the IPO offer price of 35 cents.

These options have been recognised as share based payments under AASB2. An amount of \$25,000 has been recognised in FY19 following an assessment of the fair value. The fair value is determined by reference to the fair value of the equity instruments granted as the value of services received cannot be estimated reliably.

The Company has issued to 8 Partners Investments Pty Ltd a number of ordinary shares equal to the sum of \$4m divided by the IPO offer price. There is a buy back right in respect of these shares for nominal consideration if the Services Agreement with Escala Partners Limited is terminated other than as a result of any default of its terms by Powerwrap or in the event that Escala fails either to exclusively use the Powerwrap platform for the provision of investment portfolio services to its clients or place all of its investor client accounts in the Powerwrap platform during the term of the Services Agreement (subject to limited exceptions). The exercise by the Company of this buy back right would be subject to Shareholder approval in accordance with the Corporations Act. These shares have been recognised as share based payments under AASB 2 at grant date. An amount of \$338,000 has been recognised in FY19 following an assessment of the fair value. The fair value is determined by reference to the fair value of the equity instruments granted as the value of services received cannot be estimated reliably.

19. Accumulated Losses

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Accumulated losses at beginning of year	(36,544)	(25,762)	(37,094)	(26,086)
Net loss attributable to members of the entity	(6,469)	(10,782)	(5,933)	(11,008)
Total Accumulated Loss	(43,013)	(36,544)	(43,027)	(37,094)

20. Reconciliation of net loss after tax to net cash flows from operations

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Loss from ordinary activities after income tax	(6,469)	(9,650)	(5,933)	(9,876)
Adjustments and non-cash items				
Depreciation and amortisation	314	75	314	75
Share based payments expense	1,527	902	1,527	902
Employee share options	(60)	-	(60)	-
Share based payment expense to third party	364	-	364	-
Options reserve expense	-	1,675	-	1,675
Income tax reversal	-	(129)	-	-
Intangible asset write-off	-	5,581	-	5,581
P&L reserve adjustment	-	214	-	214
Non-cash fixed asset movement	-	5	-	5
CRPS distribution	8	15	8	15
Changes in assets and liabilities				
Decrease/(increase) in receivables	944	969	889	1,210
(Increase)/decrease in other current assets	(373)	4	(373)	(446)
Decrease in deferred tax assets	-	14	-	-
Increase/(decrease) in payables and accruals	765	(1,576)	292	(1,043)
Increase in provisions	271	95	300	101
	3,760	7,844	3,261	8,289
Cash flows from operating activities	(2,709)	(1,806)	(2,672)	(1,587)

Notes to the Financial Statements

Continued

21. Financial Risk Management

Capital Management

The capital structure of the Group consists of cash (cash and cash equivalents) and equity (contributed equity, accumulated losses and reserves).

The Group manages its capital with the aim of ensuring that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation and prudent management of cash and equity balances.

The Group also manages its capital by assessing its financial risks and commitments and adjusting its capital structure in response to these risks and the market.

During the year ended 30 June 2019, the Group has fully complied with all externally imposed capital requirements to which it is subject.

There has been no change in the strategy adopted by the Group to control its capital during the financial year ended 30 June 2019.

The group is exposed to a variety of financial risks comprising:

- (a) Market price risk
- (b) Currency risk
- (c) Interest rate risk
- (d) Credit risk
- (e) Liquidity risk
- (f) Fair values compared with carrying amounts

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The Group holds the following financial instruments:

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 (restated) \$'000	2019 \$'000	2018 (restated) \$'000
Financial assets				
Cash and cash equivalents	20,037	5,043	19,943	4,912
Trade and other receivables	3,324	4,268	3,032	3,921
Other current assets	714	7,115	714	7,115
	24,075	16,426	23,689	15,948
Financial liabilities				
Trade and other payables	3,235	2,901	2,999	3,138
Contract Liabilities	117	6	117	6
Short term debt	-	150	-	150
	3,352	3,057	3,116	3,294

(a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The group does not have a material exposure to market price risk.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group does not have a material exposure to currency risk.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

Consolidated 2019				
Financial instruments	Interest bearing \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest
Financial assets				
Cash and cash equivalents	20,037	-	20,037	1.07%
Trade and other receivables	-	3,324	3,324	-
Other current assets	-	714	714	-
	20,037	4,038	24,075	
Financial liabilities				
Trade and other payables	-	3,235	3,235	-
Contract liabilities	-	117	117	-
	-	3,352	3,352	
Consolidated 2018 (restated)				
Financial instruments	Interest bearing \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest
Financial assets				
Cash and cash equivalents	5,043	-	5,043	1.00%
Trade and other receivables	-	4,268	4,268	-
Other current assets	6,500	615	7,115	2.45%
	11,543	4,883	16,426	
Financial liabilities				
Trade and other payables	-	2,901	2,901	-
Contract liabilities	-	6	6	-
Short term debt	150	-	150	10.50%
	150	2,907	3,057	

Notes to the Financial Statements

Continued

Powerwrap Limited 2019				
Financial instruments	Interest bearing \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest
Financial assets				
Cash and cash equivalents	19,943	-	19,943	1.07%
Trade and other receivables	-	3,032	3,032	-
Other current assets	-	714	714	-
	19,943	3,746	23,689	
Financial liabilities				
Trade and other payables	-	2,999	2,999	-
Contract liabilities	-	117	117	-
	-	3,116	3,116	

Powerwrap Limited 2018 (restated)				
Financial instruments	Interest bearing \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average effective interest
Financial assets				
Cash and cash equivalents	4,912	-	4,912	1.00%
Trade and other receivables	-	3,921	3,921	-
Other current assets	6,500	615	7,115	2.45%
	11,412	4,536	15,948	
Financial liabilities				
Trade and other payables	-	3,138	3,138	-
Contract liabilities	-	6	6	-
Short term debt	150	-	150	10.50%
	150	3,144	3,294	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on loss for the year and equity is as follows:

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
+/- 100 basis points				
Impact on profit after tax	200	115	199	114
Impact on equity	200	115	199	114

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to financial statements.

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

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade receivables

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit risk.

(iii) Other receivables

Credit risk for other receivables is limited to a related party Powerwrap Scheme which inherently has low credit risk associated due to the nature of operations being a registered funds management scheme charging investors directly for funds under management and other immaterial sundry debtors with limited credit risk.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company does not have a material exposure to liquidity risk.

Notes to the Financial Statements

Continued

Maturity analysis

The tables below represent the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

Consolidated					
	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Year ended 30 June 2019					
Cash and cash equivalents	20,037	-	-	20,037	20,037
Trade and other receivables	3,324	-	-	3,324	3,324
Other current assets	-	-	714	714	714
Trade and other payables	(3,235)	-	-	(3,235)	(3,235)
Contract liabilities	-	(117)	-	(117)	(117)
Net maturities	20,126	(117)	714	20,723	20,723

Consolidated					
	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Year ended 30 June 2018 (restated)					
Cash and cash equivalents	5,043	-	-	5,043	5,043
Trade and other receivables	4,268	-	-	4,268	4,268
Other current assets	1,000	5,500	615	7,115	7,115
Trade and other payables	(2,901)	-	-	(2,901)	(2,901)
Contract liabilities	-	(6)	-	(6)	(6)
Short term debt	(150)	-	-	(150)	(150)
Net maturities	7,260	5,494	615	13,369	13,369

Powerwrap Limited					
	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Year ended 30 June 2019					
Cash and cash equivalents	19,943	-	-	19,943	19,943
Trade and other receivables	3,032	-	-	3,032	3,032
Other current assets	-	-	714	714	714
Trade and other payables	(2,999)	-	-	(2,999)	(2,999)
Contract liabilities	-	(117)	-	(117)	(117)
Net maturities	19,976	(117)	714	20,573	20,573

Powerwrap Limited					
	< 6 months \$'000	6-12 months \$'000	1-5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Year ended 30 June 2018 (restated)					
Cash and cash equivalents	4,912	-	-	4,912	4,912
Trade and other receivables	3,921	-	-	3,921	3,921
Other current asset	1,000	5,500	615	7,115	7,115
Trade and other payables	(3,138)	-	-	(3,138)	(3,138)
Contract liabilities	-	(6)	-	(6)	(6)
Short term debt	(150)	-	-	(150)	(150)
Net maturities	6,545	5,494	615	12,654	12,654

22. Fair values compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in statement of financial position and notes to financial statements.

23. Related Party Transactions

(a) Wholly owned group transactions

As at 30 June 2019, Powerwrap Limited owed \$13,116 (2018: \$451,921) to MWH Capital Pty Ltd. This payable was eliminated on consolidation.

Powerwrap Limited, to fulfil its duties as an RE of the Powerwrap Funds, has appointed MWH Capital Pty Ltd to act on its behalf in the provision of execution and asset custody services. MWH Capital, pursuant to its delegated authority, enters into agreements with external parties to perform these services as agent for Powerwrap. MWH Capital periodically pays fees to Powerwrap in accordance with the terms of the agency agreement for amounts mutually agreed between the two parties. Total fees paid by MWH Capital to Powerwrap during the year ended 30 June 2019 were \$2,258,342 (2018: \$1,501,422).

There were no related party transactions with key management personnel as at 30 June 2019 (2018: Nil).

(b) Transactions with Powerwrap Scheme as Responsible Entity of the Scheme

Powerwrap Limited is the Responsible Entity for Powerwrap Scheme (ARSN: 137 053 073). In accordance with this relationship the Company has charged fees to the Scheme for the year ended 30 June 2019 totalling \$2,671,210 (2018: \$2,252,212). In addition, the Company had a receivable from the Scheme at 30 June 2019 totalling \$498,301 (2018: \$235,896). The fees charged were a function of transactions within the scheme as well as the value of assets managed by the scheme as per the scheme's PDS.

(c) Key Management Personnel

For details of disclosures relating to key management personnel, refer to the Remuneration Report on pages 16 to 23.

24. Controlled Entity

	Country of Incorporation	Percentage Owned	
		30 June 2019 %	30 June 2018 %
Subsidiary of Powerwrap Limited			
MWH Capital Pty Ltd	Australia	100	100

Subsidiary financial statements prepared for MWH Capital Pty Ltd as at the same reporting date were used in the preparation of these consolidated financial statements.

Notes to the Financial Statements

Continued

25. Capital and Leasing Commitments

Operating lease commitments: Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	Consolidated		Powerwrap Limited	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Payable				
- Not later than one year	526	348	526	348
- Later than one year and not later than five years	1,661	179	1,661	179
	2,187	527	2,187	527

26. Change in accounting policy

The Company previously had an accounting policy to recognise research and development grant income within total revenue in the statement of profit and loss and other comprehensive income.

During the year, the Company has changed its accounting policy to recognise the research and development grant income as an income tax benefit as noted in note 1(e).

As a result of this change, financial statements for the year ended 30 June 2018 have been restated as follows:

Consolidated			
	Previously stated \$'000	Adjustments \$'000	Restated \$'000
Statement of comprehensive income			
Revenue and other income	17,203	(2,548)	14,655
Loss before income tax expense	(9,769)	(2,548)	(12,317)
Income tax benefit	119	2,548	2,667
Net (loss) from continuing operations	(9,650)	-	(9,650)
Total comprehensive loss	(9,650)	-	(9,650)
Powerwrap Limited			
	Previously stated \$'000	Adjustments \$'000	Restated \$'000
Statement of comprehensive income			
Revenue and other income	14,899	(2,548)	12,351
Loss before income tax expense	(9,876)	(2,548)	(12,424)
Income tax benefit	-	2,548	2,548
Net (loss) from continuing operations	(9,876)	-	(9,876)
Total comprehensive loss	(9,876)	-	(9,876)

27. Reclassification of prior year comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Details of the reclassification and reposition relating to the full year 2018 financial statements are as follow:

Consolidated			
	Previously stated \$'000	Adjustments \$'000	Restated \$'000
Statement of comprehensive income			
Platform revenue ¹	13,355	429	13,784
Other income ¹	1,239*	(429)	810
Employee benefits expenses ²	9,904	(16)	9,888
Administrative expenses ²	3,413	16	3,429
Statement of financial position			
Trade and other receivables ³	4,347	(79)	4,268
Trade and other payables ^{3,4}	2,986	(85)	2,901
Contract Liabilities ⁴	-	6	6
Powerwrap Limited			
	Previously stated \$'000	Adjustments \$'000	Restated \$'000
Statement of comprehensive income			
Platform revenue ¹	10,424	1,726	12,150
Other income ¹	1,866*	(1,726)	140
Employee benefits expenses ²	9,395	(12)	9,383
Administrative expenses ²	3,406	12	3,418
Statement of financial position			
Trade and other receivables ³	3,981	(60)	3,921
Trade and other payables ^{3,4}	3,204	(66)	3,138
Contract Liabilities ⁴	-	6	6

* Previously stated amount is excluding research and development grant which has been reclassified due to change in accounting policy, refer to details in note 26.

- 1 The reclassification from Other income to Platform revenue relates to other platform revenue which has been reclassified to align with the current year disclosure in order to enable a more reliable and relevant presentation.
- 2 The reclassification from Employee benefit expenses relates to a realignment of expenses to enable a more reliable and relevant presentation.
- 3 The reclassification from Trade and other receivables to Trade and other payables relate to GST receivable balance which has been reclassified in order to offset against GST payable to enable a more reliable and relevant presentation.
- 4 The reclassification from Trade and other payables to contract liabilities relate to separate disclosure of contract liabilities on the balance sheet to enable a more reliable and relevant presentation.

Notes to the Financial Statements

Continued

28. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

29. Entity details

The registered office of the Company is:

Powerwrap Limited
Level 7
356 Collins Street
Melbourne VIC 3000

Directors' Declaration

The Directors declare that:

- (a) 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;
- (b) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity and the Company; and
- (c) the Directors have given the declaration required by section 295A of the *Corporations Act 2001*.

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

Signed on behalf of the Board of Directors,



Anthony Wamsteker
Chair Powerwrap Limited

Dated 26 September 2019



Richard Loveridge
Director Powerwrap Limited

Dated 26 September 2019

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Powerwrap Limited

Report on the Audit of the Financial Reports

Opinion

We have audited the accompanying financial reports of Powerwrap Limited (the "Company") and its subsidiaries (the "Group") which comprises the Group and the Company's statements of financial position as at 30 June 2019, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial reports of the Group and the Company are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group and the Company's financial positions as at 30 June 2019 and of their financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for 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 Company, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the Group for 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.

Liability limited by a scheme approved under Professional Standards Legislation
Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Research & Development Tax Incentive</p> <p>The Group claims Research and Development tax incentives provided by the Australian Government (R&D tax incentive) as disclosed in Note 1e of the financial statements.</p> <p>For the years ended 30 June 2019 and 2018, the amount recognised as an income tax benefit was \$1.1 million and \$2.5 million, respectively.</p> <p>As disclosed in Note 25, the Group changed its accounting policy in the current year to recognise the R&D tax incentive as an income tax benefit and restated the comparative information.</p> <p>This is a key audit matter due to the complexity and judgement involved in assessing the eligibility of R&D activities and costs attributed to those eligible R&D activities in respect of the rules and regulations governing the tax incentive.</p>	<p>We performed the following procedures with the assistance from our R&D tax specialists:</p> <ul style="list-style-type: none"> • Obtained an understanding of the rules and regulations governing the tax incentive and the basis used by the Group to recognise this incentive; • Held meetings with the Group’s external tax advisers to understand the process for the preparation and review of the R&D tax incentive claim submissions; • For all R&D activities, reviewed management’s documentation addressing how these activities satisfy the eligibility criteria outlined in the rules and regulations governing the tax incentive; • On a sample basis, tested costs (e.g., labour, platform licence, custodian and vendor) incurred in respect of these activities to supporting documentation (e.g., timesheets, invoices, test plans); and • Tested management’s apportionment of those costs to these activities and whether the underlying assumptions and methodology used for apportionment are consistent with the rules and regulations governing the tax incentive. <p>Our procedures included an assessment of the adequacy of disclosures in Note 1e, Note 3f and Note 25 of the financial statements.</p>
<p>Revenue Recognition – Platform revenue</p> <p>Platform revenue is calculated in a highly automated system using inputs being funds under administration and fee rates.</p> <p>The Group recognised \$16.2 million of platform revenue, respectively, for the year ended 30 June 2019.</p> <p>This is a key audit matter due to the volume of activity and size of the balance. There are multiple agreements in place and data feeds, which if set up incorrectly would impact the accuracy of revenue recorded.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Walkthroughs of the end to end business cycle to understand relevant systems and processes and testing of the design and implementation of controls (on the set-up of fee rates) and calculations in the system; and • For a sample of revenue contracts, performed substantive analytical procedures and recalculation of amounts based on fee rates within the agreements or product disclosure statements and funds under administration. <p>Our procedures included an assessment of the adequacy of disclosures in Note 1d, 2a and Note 5 of the financial statements.</p>



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial reports and our auditor's report thereon.

Our opinion on the Group and Company's financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Reports

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

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the Company to continue as going concerns, 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are 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 reports.

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 reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 or the Company'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 directors' 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 or the Company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required



to draw attention in our 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 our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group's 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 we identify during our 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 Group financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely 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 benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 15 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Powerwrap Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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.

DELOITTE TOUCHE TOHMATSU

Lani Cockrem
Partner
Chartered Accountants
Melbourne, 26 September 2019

Shareholder Information

2019 Annual General Meeting

Powerwrap Limited advises that its Annual General Meeting will be held on Thursday 28 November 2019. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately after dispatch. In accordance with the ASX Listing Rules, valid nominations for the position of Director are required to be lodged at the Registered Office of the Company by 5:00pm (AEDT) 10 October 2019.

Distribution of Shareholdings

This information was applicable as at 2 September 2019

Powerwrap Limited – Analysis of Holdings as at 02-09-2019				
Holdings Ranges	Number of holders of Fully Paid Ordinary Shares	Number of holders of Fully Paid Ordinary Shares ASX Escrowed 12 Months	Number of holders of Fully Paid Ordinary Shares ASX Escrowed 24 Months	Number of holders of Options over Ordinary Shares
1-1,000	6	0	0	0
1,001-5,000	79	1	0	0
5,001-10,000	67	1	0	2
10,001-100,000	276	0	0	8
100,001-9,999,999,999	192	10	2	0
Totals	620	12	2	10
Holding less than a marketable parcel	25			

Top 20 Holders

Powerwrap Limited – Top 20 Holdings as at 02-09-2019	Balance as at 02-09-2019	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,545,964	7.503%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	11,817,727	6.096%
NELCAN PTY LTD <NELCAN RETIREMENT FUND A/C>	11,435,002	5.899%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	10,893,181	5.619%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	6,297,260	3.248%
EMNJ PTY LTD <LAMORRAN SUPER FUND A/C>	6,149,996	3.172%
BNP PARIBAS NOMS PTY LTD <DRP>	5,564,027	2.870%
UBS NOMINEES PTY LTD	5,240,292	2.703%
DIXSON TRUST PTY LIMITED	4,283,336	2.209%
NATIONAL NOMINEES LIMITED	4,075,000	2.102%
PATCHEOAK PTY LTD <WALCH SUPER FUND>	3,473,000	1.791%
THE TIGER FUND PTY LTD <TF>	3,019,334	1.557%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	3,013,796	1.555%
SHAKESPEARE ENTERPRISES PTY LTD <SHAKESPEARE A/C>	2,720,000	1.403%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,624,954	1.354%
UCAN NOMINEES PTY LTD <COWEN FAMILY A/C>	2,534,666	1.307%
MR PERCIVAL EDWIN PERRY <PERRY INVEST NO 2 A/C>	2,458,649	1.268%
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,397,815	1.237%
JETAN PTY LTD	2,000,001	1.032%
NELCAN PTY LTD <OWEN FAMILY A/C>	1,978,667	1.021%
Total Securities of Top 20 Holdings	106,522,667	54.948%
Total of Securities	193,861,787	

Substantial Holdings (as at 2 September 2019)

Substantial Shareholders	Balance as at 02-09-2019	%
Nelcan Pty Ltd	13,413,669	6.50%
SG Hiscock & Company Limited	13,854,760	6.73%
Regal Funds Management Pty Ltd (RFM)	14,181,891	6.89%

Restricted or escrow securities (as at 2 September 2019).

The number and class of restricted securities or securities subject to voluntary escrow on issue	Number
Fully Paid Ordinary Shares ASX Escrowed 12 Months	11,438,025
Fully Paid Ordinary Shares ASX Escrowed 24 Months	531,432
Options over Fully Paid Ordinary Shares Expiring 14 May 2024 ASX Escrowed 12 Months	200,000
Options over Fully Paid Ordinary Shares Expiring 14 May 2022 ASX Escrowed 12 Months	200,000

Holders with 20% or more of unquoted equity securities.

The following holders hold 20% or more of unquoted equity securities	Number
Fully Paid Ordinary Shares ASX Escrowed 24 Months	
LORNETTE PTY LTD <LORNETTE SUPER FUND A/C>	350,003
LYNETTE WAMSTEKER	181,429

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary Shares

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

Corporate Directory

Company's Registered Office

Powerwrap Limited (Head Office)

Level 7, 356 Collins Street
Melbourne VIC 3000

Ph: +61 3 8681 4600
www.powerwrap.com.au/investor/

Auditor

Deloitte Touche Tohmatsu

550 Bourke Street
Melbourne VIC 3000

Share Registry

Boardroom Pty Ltd

Level 12, 225 George Street
Sydney NSW 2000

Ph: 1300 737 760 (within Australia)
+61 2 9290 9600

Stock Exchange Listing

Powerwrap Limited shares are listed on the
Australian Securities Exchange (ASX code: PWL)

Powerwrap™

powerwrap.com.au