ASX Release Date: 25 August 2020

Appendix 4E (Preliminary Final Report) and Annual Report

The Appendix 4E (Preliminary Final Report) and Annual Report of Xplore Wealth Limited (ASX: XPL) for the financial year ended 30 June 2020 are attached.

These documents have been authorised by the Board for release to ASX.

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About Xplore Wealth Limited

Xplore Wealth is one of Australia's longest serving independent Specialist Platform Providers (SPP) and investment administrators, with extensive expertise in managed accounts. Xplore Wealth also fully owns an APRA regulated Registrable Superannuation Entity (RSE) licencee, Aracon Superannuation Pty Ltd, the trustee of Aracon Superannuation Fund.

1. Company details

Name of entity:	Xplore Wealth Limited
ABN:	34 128 316 441
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

The Group has adopted Accounting Standard AASB 16 'Leases' for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated.

				$
Revenues from ordinary activities	down	0.2%	to	23,354,413
Service fee revenue	up	0.9%	to	22,985,323
Loss from ordinary activities after tax attributable to the owners of Xplore Wealth Limited	up	2074.2%	to	(11,747,975)
Loss for the year attributable to the owners of Xplore Wealth Limited	up	2074.2%	to	(11,747,975)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $11,747,975 (30 June 2019: $540,340).

The Group's key priority to upgrading the business model is to deliver on the One Platform program. As a result of the decision to move to the One Platform, the Group decided to write off the carrying value of the Linear software and recognise an impairment of $10,864,068. A further $115,213 relating to a discontinued project was also impaired during the period.

The impact of the Coronavirus (COVID-19) pandemic up to 30 June 2020 has been marginal for the Group, with the Group continuously serving clients seamlessly through volatile markets. The Group's business continuity plan ensured the efficient, secure remote working and seamless customer service levels. There was a decline in the funds under administration fees however, the decline was offset by a higher transaction based administration fees with the increased trading activities.

Whilst less than 5% of sales are provided on credit, the Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay in the current environment. No allowance for expected credit losses have been made as at 30 June 2020 as all debts are expected to be recovered.

Refer to ‘Report of Chairman’, ‘Report of Chief Executive Officer’ and ‘Business Overview’ in the Annual report for further commentary on results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.56	3.09

The net tangible assets calculation does not include rights-of-use assets of $1,065,947 (30 June 2019: $nil) but includes lease liabilities of $1,180,018 (30 June 2019: $nil).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $**	**Previous period $**
McGregor Wealth Management Pty Ltd (Joint Venture)	-	49.90%	-	50,412
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			-	50,412

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and the audit report contains a paragraph addressing uncertainty related to COVID-19.

11. Attachments

Details of attachments (if any):

The Annual Report of Xplore Wealth Limited for the year ended 30 June 2020 is attached.

12. Signed

Signed ____________________________ Date: 24 August 2020

Alex Hutchison
Non-Executive Chairman
Sydney

Annual Report

For the year ended 30 June 2020

Xplore Wealth Limited (ASX XPL)

ABN 34 128 316 441

XPLORE WEALTH

Dear Shareholder,

On behalf of the Xplore Wealth Limited (Xplore or the Company) Board of Directors (the Board), I am pleased to present the Company's Annual Report for the year ended 30 June 2020.

Financial year 2020 will be remembered as a year in two parts – pre and post COVID-19.

Prior to the pandemic Xplore was operating well and making good progress in relation to our plans.

Since COVID-19 impacted global communities in March, I am pleased to report Xplore has performed resiliently, allowing us to commence execution of our refreshed three-year strategy to build a fitter, more competitive and profitable Xplore.

As an immediate response to COVID-19, Xplore set itself two interdependent objectives – ensure the health and safety of our people and their families whilst at the same time safely continuing full business operations. Staying "safely" open for business has been critical to enable our clients to confidently support and reassure their clients during these uncertain times.

Across Australia Xplore has been able to successfully operate working remotely. Upgrades to our technology infrastructure, cyber security software and workflow management processes undertaken prior to COVID-19 has meant our people and clients have remained connected. This has made it possible to effectively deliver promised services to our clients, with no apparent material negative impact on productivity or service standards.

Whilst investment market volatility flowing from the COVID-19 pandemic and other market factors over the year have impacted our funds under administration and revenue mix, we have been able to continue to grow our revenues and funds under administration year on year.

It is also pleasing to note that despite the constraints imposed on the business from the COVID-19 pandemic, we have made strong progress on integrating our business and driving further synergy savings from the businesses that we have acquired over recent years. Finalising the integration of our businesses is important for us to move into the second phase of our three-year strategic plan which is to grow the business faster by attracting and on-boarding new clients, whilst in parallel leveraging existing clients to source a greater share of their clients' investment wallet.

Our funds under administration (FUA) stood at $15.1 billion as at 30 June 2020, compared with $14.5 billion as at 30 June 2019. Net inflows of $663 million for the financial year compare positively to the previous financial year of $205 million.

The financial year 2020 underlying EBITDA, after adjusting for one off items, came in at $2.8 million which is broadly in line with the financial year 2019 result after allowing for the introduction of new accounting standards and adjustment for one-off non-recurring income.

The underlying cash position of the Xplore Group (Group) has improved over the financial year and importantly we have seen a return to positive operating cash flow for each of the last three quarters. The Group remains debt free and has access to additional funding should this be required.

Earlier in the year we decided to integrate all our clients onto a single backend transaction platform and client facing portal. With this decision, we wrote off the carrying value of the technology that was acquired as part of the Linear acquisition in 2017. This has obviously impacted our statutory profit for the financial year, however the integration will deliver significant benefits to the Group and our customers over many years.

I thank all of Xplore's clients, board members, our CEO Mike Wright, the leadership team and all staff across the business for their sustained contribution throughout this unprecedented year. On behalf of the Board and management I also thank investors for their ongoing support and look forward to updating shareholders at our upcoming AGM.

Alex Hutchison
Non-Executive Chairman
24 August 2020
Sydney

Dear Shareholders,

Thank you for your ongoing support of the Xplore business. After 10 months as the Chief Executive Officer of Xplore, I am just as excited and determined as the day I started.

For many of us, 2020 is unprecedented in terms of dealing with the health and financial crises caused by the COVID-19 pandemic. Pleasingly Xplore has been able to deliver high levels of service to our clients while working safely remotely. I would like to thank our amazing team who have worked tirelessly to maintain productivity and service standards.

Our mission at Xplore is to enable our clients to confidently manage and grow their clients' wealth. During times of extreme market volatility, such as recently, our Managed Account solution and business model have once again affirmed their advantages. An efficient structure that confidently supports Advisers and Investment Managers to manage clients' wealth is central to our business. So too is the ability to rebalance client investment portfolios quickly and seamlessly during volatile market conditions.

Having the right corporate cultural settings to really drive our mission has also been important. Late last year we made significant progress, working as one team to define and upgrade our culture. Through a series of workshops attended by all staff, we were able to identify the right behaviours that we would expect to see every day to best reflect our new organisational values.

Our values of client confidence, professionalism, empowerment, entrepreneurial, respect and simplify complexity are attributes that are essential to the team at Xplore and we also believe to our clients. These values support our everyday decision making, regular recognition program and annual individual performance processes.

Early in the year we finalised Xplore's three-year strategy which was approved by the Board at the February Board meeting. The three-year strategy is broken into three strategic themes:

1. INTEGRATE;
2. GROW; and
3. OUTPERFORM.

The first strategic theme is to finalise the integration of our clients onto a single backend transaction platform and client facing portal to create one business, one platform. The integration is well progressed and planned to be completed during the 2021 financial year, providing operational efficiencies and enhancements to our clients and staff. For our shareholders the first $1.1 million in recurring cost savings have been settled and will be fully realised in the 2021 financial year and beyond. The integration will deliver significant benefits to the Group and our customers over many years and importantly enable the second strategic phase, GROW.

The GROW phase of our three-year strategy is simply about growing net retail inflows. After integration, Xplore will be uniquely positioned with a broad, fully integrated One Managed Account Platform. We are aiming to leverage this fresh competitive advantage to grow higher margin, retail Managed Accounts from new and existing clients. Our market competitiveness will be amplified by having One Managed Account Platform, including:

- Xplore's flexible and broad investment management capability built over 15 years;
- Access to a scalable portfolio rebalancing technology by partnering with NASDAQ listed fintech Securities Software & Consulting (SS&C); and
- Xplore's very competitive client fees.

The final phase of our three-year strategy, is OUTPERFORM. Xplore's strategic goal during this phase will be to grow net retail Managed Account inflows faster than the listed Specialist Platform Provider (SPP) sector.

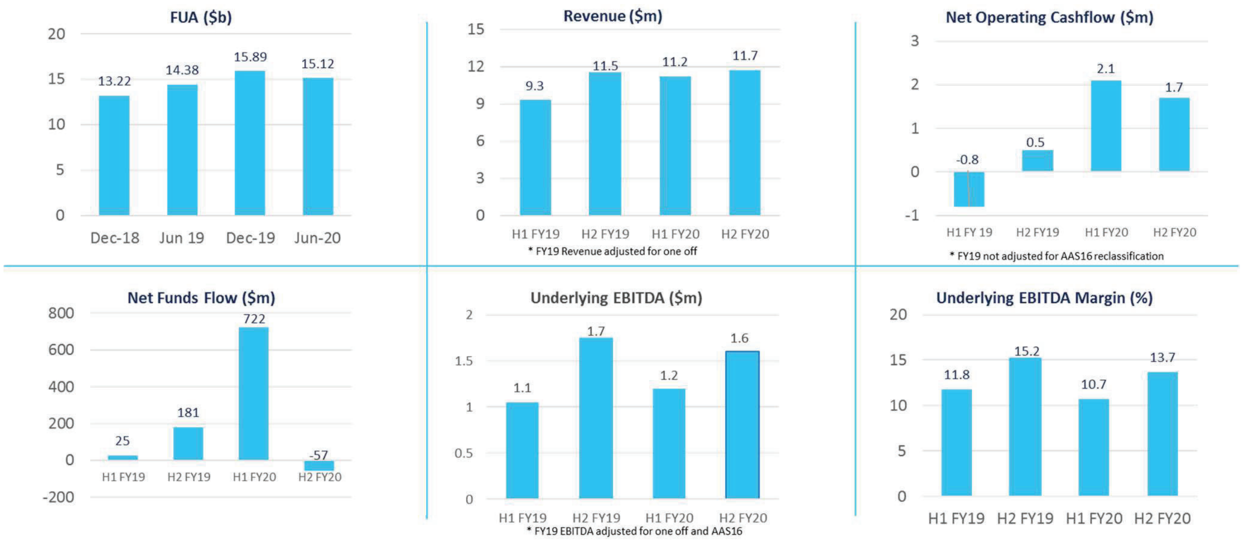
To start preparing for the GROW and OUTPERFORM phases, we have also made changes to our products, services and pricing with more expected to follow.

During the year Xplore:

- added the ability to directly invest into 16 International Markets for our Managed Account (Discretionary) clients;
- launched a new Wholesale offer for our Managed Account (Discretionary) clients;
- introduced new pricing arrangements for our Managed Account clients ensuring they earned interest on their cash balances; and

- launched the Xplore Super and Pension Managed Account wrap, offering full white label capability for those clients wishing to leverage their own branding and reputation.

These positive developments are supporting our financial performance as seen below.



I would like to thank the Board for their support and guidance over the last 10 months. The challenge is to complete the INTEGRATE phase of our three-year strategy before fully moving into the GROW phase. With these improved processes and clear goals in place I look forward to continuing to work with the Board and our team with the goal to deliver enhanced outcomes for shareholders and clients.

Mike Wright
Chief Executive Officer

24 August 2020
Sydney

Xplore Wealth is one of Australia's longest serving non-bank owned Specialist Platform Providers (SPP) and investment administrators, with extensive expertise in managed accounts. Xplore Wealth's Investment Platform, broad Managed Account offer and Superannuation services provide an array of wealth management options for Australia's financial advisory firms, full-service stockbrokers and wealth managers, with funds under administration of over $15 billion.

Xplore Wealth has extensive administration capabilities in a broad range of assets, across multiple international markets. Xplore also offers an end to end superannuation solution encompassing trustee services, member administration, custody services and investment management.

These capabilities are delivered through products and services that are distributed by Xplore Wealth or through the provision of outsourced administration to other institutional clients or boutique providers.

Xplore Wealth has a comprehensive and unique range of products and services:

- Managed discretionary account (MDA) services. Rather than delivering an off-the-shelf product, Xplore Wealth focuses on designing, implementing and operating services that incorporate the specific requirements of advisory firms, wealth managers and stockbrokers into a private-label service;
- Separately managed account (SMA). Available as an off the shelf product, complete with a comprehensive global equity capability, the SMA can also be white labelled to meet the specific requirements of advisory firms, wealth managers and stockbrokers;
- Portfolio administration service (PAS). Administration and reporting for client portfolios where the assets are held in the name of the client, typically for wealth managers and stockbrokers;
- Wrap service (WRAP). The Xplore Wealth Investment Wrap and Superannuation and Pension Wrap Services offer retail investors the ability to access a broad range of listed securities (domestic and international), managed funds and model portfolios through an investor directed portfolio service. The wrap service is very competitively priced and offers full white label capability for our clients;
- Superannuation services (Super). Rather than delivering a unitised super solution, Xplore Wealth delivers a non-unitised solution for those clients seeking a superannuation solution and who do not wish to use a SMSF;
- RSE and superannuation administration services. Aracon Superannuation Pty Ltd, a superannuation Trustee and DIY Master Pty Ltd, a provider of specialist superannuation administration services, allow Xplore Wealth to offer a fully integrated service to all of its clients.

When delivering outsourced administration solutions to institutional clients or other boutique providers, Xplore Wealth matches its broad capability to the requirements of the client.

The core market offerings and target markets for these solutions are outlined in the table below.

MDA	Investment Wrap Super & Pension Wrap	Direct HIN	Outsourced solutions
Full service MDA platform solution offering a wide choice of domestic and international investments, efficiency of execution and adviser discretion	Complete investment and superannuation wrap solution offering broad investment choice, SMA capability, international securities and white label	Non-custodial service offering access to ASX listed securities and other assets (via the Wrap solution	Bespoke outsourcing solutions enabling clients to outsource non-core activities including MDA administration, RSE Services and superannuation administration
Targeted at IFA's, stockbrokers and investment managers	Targeted at IFA's, stockbrokers and investment managers	Targeted at ASX participants, shadow brokers and IFA's	Targeted at institutional clients and MDA operators

This capability is overseen by a Board and management team that has significant experience in financial services including financial advisory, stockbroking, superannuation, investment administration and managed accounts.

There were no significant changes to the business during the financial year.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Xplore Wealth Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

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

Alex Hutchison - Chairman
Donald Sharp
Stephen Reed
Julie Berry (appointed 9 December 2019)
Peter Brook (resigned 9 December 2019)
Pamela McAlister (resigned 1 July 2019)

Principal activities
The principal activities of the Group were the provision of investment administration services and investment administration technology solutions.

With the acquisitions made in the prior financial year, the Group now offers an end to end superannuation solution encompassing trustee services, member administration and investment management.

Dividends
On 12 October 2017, the Company announced that due to the Company's growth plans it had suspended the payment of dividends going forward. This decision is to be reviewed by the directors of the Company following the release of the Company's results for the year ended 30 June 2020.

The payment of a dividend by the Company is at the discretion of the directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the directors may consider relevant.

Review of operations
The loss for the Group after providing for income tax amounted to $11,747,975 (30 June 2019: $540,340).

The Group's key priority to upgrading the business model is to deliver on the One Platform program. As a result of the decision to move to the One Platform, the Group decided to write off the carrying value of the Linear software and recognise an impairment of $10,864,068. A further $115,213 relating to a discontinued project was also impaired during the period.

The Group has adopted Accounting Standard AASB 16 'Leases' for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated.

The impact of the COVID-19 pandemic up to 30 June 2020 has been marginal for the Group, with the Group continuously serving clients seamlessly through volatile markets. The Group's business continuity plan ensured the efficient, secure remote working and seamless customer service levels. There was a decline in the funds under administration fees due to volatility in investment markets experienced since February 2020, however the decline was offset by a higher transaction based administration fees with the increased trading activities.

The Group has a diversified revenue base and has implemented strategies to reduce operating costs from the business to enable it to manage further disruption from the pandemic should this arise.

Whilst less than 5% of sales are provided on credit, the Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay in the current environment. No allowance for expected credit losses have been made as at 30 June 2020 as all debts are expected to be recovered.

Refer to the 'Report of Chairman and Chief Executive Officer' and 'Business Overview' sections for details of operations throughout the year.

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

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

On 10 August 2020, the Group executed agreements with Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) with respect to implementing an overdraft facility of up to $250,000 which will provide an additional financing facility should this be required in the future. The facility is secured against the assets of the business and is subject to an annual review. Interest rate on the facility is the BBSY + 2.75% margin.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Refer to ‘Report of Chairman’, ‘Report of Chief Executive Officer’ and ‘Business Overview’ in the Annual Report for details of likely developments and expected results of operations.

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

Information on directors

Name:	Alexander ('Alex') Hutchison
Title:	Chairman
Qualifications:	LLB, GradDipFinSvcs, Stanford University (SEP)
Experience and expertise:	Alex has over 20 years' experience in the financial services sector holding senior leadership roles in both ASX-listed and not-for-profit organisations. Alex has active participation in industry associations including the Financial Planning Association ('FPA'), Australian Institute of Superannuation Trustee ('AIST') and Customer Owned Banking Association (‘COBA’).
Other current directorships:	None.
Former directorships (last 3 years):	No former directorships of listed entities.
Special responsibilities:	Alex is Chairman of the Remuneration and Nomination Sub-committee and a member of the ARCC Audit and Finance Sub-committee and the ARCC Risk and Compliance Sub-committee.
Interests in shares:	375,949 ordinary shares directly held.
Interests in options:	None.

Name:	Donald ('Don') Sharp
Title:	Non-Executive Director
Qualifications:	BBus, CPA, FAICD
Experience and expertise:	Don is a qualified accountant and a highly experienced, innovative and respected business builder and leader in the financial services sector. He co-founded Bridges Financial Services Pty Ltd, an industry leader in financial services well known for establishing one of the first platform solutions for portfolio management in Australia, The Portfolio Service. Don is a former Chairman of Investors Mutual, Global Value Investors, and Premium Investors Limited (ASX: PRV) and a former Director of Countplus Limited (ASX: CUP) and Treasury Group Ltd (ASX: TRG).
Other current directorships:	Executive Chairman of Integrated Payment Technologies Limited (ASX: IP1).
Former directorships (last 3 years):	None.
Special responsibilities:	Don was acting Chief Executive Officer of the Company until 8 September 2019 and Chairman of the ARCC Risk and Compliance Sub-committee and a member of the ARCC Audit and Finance Sub-committee.
Interests in shares:	35,707,047 ordinary shares indirectly held.
Interests in options:	None.

Name:	Stephen Reed
Title:	Non-Executive Director
Qualifications:	B.Com (Melb), MBA (Monash), Dip Fin Planning (Deakin)
Experience and expertise:	Stephen has extensive financial service experience including at Norwich Investments Management Ltd, as a Director and partner in Austock stockbroking companies and as founder and director of Austchoice Financial Services Ltd, listed on the ASX as DKN Ltd (ASX:DKN). He has established a number of financial practices, acted as Responsible Manager on a number of others, and consulted to a number of financial services companies on strategy and marketing. He has also been a co-founder and past director of Manbulloo Ltd which over the past decade has grown into one of Australia's largest producers of mangoes.
Other current directorships:	None
Former directorships (last 3 years):	No former directorships of listed entities.
Special responsibilities:	Stephen is a member of the ARCC Audit and Finance Sub-committee and the Remuneration and Nomination Sub-committee.
Interests in shares:	466,770 ordinary shares, directly held as trustee.
Interests in options:	None

Name:	Julie Berry
Title:	Non-Executive Director (appointed 9 December 2019)
Qualifications:	Graduate of the Australian Institute of Company Directors
Experience and expertise:	Julie is a registered tax (financial) adviser and a Certified Financial Planner professional who has practised as a financial planner for more than 30 years. Julie is a member of the Tax Practitioners Board and Deputy Chair of the Future2 Foundation. Julie has previously served as Chair of the Institute of Financial Advisers in New Zealand. She is a life member of the FPA and recipient of the Money Management Lifetime Achievement Award.
Other current directorships:	Tax Practitioners Board and Deputy Chair of the Future2 Foundation
Former directorships (last 3 years):	Julie has previously served as Chair of a subsidiary company of CountPlus Ltd (ASX: CUP).
Special responsibilities:	Julie is chairman of the ARCC Audit and Finance Sub-committee and a member of the ARCC Risk and Compliance Sub-committee and the Remuneration and Nomination Sub-committee.
Interests in shares:	None
Interests in options:	None

Name:	Peter Brook
Title:	Former Chairman (resigned 9 December 2019)
Qualifications:	B Com, AICA, M Mngt, GAICD, GAIST
Experience and expertise:	Peter was the former chief executive and managing director of major superannuation administrator Pillar Administration, a NSW government-owned entity. He successfully lead the overhaul of its operating model, technology, and member services. Pillar managed 1.1 million member accounts holding $110 billion in funds at the time of its sale to Mercer in December 2016. Peter’s 40-year career also includes executive and director roles at StatePlus, Alinta Energy, Challenger Financial Services Group, MLC and Grant Thornton.
Other current directorships:	None
Former directorships (last 3 years):	No former directorships of listed entities.
Special responsibilities:	Peter is a former Chairman of the ARC Audit and Finance Sub-committee, former Chairman of the Remuneration and Nomination Committee and a former member of the ARC Risk and Compliance Sub-committee
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director

Name:	Pamela McAlister
Title:	Non-Executive Director (resigned 1 July 2019)
Qualifications:	Master of Laws (Monash)
Experience and expertise:	Ms McAlister held the position of Director of Mercer Legal, a boutique law practice specialising in financial services and superannuation law and Partner and Senior Governance Consultant of Mercer Consulting. Ms McAlister has also previously held the position of Partner in the Financial Services section at Hall & Wilcox, specialising in superannuation law and practice. Ms McAlister was Deputy Executive Director of Financial Services Regulation at ASIC, following which she was General Counsel and Executive Manager- Governance for Australian Unity. She has also participated in a number of committees, including the Law Council Superannuation Committee (as chair), the Superannuation Complaints Tribunal and the Mercer Investment Funds Compliance Committee. In addition, Ms McAlister was a director of Benefund Limited (trustee of the Uniting Church Beneficiary Fund), where she served on the Audit, Risk and Compliance Committee when the fund was transferred to a master trust.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Jillian McGregor serves as joint Company Secretary of the Company. Jillian has worked as a corporate lawyer for over 20 years, during which time she regularly advised companies and directors on compliance with the Corporations Act 2001, ASX listing rules and other corporate legal matters. Jillian has a Bachelor of Commerce, Bachelor of Laws (Merit) and a Graduate Diploma of Applied Corporate Governance.

Craig Giffin serves as joint Company Secretary of the Company. Craig has over 30 years' experience in executive director level business management roles and in global and APAC leadership and director roles within the Financial Services sector. Previously a senior consultant to Financial Services companies. Craig has extensive global experience having held executive regional and global leadership roles in risk management, legal and compliance including at Nikko Asset Management Limited, Barclays Global Investors, Fortis Investments, BNP Paribas and St. George Bank. Craig has MBA program qualifications from the Australian Graduate School of Management and is a member of the Australian Institute of Company Directors, a member of the Institute of Public Accountants and an Associate of the Institute of Financial Accountants. Craig is also a Fellow of the Securities Institute of Australia.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Audit and Finance Sub-Committee		Risk and Compliance Sub-Committee	
	Attended	Held	Attended	Held	Attended	Held
Alex Hutchison	14	14	5	6	6	6
Donald Sharp	14	14	6	6	6	6
Stephen Reed	13	14	6	6	-	-
Julie Berry	7	8	2	2	2	2
Peter Brook	5	5	4	4	4	4

	Remuneration and Nomination Committee	
	Attended	Held
Alexander Hutchison	4	5
Stephen Reed	5	5
Julie Berry	2	2
Peter Brook	3	3

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

Shares under option
Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
15 September 2017	15 September 2021	$0.350	278,735
29 January 2018	29 January 2022	$0.350	856,666
15 February 2019	15 February 2023	$0.280	1,506,816
12 March 2020	12 March 2024	$0.180	5,781,400
13 March 2020	13 March 2024	$0.180	14,325,000
16 March 2020	16 March 2024	$0.250	1,000,000
16 March 2020	16 March 2024	$0.300	1,000,000
			24,748,617

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Xplore Wealth Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers
To the extent permitted by law (including the requirements of the Corporations Act 2001 and, in particular, sections 199A and 199C), the Company has agreed to indemnify some directors and officers against any liability, damages, costs or expenses which the person incurs or becomes liable for due to any act or omission that occurs when the person is an officer of the Company or any of its subsidiaries, subject to certain exclusions including where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of deliberately dishonest, deliberately fraudulent or deliberately criminal act or commission or any wilful violation of any law, or the gaining of any profit or remuneration to which the officer is not legally entitled or conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group where such conduct is established by final adjudication.

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

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

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Integrity of periodic corporate reports
The Company's management has developed practices and guidance material that are intended to ensure that the Group's periodic corporate reports are accurate, balanced and provide investors with appropriate information to make informed investment decisions. The Company's processes are intended to ensure that all applicable laws, regulations and company policies have been complied with, and that appropriate approvals are obtained before a Periodic Corporate Report is released to the market.

The Company's process for verifying unaudited periodic corporate reports is as follows:

- each periodic corporate report is prepared by, or under the supervision of, subject-matter experts;
- material statements in each periodic corporate report are reviewed by the relevant functional and divisional heads to ensure that they are accurate, not misleading, and meet the Company's corporate policy and regulatory requirements, and that the Periodic Corporate Report contains no material omissions;
- information in a periodic corporate report that relates to financial projections, statements as to future financial performance or changes to the policy or strategy of the Company (taken as a whole) must be approved by the Board; and
- each draft periodic corporate report is reviewed by the Chief Financial Officer and the Chief Executive Officer before its release.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 34 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 34 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Remuneration Report
The Remuneration Report, which forms part of the Directors' Report is provided in the Annual Report.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after the remuneration report.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Alex Hutchison
Non-Executive Chairman

24 August 2020
Sydney

Dear Shareholders

On behalf of the Board, I am pleased to present the Xplore Wealth's FY2020 Remuneration Report.

The Board recognises the importance of suitably incentivising senior executives and key staff. Our aim is to continue to ensure that our remuneration framework and outcomes drive the right behaviours whilst motivating, rewarding and retaining our key people across the Group.

There was significant change at the Key Management Personnel (KMP) level for Xplore Wealth during the year.

- Pamela McAlister resigned as a Director on 1 July 2019
- Peter Brook resigned as a Director and Chairman on 9 December 2019
- Julie Berry was appointed as a Director on 9 December 2019
- Mike Wright commenced as the Group's Chief Executive Officer on 9 September 2019, replacing Don Sharp who was acting Group Chief Executive Officer from May 2019
- Anne Hamieh commenced as Head of Distribution and Marketing on 26 August 2019
- Neil Gellett commenced as Head of Product on 4 May 2020
- Pamella Wilson resigned as Chief Operating Officer effective from 8 November 2019
- Bruce Hawkins, Chief Financial Officer assumed dual responsibilities as Chief Financial Officer and Chief Operating Officer from December 2019

Sanja Petrovic, Head of Information Technology and Gloria Saliba, Head of People and Culture were classified as KMP in prior years, however were not classified as KMP in the current financial year.

Xplore Wealth's performance in FY2020

As described in the Director's Report, the Group's performance was strong given the prevailing market and economic conditions and significant progress has been made with respect to integrating the business to improve our market and financial position. The share price of the Group has however significantly underperformed relative to the market.

The Remuneration Report outlines the currently short term incentive (STI) and long term incentive (LTI) arrangements currently in place which are aligned with our core objectives.

The Remuneration and Nomination Committee believes the Remuneration Report will assist our shareholders and other stakeholders to understand the Group's remuneration policy and objectives.

Yours faithfully

____
Alex Hutchison
Non-executive Chairman & Chairman of the Remuneration and Nomination Committee

24 August 2020
Sydney

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee, which operates in accordance with its Charter as approved by the Board, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing executives on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executives on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Under the Constitution, the Board may decide the remuneration each director is entitled to for his services in any capacity. However, the total amount paid to all non-executive directors must not exceed in aggregate in any financial year, the amount fixed by the Company in a general meeting. This amount was fixed at $500,000 (including superannuation) at a general meeting held by the Company on 15 June 2018.

As at the date of this report, director fees for each non-executive director are $60,000 per annum (plus superannuation). In addition, the chairman of each of the two main committees of the Board (being, the ARC Risk and Compliance Sub-committee and the ARC Audit and Finance Sub-committee) receive additional director's fees of $20,000 per annum (plus superannuation) for the performance of this role.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives/bonuses;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and department performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentive ('STI') program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific pre-determined annual targets, set after consultation with the directors and executives and are specifically tailored to areas where each executive has a level of control. The key performance indicators ('KPIs') for the year ended 30 June 2020 were focused on rewarding outperformance as measured by earnings before interest, tax, depreciation and amortisation ('EBITDA') and satisfaction of specific non-financial KPIs by individual executives. The STI program for the year ended 30 June 2020 incorporated cash bonuses with a capped pool of $500,000.This included the Chief Executive Officer Mike Wright $250,000, Anne Hamieh, Head of Distribution & Marketing, $150,000 and Bruce Hawkins, CFO $50,000. The Chief Executive Officer is entitled to a maximum of 50% of the capped pool, subject to meeting his KPIs and other requirements. The Chief Executive Officer was entitled to a cash bonus of $250,000 under this program in relation to his performance during the year ended 30 June 2020. As budget was not achieved, no STI bonus payments were made to the Chief Executive Officer or Head of Distribution & Marketing.

It is anticipated the bonus pool will increase in FY21 to also include Craig Giffin, Chief Risk Officer, Neil Gellett, Head of Product and other selected leaders.

The long-term incentives ('LTI') include long service leave and share-based payments. Employees may participate in the Company's Employee Share Option Plan or its Executive Share Option Plan depending on satisfaction of relevant criteria.

Option plans

Executive Plan
The Board has approved an Executive Share Option Plan ('Executive Plan'). It is intended that the Executive Plan will enable the Group to retain and attract skilled and experienced employees, contractors and officers and provide them with the incentive and motivation to significantly contribute thus making the Group more successful. Offers under the Executive Plan will be made only to persons who are 'senior managers' within the meaning of the Corporations Act 2001. As such, offers will not be made under the Executive Plan in reliance on ASIC Class Order [CO 14/1000] and are not subject to or included within the 5% limit set out in that Class Order.

Under the Executive Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company, subject to any adjustment required under the Executive Plan rules. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Executive Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options. Unless otherwise determined by the Board, no payment is required for the grant of options under the Executive Plan. Options granted under the Executive Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights. Shares issued or transferred to participants on exercise of an option carry the same rights and entitlements as other issued shares, including dividend and voting rights.

As at the date of this report, options under the Executive Plan have been granted as set out below and on the following terms subject to the Executive Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.35 per option;
- options vest in three separate tranches on 31 July 2018, 31 July 2019 and 31 July 2020 but subject to satisfaction of specific exercise conditions associated with the performance of the senior manager; and
- exercise period ends four years after the date of grant of options.

The Executive Plan options are granted under the following tranche criteria:

Tranche 1:	
Proportion of options	33.3%
Vesting dates	31 July 2018
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 2:	
Proportion of options	33.3%
Vesting dates	31 July 2019
Exercise conditions	Company's performance and the performance of the relevant employee/contractors
Tranche 3:	
Proportion of options	33.4%
Vesting dates	31 July 2020
Exercise conditions	Company's performance and the performance of the relevant employee/contractors

1,000,000 options under the Executive Plan have been granted to Craig Giffin, Chief Risk Officer and Company Secretary, and include a range of conditions associated with his performance in the areas of risk and compliance. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. 290,000 options vested and 43,333 options lapsed in Tranche 1 as disclosed to the ASX on 31 July 2018. 290,000 options vested and 43,333 options lapsed in Tranche 2 as disclosed to the ASX on 31 July 2019. 276,666 options vested and 56,667 options lapsed in Tranche 3 as disclosed to the ASX on 31 July 2020.

On 16 October 2019, the Board approved the offer to six executives of up to 14,325,000 options under the Company's Executive Share Option Plan (Executive Plan) on the following terms subject to the Executive Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.18 per option;
- options vest on 31 August 2020;
- exercise period ends 4 years after the date of grant of the Options; and
- cashless exercise is permitted.

The Board also approved the offer of 2,000,000 options to Chief Executive Officer - Mike Wright by way of 2 tranches of 1,000,000. These CEO options are not subject to achievement of KPI's. Each option gives the right to subscribe for or acquire one ordinary share of the Company. Nil consideration is payable for the option grant. The Tranche 1 exercise price is $0.25 per option and vesting on 31 August 2020. The Tranche 2 exercise price is $0.30 per Option and the vesting date is 31 August 2021. The exercise period for both Tranches ends 4 years from the grant of the options. The cashless exercise is also permitted.

Employee Plan
The Company has an Employee Share Option Plan ('Employee Plan'), as adopted in 2015. It is intended the Employee Plan will enable the Group to retain and attract skilled and experienced employees and contractors and provide them with the incentive and motivation to significantly contribute thus making the Group more successful.

Under the Employee Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Employee Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options.

The Employee Plan has been prepared to comply with ASIC Class Order [CO14/1000] ('Class Order'). As such, offers under the Employee Plan made in reliance on the Class Order are limited to the 5% capital limit set out in the Class Order.

Unless otherwise determined by the Board, no payment is required for the grant of Options under the Employee Plan. Options granted under the Employee Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights.

The Company has made a grant of staff options under the Employee Plan in each of the calendar years 2015, 2016, 2017, 2018 and 2019. As at the date of this report, 1,785,551 options are held under the Employee Plan on the following terms subject to the Employee Plan rules:
- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is variable for each option grant;
- for each employee/contractor, options vest in three separate equal tranches on 31 July in each year for three years following the date of grant but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant employee/contractor; and
- exercise period ends four years after the date of grant of the options.

On or around the vesting date of 31 July each year, an announcement is made by the Company to the ASX with respect to the vesting and lapsing of staff options.

On 16 October 2019, the Board approved a new offer under the Employee Plan of up to 6,810,550 options to non-executive staff who have been with the Group for more than three months. However, actual options granted were 5,781,400. The proposed terms are set out below subject to the Employee Plan rules:
- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.18 per option;
- options vest on 31 August 2020;
- exercise period ends 4 years after the date of grant of the options; and
- cashless exercise is permitted with respect to the options.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. The FY2019/2020 STI program payments were dependent on a range of specific KPI's including defined earnings before interest, tax, depreciation and amortisation ('EBITDA') targets being met. Award of individual bonuses is determined based on satisfaction of specific KPIs by individual executives. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants
During the financial year ended 30 June 2020, the Group did not engage any remuneration consultants to review its remuneration policies.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')
At the 21 November 2019 AGM, 99.85% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The key management personnel of the Group consisted of the directors of the Company and the following persons:

- Mike Wright - Chief Executive Officer (appointed on 9 September 2019)
- David Heather - Chief Executive Officer (resigned 10 May 2019)
- Craig Giffin - Chief Risk Officer
- Anne Hamieh - Head of Distribution and Marketing (appointed 26 August 2019)
- Tony Nejasmic - Head of Distribution and Marketing (resigned 7 June 2019)
- Neil Gellett - Head of Product (appointed 4 May 2020)
- Kobie Turner - Head of Product (resigned 28 June 2019)
- Pamella Wilson - Chief Operating Officer (appointed 9 January 2019, resigned 8 November 2019)
- Sanja Petrovic - Head of Information Technology (appointed as KMP 6 March 2019, ceased 1 July 2019 being a KMP)
- Gloria Saliba - Head of People and Culture (appointed 10 December 2018, ceased 1 July 2019 being a KMP)
- Bruce Hawkins - Chief Financial and Operations Officer (appointed 23 April 2019)

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2020	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Alexander Hutchison	99,449	-	-	9,448	-	-	108,897
Donald Sharp****	131,237	-	-	12,467	-	-	143,704
Stephen Reed	60,000	-	-	5,700	-	-	65,700
Julie Berry*	44,946	-	-	4,270	-	-	49,216
Peter Brook	53,880	-	-	5,119	-	-	58,999
Other Key Management Personnel:							
Mike Wright*	456,250	-	-	18,623	-	69,523	544,396
Craig Giffin	247,200	-	-	23,484	-	40,826	311,510
Anne Hamieh*	314,455	-	-	21,314	-	36,736	372,505
Neil Gellett *	41,667	-	-	3,958	-	-	45,625
Pamella Wilson***	84,412	-	-	6,803	-	-	91,215
Bruce Hawkins*****	193,261	40,000	-	18,360	-	9,434	261,055
David Heather**	129,980	-	-	-	-	-	129,980
	1,856,737	40,000	-	129,546	-	156,519	2,182,802

* Remuneration is from date of appointment to 30 June 2020.
** Payment in relation to termination benefits.
*** Remuneration is from 1 July 2019 to the date of resignation.
**** Don was acting Chief Executive Officer of the Company until 8 September 2019.
***** The Board approved a $40,000 cash bonus paid to Bruce Hawkins CFOO on 24 August 2020 which represents an 80% pro-rated amount of $50,000. The performance criteria used to determine the 80% cash bonus payable and remainder 20% cash bonus forfeited is the actual KPI% achievement of pre-determined KPIs and strategic business objectives.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Brook	125,863	-	-	11,957	-	-	137,820
Stephen Reed	60,000	-	-	5,700	-	-	65,700
Alexander Hutchison**	615	-	-	58	-	-	673
Pamela McAlister***	93,333	-	-	8,867	-	-	102,200
Colin Peterson*	15,000	-	-	1,425	-	-	16,425
Executive Directors:							
Donald Sharp	170,200	-	-	21,425	-	-	191,625
Other Key Management Personnel:							
David Heather*	483,038	-	-	24,999	4,544	-	512,581
Craig Giffin	247,200	-	-	23,484	-	32,162	302,846
Tony Nejasmic*	219,989	-	-	20,286	-	-	240,275
Kobie Turner*	182,529	-	-	17,274	-	-	199,803
Pamella Wilson	182,774	-	-	17,364	-	3,161	203,299
Sanja Petrovic	152,657	-	-	14,502	8,438	2,641	178,238
Gloria Saliba**	103,323	-	-	9,816	-	-	113,139
Bruce Hawkins**	47,436	-	-	4,506	-	-	51,942
	2,083,957	-	-	181,663	12,982	37,964	2,316,566

* Remuneration is from 1 July 2018 to date of resignation.
** Remuneration is from date of appointment to 30 June 2019.
*** Remuneration is from 3 September 2018 to 30 June 2019.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2020	2019	2020	2019	2020	2019
Non-Executive Directors:						
Alexander Hutchison	100%	100%	-	-	-	-
Donald Sharp	100%	100%	-	-	-	-
Stephen Reed	100%	100%	-	-	-	-
Julie Berry	100%	-	-	-	-	-
Peter Brook	100%	100%	-	-	-	-
Pamela McAlister	-	100%	-	-	-	-
Colin Peterson	-	100%	-	-	-	-
Other Key Management Personnel:						
Mike Wright	87%	-	-	-	13%	-
David Heather	100%	100%	-	-	-	-
Craig Giffin	87%	89%	-	-	13%	11%
Anne Hamieh	90%	-	-	-	10%	-
Tony Nejasmic	-	100%	-	-	-	-
Neil Gellett	100%	-	-	-	-	-
Kobie Turner	-	100%	-	-	-	-
Pamella Wilson	100%	98%	-	-	-	2%
Sanja Petrovic	-	98%	-	-	-	2%
Gloria Saliba	-	100%	-	-	-	-
Bruce Hawkins	81%	100%	15%	-	4%	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mike Wright (appointed 9 September 2019)
Title:	Chief Executive Officer
Agreement commenced:	9 September 2019
Term of agreement:	No term
Details:	Base salary of $500,000 6 months notice period

Name:	Craig Giffin
Title:	Chief Risk Officer
Agreement commenced:	13 November 2017
Term of agreement:	No term
Details:	Full time equivalent salary of $300,760 1 month notice period

Name:	Anne Hamieh (appointed 26 August 2019)
Title:	Head of Distribution and Marketing
Agreement commenced:	26 August 2019
Term of agreement:	No term
Details:	Base salary of $300,000 3 months notice period

Name:	Neil Gellett (appointed 4 May 2019)
Title:	Head of Product
Agreement commenced:	4 May 2019
Term of agreement:	No term
Details:	Base salary of $284,700 1 month notice period

Name:	Bruce Hawkins
Title:	Chief Financial Officer
Agreement commenced:	23 April 2019
Term of agreement:	No term
Details:	Base salary of $273,750 1 month notice period

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Leave entitlements as per the applicable employment standards and legislations. Cash bonuses are in place for key management personnel and other staff. Key management personnel may be entitled to participate in the Executive Plan or the Employee Plan.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and first exercisable date	Expiry date	Exercise price	Fair value per option at grant date
27 Nov 2015	31 Jul 2016	27 Nov 2019	$0.220	$0.0517
29 Jan 2018	31 Jul 2018	29 Jan 2022	$0.350	$0.0920
15 Feb 2019	31 Jul 2019	15 Feb 2023	$0.280	$0.0380
12 Mar 2020	31 Aug 2020	12 Mar 2024	$0.180	$0.0139
13 Mar 2020	31 Aug 2020	13 Mar 2024	$0.180	$0.0148
16 Mar 2020	31 Aug 2020	16 Mar 2024	$0.250	$0.0111
16 Mar 2020	31 Aug 2021	16 Mar 2024	$0.300	$0.0093

Name	Number of options granted	Grant date	Exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Craig Giffin*	333,333	29 Jan 2018	31 Jul 2018	29 Jan 2022	$0.350	$0.0920
	333,333	29 Jan 2018	31 Jul 2019	29 Jan 2022	$0.350	$0.0920
	333,334	29 Jan 2018	31 Jul 2020	29 Jan 2022	$0.350	$0.0920
	1,000,000	13 Mar 2020	31 Aug 2020	13 Mar 2024	$0.180	$0.0148
Mike Wright**	6,431,000	13 Mar 2020	31 Aug 2020	13 Mar 2024	$0.180	$0.0148
	1,000,000	16 Mar 2020	31 Aug 2020	16 Mar 2024	$0.250	$0.0111
	1,000,000	16 Mar 2020	31 Aug 2021	16 Mar 2024	$0.300	$0.0093
Anne Hamieh***	3,894,000	13 Mar 2020	31 Aug 2020	13 Mar 2024	$0.180	$0.0148
Bruce Hawkins****	1,000,000	13 Mar 2020	31 Aug 2020	13 Mar 2024	$0.180	$0.0148

* Total number of options granted to Craig Giffin is 2,000,000.
** Total number of options granted to Mike Wright is 8,431,000.
*** Total number of options granted to Anne Hamieh is 3,894,000.
**** Total number of options granted to Bruce Hawkins is 1,000,000.

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. The number of options granted was determined having regard to the satisfaction of KPI with measured a number of performance criteria and achieving the company's profit forecast. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on the vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Additional information

The earnings of the Group for the five years to 30 June 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Profit/(loss) after income tax	(11,747,975)	(540,340)	(2,503,883)	670,648	740,464

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016
Share price at financial year end ($)	0.06	0.10	0.22	0.35	0.45
Total dividends declared (cents per share)	-	-	-	0.08	0.08
Earnings/(loss) per share (cents per share)	(3.95)	(0.18)	(1.05)	0.50	0.55

Additional disclosures relating to key management personnel

During the year, a related party of Don Sharp provided a short term loan to the Group of $1m which was repaid in full. The loan accrued interest at a rate of 8% of outstanding balance. There are no other related party transactions during the reporting period

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Alexander Hutchison	200,000	-	175,949	-	375,949
Donald Sharp	33,906,045	-	1,811,002	(10,000)	35,707,047
Stephen Reed	215,970	-	250,800	-	466,770
Peter Brook	219,333	-	208,500	(427,833)	-
Mike Wright	-	-	1,106,750	-	1,106,750
Bruce Hawkins	-	-	329,706	-	329,706
	34,541,348	-	3,882,707	(437,833)	37,986,222

Option holding
The number of options issued not forfeited, expired or exercised over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as part of remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mike Wright	-	8,431,000	-	-	8,431,000
Craig Giffin	956,666	1,000,000	-	(43,333)	1,913,333
Anne Hamieh	-	3,894,000	-	-	3,894,000
Pamella Wilson	401,750	-	-	(401,750)	-
Bruce Hawkins	-	1,000,000	-	-	1,000,000
	1,358,416	14,325,000	-	(445,083)	15,238,333

	Options vested and exercisable
*Options over ordinary shares**	
Craig Giffin	580,000
	580,000

* No vesting of options for other KMPs during the year.

This concludes the remuneration report, which has been audited.

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Auditor's Independence Declaration

To the Directors of Xplore Wealth Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Xplore Wealth Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

G S Layland
Director – Audit & Assurance

Sydney, 24 August 2020

Xplore Wealth Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue			
Service fee revenue	5	22,985,323	22,769,969
Less: transaction costs		(5,661,257)	(4,754,600)
Gross margin		17,324,066	18,015,369
Share of profits of joint ventures accounted for using the equity method		-	50,412
Other income	6	298,269	485,469
Interest revenue calculated using the effective interest method		70,821	94,648
Expenses			
Employee benefits expense		(11,694,359)	(10,483,777)
Professional Fees and Consulting		(1,258,311)	(1,011,828)
Depreciation and amortisation expense	7	(2,172,159)	(4,483,441)
Impairment of intangibles	16	(10,979,281)	(5,397)
Impairment of receivables	11	(199,268)	-
Computer and IT expenses		(1,848,742)	(1,547,126)
Premises expense		-	(506,341)
Insurance expense		(213,217)	(183,756)
Acquisition related expenses		-	(223,911)
Impairment of investments		-	(94,943)
Cost of Employee Share Scheme		(236,710)	23,059
Other expenses	7	(1,559,870)	(1,942,905)
Finance costs	7	(75,320)	(5,330)
Loss before income tax benefit		(12,544,081)	(1,819,798)
Income tax benefit	8	796,106	1,279,458
Loss after income tax benefit for the year attributable to the owners of Xplore Wealth Limited	29	(11,747,975)	(540,340)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Xplore Wealth Limited		(11,747,975)	(540,340)
		Cents	**Cents**
Basic loss per share	42	(3.95)	(0.18)
Diluted loss per share	42	(3.95)	(0.18)

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

Xplore Wealth Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current assets			
Cash and cash equivalents	9	2,251,107	940,896
Other financial assets	10	1,980,000	1,501,000
Trade and other receivables	11	1,988,680	5,713,861
Other assets	12	1,360,893	892,566
		7,580,680	9,048,323
Non-current assets classified as held for sale	13	-	500,000
Total current assets		7,580,680	9,548,323
Non-current assets			
Investments		-	12,000
Plant and equipment	14	263,423	340,746
Intangibles	16	27,898,848	38,954,133
Right-of-use assets	15	1,065,947	-
Deferred tax	17	5,970,554	5,398,338
Total non-current assets		35,198,772	44,705,217
Total assets		42,779,452	54,253,540
Liabilities			
Current liabilities			
Trade and other payables	18	3,049,656	3,353,112
Deferred government grant	19	110,889	237,339
Lease liabilities	20	564,626	-
Employee benefits	21	910,836	736,092
Deferred consideration	22	-	500,000
Total current liabilities		4,636,007	4,826,543
Non-current liabilities			
Deferred government grant	23	177,516	354,281
Lease liabilities	24	615,392	-
Deferred tax	25	533,312	757,602
Employee benefits	26	249,204	198,043
Total non-current liabilities		1,575,424	1,309,926
Total liabilities		6,211,431	6,136,469
Net assets		36,568,021	48,117,071
Equity			
Issued capital	27	56,745,892	56,672,814
Share option reserve	28	376,489	460,711
Accumulated losses	29	(20,554,360)	(9,016,454)
Total equity		36,568,021	48,117,071

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

Xplore Wealth Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2018	57,725,126	483,770	(8,476,114)	49,732,782
Loss after income tax benefit for the year	-	-	(540,340)	(540,340)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(540,340)	(540,340)
Transactions with owners in their capacity as owners:				
Share-based payments (note 43)	-	(23,059)	-	(23,059)
Share buy-back (note 27)	(1,041,893)	-	-	(1,041,893)
Transaction costs (note 27)	(10,419)	-	-	(10,419)
Balance at 30 June 2019	56,672,814	460,711	(9,016,454)	48,117,071

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	56,672,814	460,711	(9,016,454)	48,117,071
Adjustment for adoption of AASB 16 (note 2)	-	-	(110,864)	(110,864)
Balance at 1 July 2019 - restated	56,672,814	460,711	(9,127,318)	48,006,207
Loss after income tax benefit for the year	-	-	(11,747,975)	(11,747,975)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(11,747,975)	(11,747,975)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 27)	73,078	-	-	73,078
Share-based payments (note 43)	-	236,711	-	236,711
Transfer of expired options.	-	(320,933)	320,933	-
Balance at 30 June 2020	56,745,892	376,489	(20,554,360)	36,568,021

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

Xplore Wealth Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		26,146,001	21,637,631
Payments to suppliers and employees (inclusive of GST)		(22,587,730)	(21,631,448)
Acquisition related expenses		-	(223,911)
Payment to acquiree's suppliers and employees owing on acquisition		-	(196,209)
		3,558,271	(413,937)
Interest received		70,821	94,648
Government grants received		81,487	-
Interest and other finance costs paid		(75,320)	(5,330)
Income taxes refunded		1,410	1,793
Net cash from/(used in) operating activities	40	3,636,669	(322,826)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(791,746)	(903,960)
Payments for investments		-	(12,000)
Payments for plant and equipment	14	(64,934)	(51,328)
Payments for intangibles	16	(1,139,066)	(1,385,990)
Receipt from related party		125,089	-
(Payments)/proceeds from term deposits		(9,000)	(263,000)
Net cash used in investing activities		(1,879,657)	(2,616,278)
Cash flows from financing activities			
Proceeds from issue of shares	27	75,000	-
Payments for share buy-backs	27	-	(1,041,893)
Share issue transaction costs	27	(1,922)	(10,419)
Repayment of lease liabilities		(519,879)	-
Net cash used in financing activities		(446,801)	(1,052,312)
Net increase/(decrease) in cash and cash equivalents		1,310,211	(3,991,416)
Cash and cash equivalents at the beginning of the financial year		940,896	4,932,312
Cash and cash equivalents at the end of the financial year	9	2,251,107	940,896

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

Note 1. General information

The financial statements cover Xplore Wealth Limited as a Group consisting of Xplore Wealth Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (together are referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Xplore Wealth Limited's functional and presentation currency.

Xplore Wealth Limited is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, Level 5
28 Margaret Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 16 Leases
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Significant accounting policies (continued)

Impact of adoption of AASB 16
AASB 16 was adopted using the modified retrospective approach, the Group elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019 $
Right-of-use assets	1,589,033
Lease liabilities - current	(519,880)
Lease liabilities - non-current	(1,180,017)
Total lease liabilities	(1,699,897)
Increase in opening accumulated losses as at 1 July 2019	(110,864)

The impact of adoption on opening lease liabilities as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 30 June 2019 (AASB 117)	1,812,818
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4% (AASB 16)	(112,921)
Lease liabilities (AASB 16)	1,699,897

When adopting AASB 16 from 1 July 2019, the Group has applied the following practical expedients:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease

Interpretation 23 Uncertainty over Income Tax
The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Management has considered all facts and circumstances as it relates to the Group and believe there is no material uncertainty over the availability of the tax losses and other deductions to the Group.

Going concern
For the year ended 30 June 2020, the Group incurred a loss after tax of $9,722,212 (30 June 2019: $540,340). During the same year, the Group had operating cash inflows of $3,636,669 (30 June 2019: outflows of $322,826). The cash base of $2,251,107 as at the date of this report together with cashflows forecast to be generated from service fees will be sufficient to meet the working capital requirements. The financial statements have been prepared on the basis that the Group is a going concern which contemplates the continuity of its business, realisation of assets and the settlement of liabilities in the normal course of business.

The financial statements do not include any adjustments relating to recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might not be necessary should the Group not continue as a going concern.

Note 2. Significant accounting policies (continued)

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

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 38.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Xplore Wealth Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue is recognised for the major business activities as follows:

Service fee revenue
Service fee revenue include funds under administration ('FUA') revenue, transaction/brokerage fees and implementation fees:

(a) Funds under administration ('FUA') revenue includes fees earned where the Group acts as an administrator for investment fund managers. Administration fees are a single performance obligation and fees are recognised over the service period, that is, on a monthly basis based on a percentage of FUA per the contract with the client.
(b) Transaction/brokerage fees are recognised at a point in time on the date of the transaction.

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

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants
Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting all grant terms and conditions. Grants that are meant to fund expenditure on research and development are recognised over the periods when these costs are written off to profit or loss. Grants related to assets are carried forward as deferred income at fair value and are credited to other income over the expected useful life of the asset over a straight line basis.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Xplore Wealth Limited (the 'head entity') and its wholly-owned Australian subsidiaries, excluding PHL Securities Pty Ltd, have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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

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

Cash and cash equivalents

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

Note 2. Significant accounting policies (continued)

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

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

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

Non-current assets classified as held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Plant and equipment

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

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

Leasehold improvements	Period of lease (e.g. 20% for a 5 year lease)
Information technology equipment	40 to 50%
Other equipment	10 to 20%

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

Leases (applicable up to 30 June 2019)

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

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

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

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

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

Right-of-use assets (applicable from 1 July 2019)

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

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

Note 2. Significant accounting policies (continued)

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

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Software development costs
Research costs and development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred. Software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Directly attributable costs include employee costs (other than director costs), incurred on software development along with an appropriate portion of relevant overheads, if the costs directly related to the development project.

Capitalised software development costs are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Amortisation commences when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Useful lives are reviewed at each reporting date. The useful life for capitalised software development costs is assessed as five years, unless the asset is used to support licensed software, in which case the asset is amortised over the remaining life of the licence.

Impairment of non-financial assets
Capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 2. Significant accounting policies (continued)

Lease liabilities (applicable from 1 July 2019)
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

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

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

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

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

Fair value measurement

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

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 2. Significant accounting policies (continued)

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

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

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

Goods and Services Tax ('GST') and other similar taxes

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives

Certain comparative in the statement of profit or loss and other comprehensive income and the statement of financial position have been reclassified, where necessary, to be consistent with current year presentation.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Capitalised software development costs
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for capitalisation of development costs are met requires significant judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that the carrying amount may be impaired.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 11, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill
The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of goodwill
The Group tests annually, goodwill impairment or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with accounting policy stated in Note 2. The recoverable amount of CGUs have been determined based on fair value less cost to sell model. These calculations require the use of assumptions, including estimated discount rate, based on the current cost of capital and growth rates of the estimated future cash flows. Key assumptions are disclosed in note 17.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management has considered the outlook for future taxable income in assessing whether these assets should be recognised, taking into account the requirements of AASB 112 and probability of being able to utilise the losses carried forward. The carrying amount of deferred tax assets is $5,970,554 at 30 June 2020. The amount of unrecognised deferred tax assets at 30 June 2020 is $2,025,763 (2019: $0) which equates to tax losses of $7,791,396, the losses can be carried forward indefinitely and have no expiry date. Further information about deferred tax assets is disclosed in note 17.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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

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

Note 4. Operating segments

The Group treats their operations as the one business segment and reports accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets are held and the revenues are sourced in Australia. Revenues from external customers for key products and services is disclosed in note 5.

Major customers
During the year ended 30 June 2020 approximately $6,799,706 (2019: $6,160,331) of the Group's external revenue was derived from sales to one client (2019: one client).

Note 5. Revenue

	Consolidated 2020 $	Consolidated 2019 $
Revenue from contracts with customers		
Service fee revenue	22,985,323	19,275,019
Other revenue		
GST claim	-	3,494,950
Revenue	22,985,323	22,769,969

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2020 $	Consolidated 2019 $
Major product lines		
Administration services	16,233,537	13,382,490
Transaction/brokerage services	6,704,786	5,863,666
Other	47,000	28,863
	22,985,323	19,275,019
Geographical regions		
Australia	22,985,323	19,275,019
Timing of revenue recognition		
Services transferred at a point in time	2,996,560	3,195,110
Services transferred over time	19,988,763	16,079,909
	22,985,323	19,275,019

Note 6. Other income

	Consolidated 2020 $	Consolidated 2019 $
Government grants (COVID-19)	131,487	-
Other income	166,782	485,469
Other income	298,269	485,469

Government grants (COVID-19)
During the COVID-19 pandemic, the Group has received cash flow boosts from the Australian Government which are eligible for the company. The cash flow boosts are delivered as credits in the activity statement system. They are equivalent to the amount withheld from wages paid to employees for each monthly or quarterly period from March to June 2020.

Note 7. Expenses

	Consolidated	
	2020	**2019**
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	16,720	16,702
Fixtures and fittings	10,014	6,439
Information technology equipment	115,523	100,219
Right-of-use assets	523,086	-
Total depreciation	665,343	123,360
Amortisation		
Customer relationships	815,600	815,600
Software development costs	644,856	3,498,121
Other intangibles	46,360	46,360
Total amortisation	1,506,816	4,360,081
Total depreciation and amortisation	2,172,159	4,483,441
Impairment		
Linear software	10,864,068	-
Discontinued projects - asset under development	115,213	5,397
Total impairment	10,979,281	5,397
Other expenses		
Travel costs	157,572	294,745
ASX listing fees	35,977	44,184
Conference and marketing fees	69,108	47,828
New product and services	-	217,140
Name change related expenses	-	115,698
Consulting Linear pre-acquisition expenses	-	199,597
Termination costs-synergies	-	370,090
Client compensation	119,838	-
Provision for potential repayment of R&D claim	454,278	-
Other general expenses	723,097	653,623
Total other expenses	1,559,870	1,942,905
Finance costs		
Interest and finance charges paid/payable on borrowings	18,163	5,330
Interest and finance charges paid/payable on lease liabilities	57,157	-
Finance costs expensed	75,320	5,330
Leases		
Minimum lease payments	-	426,836
Superannuation expense		
Defined contribution superannuation expense	873,165	871,673

Note 8. Income tax benefit

	Consolidated 2020 $	Consolidated 2019 $
Income tax benefit		
Deferred tax - origination and reversal of temporary differences	(3,260,085)	(403,991)
Adjustment recognised for prior periods*	(23,510)	(875,467)
Adjustment to deferred tax balances as a result of change in statutory tax rate	461,326	-
Income tax expenses adjustment for prior periods - through acquisition	400	-
Deferred tax assets not recognised	2,025,763	-
Aggregate income tax benefit	(796,106)	(1,279,458)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 17)	(3,035,795)	(179,701)
Decrease in deferred tax liabilities (note 25)	(224,290)	(224,290)
Deferred tax - origination and reversal of temporary differences	(3,260,085)	(403,991)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(12,544,081)	(1,819,798)
Tax at the statutory tax rate of 27.5%	(3,449,622)	(500,444)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	11,580	19,406
Cost of Employee Option Scheme	65,095	(6,341)
Share of profits - joint ventures	-	(13,863)
Expenses - joint ventures	-	26,179
ASX listing expenses	(36,159)	-
Research and development claim	100,150	(133,503)
Amortisation expenses	273,161	367,290
Acquisition related expense	-	61,575
	(3,035,795)	(179,701)
Adjustment recognised for prior periods*	(23,510)	(875,467)
Prior year temporary differences not recognised now recognised	(224,290)	(224,290)
Deferred tax assets not recognised	2,025,763	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	461,326	-
Income tax expenses adjustment for prior periods - through acquisition	400	-
Income tax benefit	(796,106)	(1,279,458)

Note 9. Current assets - cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Cash on hand	-	2
Cash at bank	2,251,107	940,894
	2,251,107	940,896

Note 10. Current assets - other financial assets

	Consolidated	
	2020	2019
	$	$
Loan - McGregor Wealth Management Pty Ltd*	700,000	225,000
Term deposit securing Bond for ASX membership**	1,000,000	1,000,000
Bank deposits securing bank guarantees	25,000	25,000
Operational Risk Financial Requirement Reserve	255,000	251,000
	1,980,000	1,501,000

* Refer to note 13 for further information.
** The term deposit is to be reinvested on maturity.

Weighted average interest rate is 2.81% (2019: 1.49%).

Note 11. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	$	$
Trade receivables	1,767,446	1,824,820
Other receivables	221,234	94,734
Ex-employee loan	-	299,357
GST receivable	-	3,494,950
	1,988,680	5,713,861

$110,089 of the ex-employee loan was repaid during the year with the balance written off as not-recoverable after reaching a settlement on the collection of this amount. An impairment loss of $199,268 was recorded.

GST receivable
The Trustee for the Linear Managed account service lodged an application for a binding ruling with the Australian Taxation Office ('ATO') that the scheme is an "entity" carrying on an "enterprise" in Australia for the purpose of the Goods and Services Tax ('GST') Act and the ATO accepted the application.

Claims for prior periods were lodged with the ATO and the Group received the amount of $3,494,950 after paying the Trustee fees costs.

The amount that is related to the Group's ownership amounts to $2,337,239 and prior to ownership amounts to $1,157,711 net of the Trustee’s costs.

Allowance for expected credit losses
The Group has recognised a loss of $nil (2019: $nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2020.

Note 11. Current assets - trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above is as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2020	2019	2020	2019	2020	2019
Consolidated	%	%	$	$	$	$
Not overdue	-	-	1,959,427	2,182,166	-	-
3 to 6 months overdue	-	-	-	21,120	-	-
Over 6 months overdue	-	-	29,253	15,625	-	-
			1,988,680	2,218,911	-	-

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the COVID-19 pandemic. Whilst less than 5% of sales are provided on credit, the calculation of expected credit losses has been reviewed as at 30 June 2020 and rates have remained the same in each category up to 6 months overdue.

Note 12. Current assets - other assets

	Consolidated	
	2020	2019
	$	$
Prepayments	561,120	304,030
Other assets	799,773	588,536
	1,360,893	892,566

Note 13. Current assets - non-current assets classified as held for sale

	Consolidated	
	2020	2019
	$	$
Investment in joint ventures	-	500,000

On 27 June 2019, management made a decision to sell its interest in McGregor Wealth Management Pty Ltd ("MWM") to Rod McGregor, the owner of the other 50% equity interest in the joint venture.

On the 17 July 2019, the Group entered into a sale agreement for the sale of all of its interests in MWM for $500,000 as well as the repayment of loan funds of $200,000 owing by MWM and an entity related to Rod McGregor. The sale price and outstanding loans are personally guaranteed by Rod McGregor. The amount is now classified as other financial assets in note 10. The loan agreement allowed for a 2 year repayment period and as such settlement is expected before 30 June 2021. The outstanding balance is now accruing interest at a rate of 10% pa.

Note 14. Non-current assets - plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Leasehold improvements - at cost	83,599	83,599
Less: Accumulated depreciation	(47,863)	(31,143)
	35,736	52,456
Fixtures and fittings - at cost	79,875	71,915
Less: Accumulated depreciation	(20,318)	(10,304)
	59,557	61,611
Information technology equipment - at cost	504,630	447,656
Less: Accumulated depreciation	(336,500)	(220,977)
	168,130	226,679
	263,423	340,746

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

Consolidated	Leasehold improvements $	Fixtures and fittings $	Information technology equipment $	Total $
Balance at 1 July 2018	69,158	6,240	186,511	261,909
Additions	-	3,590	47,738	51,328
Additions through business combinations	-	56,420	94,449	150,869
Transfers in/(out)	-	1,800	(1,800)	-
Depreciation expense	(16,702)	(6,439)	(100,219)	(123,360)
Balance at 30 June 2019	52,456	61,611	226,679	340,746
Additions	-	7,960	56,974	64,934
Depreciation expense	(16,720)	(10,014)	(115,523)	(142,257)
Balance at 30 June 2020	35,736	59,557	168,130	263,423

Note 15. Non-current assets - right-of-use assets

	Consolidated 2020 $	Consolidated 2019 $
Right-of-use assets	1,589,033	-
Less: Accumulated depreciation	(523,086)	-
	1,065,947	-

On transition the Group recognised right-of-use assets of $1,589,033.

The Group leases land and buildings for its offices under agreement of 5 years, in some cases, options to extend. The leases have various escalation clauses.

Note 16. Non-current assets - intangibles

	Consolidated 2020 $	Consolidated 2019 $
Goodwill - at cost	23,290,330	22,998,584
Customer relationships - at cost	4,078,000	4,078,000
Less: Accumulated amortisation	(2,138,684)	(1,323,084)
	1,939,316	2,754,916
Software development costs - at cost	18,492,371	18,246,008
Less: Accumulated amortisation	(6,085,769)	(5,562,724)
Less: Impairment	(10,979,280)	-
	1,427,322	12,683,284
Asset under development - at cost	1,168,606	397,715
Other intangibles - at cost	165,994	165,994
Less: Accumulated amortisation	(92,720)	(46,360)
	73,274	119,634
	27,898,848	38,954,133

Reconciliations

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

Consolidated	Goodwill $	Customer relationships $	Software development costs $	Asset under development $	Other intangibles $	Total $
Balance at 1 July 2018	21,596,093	3,570,516	14,603,336	677,274	101,852	40,549,071
Additions	-	-	594,885	709,022	82,083	1,385,990
Additions through business combinations	1,402,491	-	-	-	-	1,402,491
Write off of assets	-	-	-	(5,397)	(17,941)	(23,338)
Transfers in/(out)	-	-	983,184	(983,184)	-	-
Amortisation expense	-	(815,600)	(3,498,121)	-	(46,360)	(4,360,081)
Balance at 30 June 2019	22,998,584	2,754,916	12,683,284	397,715	119,634	38,954,133
Additions	291,746	-	337,741	801,325	-	1,430,812
Impairment of assets	-	-	(10,979,281)	-	-	(10,979,281)
Transfers in/(out)	-	-	30,434	(30,434)	-	-
Amortisation expense	-	(815,600)	(644,856)	-	(46,360)	(1,506,816)
Balance at 30 June 2020	23,290,330	1,939,316	1,427,322	1,168,606	73,274	27,898,848

Impairment

The Group's key priority to upgrading the business model is to deliver on the One Platform program. As a result of the decision to move to the One Platform, the Group decided to write off the carrying value of the Linear software and recognise an impairment of $10,864,068. For the year ended 30 June 2020 the software was still being used. A further $115,213 relating to a discontinued project was also impaired during the period.

Note 16. Non-current assets - intangibles (continued)

Cash-generating units
Goodwill is allocated for impairment testing purpose to Cash-Generating Units ("CGU") or groups of CGUs. For the purpose of undertaking impairment testing the Group has identified that it has one CGU, which is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This assessment has been determined by considering the business, its operating segment and areas of operation as well as how management monitor the performance of the business.

Impairment testing and key assumptions
The Group tests annually to determine whether goodwill has suffered any impairment. The recoverable amount of the CGU (or group of CGUs) to which the assets have been allocated have been determined based on a fair value less of disposal calculation, which require the use of assumptions which are detailed below:

- Five year cash flow forecasts

  As the Group only has one CGU, the cashflows used for impairment testing reflect the combined operations of the Group and the recently acquired Aracon Superannuation Pty Ltd and DIY Master Pty Ltd

  The calculations use cashflows based on internal financial budget approved by management covering a two-year period. Cash flows beyond the approved budgeted period are limited by the accounting standards to growth from existing markets and products. The forecast revenue 5 year compound annual growth rate is 3.3% (2019: 2.5%).

- Terminal value growth rates

  The terminal value growth rate determines the expected growth in cashflows in the period beyond the five year cash flow forecasts.

  The terminal value growth rate is 2.5% p.a (2019: 2.5% p.a).

- The discount rates

  The discount rate used to discount the cash flows to present value and reflect specific risks relating to the Group and the markets in which we operate.

  The discount rate used for impairment testing is 11.5% (2019: 11.5%).

Critical accounting estimates and assumptions
These calculations are performed based on cashflow projections and other supplementary information which, given their forward looking nature, require the adoption of assumptions and estimates. Each of these assumptions and estimates is based in a 'best estimate' at the time of performing the valuation. However increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount of CGUs (or groups of CGUs) to fall below their carrying amounts, resulting in an impairment loss being recognised. The calculations have taken into account the current economic and market conditions and the likelihood of the pandemic continuing for some time.

The directors and managers have considered and assessed reasonably possible changes in key assumptions and have not identified any instances that are likely to cause the carrying amount of the CGU to exceed its recoverable amount.

Note 17. Non-current assets - deferred tax

	Consolidated 2020 $	Consolidated 2019 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	5,205,493	5,299,612
Provisions	160,443	52,568
Superannuation and other employee benefits	353,577	278,759
ASX Listing and capital raising costs deductible in future years	298,925	478,964
Professional fees deductible in future years	151,154	204,530
Software deductible in future years	1,826,725	-
Deferred revenue taxable in future years	-	(961,111)
Additions through business combinations	-	45,016
Deferred tax assets not recognised	(2,025,763)	-
Deferred tax asset	5,970,554	5,398,338
Movements:		
Opening balance	5,398,338	4,298,154
Credited to profit or loss (note 8)	3,035,795	179,701
Additions through business combinations	-	45,016
Deferred tax assets not recognised	(2,025,763)	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	(461,326)	-
Adjustment to deferred tax balances as a result of adjustment of prior year	23,510	875,467
Closing balance	5,970,554	5,398,338

Note 18. Current liabilities - trade and other payables

	Consolidated 2020 $	Consolidated 2019 $
Trade payables	942,869	2,316,579
Accrued expenses	1,145,393	470,619
Provision for R&D claim	594,140	-
Other payables	367,254	565,914
	3,049,656	3,353,112

Refer to note 31 for further information on financial instruments.

Note 19. Current liabilities - deferred government grant

	Consolidated 2020 $	Consolidated 2019 $
Deferred R&D government grant	110,889	237,339

Note 20. Current liabilities - lease liabilities

	Consolidated 2020 $	Consolidated 2019 $
Lease liability	564,626	-

Refer to note 31 for further information on financial instruments.

Note 21. Current liabilities - employee benefits

	Consolidated 2020 $	Consolidated 2019 $
Annual leave	717,686	575,352
Long service leave	193,150	160,740
	910,836	736,092

Note 22. Current liabilities - deferred consideration

	Consolidated 2020 $	Consolidated 2019 $
Deferred consideration	-	500,000

Deferred consideration
The provision represents the obligation to pay contingent consideration following the acquisition of DIY Master Pty Ltd. The amount was based on an earn out formula agreed at the time of the acquisition and was paid on 8 January 2020.

Note 23. Non-current liabilities - deferred government grant

	Consolidated 2020 $	Consolidated 2019 $
Deferred R&D government grant	177,516	354,281

Note 24. Non-current liabilities - lease liabilities

	Consolidated 2020 $	Consolidated 2019 $
Lease liability	615,392	-

Refer to note 31 for further information on financial instruments.

Note 25. Non-current liabilities - deferred tax

	Consolidated 2020 $	Consolidated 2019 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	(588,138)	(363,848)
Additions through business combinations	1,121,450	1,121,450
Deferred tax liability	533,312	757,602
Movements:		
Opening balance	757,602	981,892
Credited to profit or loss (note 8)	(224,290)	(224,290)
Closing balance	533,312	757,602

Note 26. Non-current liabilities - employee benefits

	Consolidated 2020 $	Consolidated 2019 $
Long service leave	249,204	198,043

Note 27. Equity - issued capital

	Consolidated 2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	297,536,240	296,786,240	56,745,892	56,672,814

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	301,758,778		57,725,126
Share buy-back		(4,972,538)	$0.000	(1,041,893)
Share issue transaction costs		-	$0.000	(10,419)
Balance	30 June 2019	296,786,240		56,672,814
Share issue	9 August 2019	750,000	$0.100	75,000
Share issue transaction costs		-	$0.000	(1,922)
Balance	30 June 2020	297,536,240		56,745,892

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 27. Equity - issued capital (continued)

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

Share buy-back
There were no on-market buy-back of shares transacted during the year. All shares included in the share buy-back were canceled. The shares were acquired at an average price of $0.23 per share, with prices ranging from $0.16 to $0.30.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Management assesses the Group's capital requirements in order to maintain an efficient overall funding structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

ASIC have recently undertaken a review of Managed Discretionary Accounts ('MDA") and have yet to release their findings of this review. It is expected that capital requirements of MDA licence holders formed part of this review. The directors expect that any new net tangible assets requirements are likely to be introduced over a number of years before any increased capital requirements will be required.

Note 28. Equity - share option reserve

	Consolidated	
	2020	**2019**
	$	**$**
Options reserve	376,489	460,711

Share option reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Note 29. Equity - accumulated losses

	Consolidated	
	2020	2019
	$	$
Accumulated losses at the beginning of the financial year	(9,016,454)	(8,476,114)
Adjustment for adoption of AASB 16 (note 2)	(110,864)	-
Transfer to share option reserve*	320,933	-
Accumulated losses at the beginning of the financial year - restated	(8,806,385)	(8,476,114)
Loss after income tax benefit for the year	(11,747,975)	(540,340)
Accumulated losses at the end of the financial year	(20,554,360)	(9,016,454)

* The amounts recognised for vested equity instruments which are forfeited or expired.

Note 30. Equity - dividends

Dividends
On 12 October 2017, the Company announced that due to the Company's growth plans it had suspended the payment of dividends going forward. This decision is to be reviewed by the directors of the Company following the release of the Company's results for the year ended 30 June 2020.

The payment of a dividend by the Company is at the discretion of the directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the directors may consider relevant.

Franking credits

The Group has not paid income tax and there are no franking credits.

Note 31. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') at the headquarters under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. Finance reports to the Board on a monthly basis.

Market risk

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

Note 31. Financial instruments (continued)

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

The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group has no borrowings as at 30 June 2020.

The Group invests surplus cash in Australian bank term deposits and in doing so is exposed to fluctuations in interest rates that are inherent in such a market. Relatively small balances are held at call for day to day activities.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Due to COVID-19 pandemic, the Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay in the current environment. No allowance for expected credit losses have been made as at 30 June 2020 as all debts are expected to be recovered.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 31. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	942,869	-	-	-	942,869
Other payables	367,254	-	-	-	367,254
Interest-bearing - fixed rate					
Lease liability	564,626	333,662	281,729	-	1,180,017
Total non-derivatives	1,874,749	333,662	281,729	-	2,490,140

Consolidated - 2019	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	2,316,579	-	-	-	2,316,579
Other payables	565,914	-	-	-	565,914
Total non-derivatives	2,882,493	-	-	-	2,882,493

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 32. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities, excluding trade and other payables, is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 33. Key management personnel disclosures

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

	Consolidated 2020 $	Consolidated 2019 $
Short-term employee benefits	1,896,737	2,083,957
Post-employment benefits	129,546	181,663
Long-term benefits	-	12,982
Share-based payments	156,519	37,964
	2,182,802	2,316,566

Note 34. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	Consolidated 2020 $	Consolidated 2019 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	133,150	124,400
Other services - Grant Thornton Audit Pty Ltd		
Other assurance services	115,000	115,000
	248,150	239,400

Note 35. Contingent liabilities

On 16 October 2019, the Group received a notice from AusIndustry disallowing $1,180,000 in respect of a preacquisition research and development claim made by Linear Financial Holdings Pty Ltd. The Group filed an appeal which is currently under review by AusIndustry. The Group has provided for 50% of the disputed claim in the current reporting period, however notes that should its appeal not be successful the remaining 50% of the disputed claim will also need to be settled. Should the appeal confirm the Group’s entitlement to the claim, the write off of the 50% of the disputed claim will be reversed.

The Group had no contingent liabilities as at 30 June 2019.

Note 36. Commitments

	Consolidated	
	2020	**2019**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities:		
Within one year	-	576,539
One to five years	-	1,236,279
	-	1,812,818

With the application of AASB 16, these are now recognised as right-of-use assets (note 15),with corresponding current lease liabilities (note 20) non-current lease liabilities (note 24).

Note 37. Related party transactions

Parent entity
Xplore Wealth Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 39.

Key management personnel
Disclosures relating to key management personnel are set out in note 33 and the remuneration report included in the directors' report.

Transactions with related parties
During the year, Don Sharp, a Director of the Company, was paid $33,000 (GST inclusive) for the consulting services he provided for the Group.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
During the year, a related party of Don Sharp provided a short term loan to the Group of $1,000,000 which was repaid in full. The loan accrued interest at a rate of 8% of outstanding balance. There are no other loan from related party during the reporting period.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	**2019**
	$	**$**
Profit/(loss) after income tax	257,287	(67,456)
Total comprehensive income	257,287	(67,456)

Note 38. Parent entity information (continued)

Statement of financial position

	Parent 2020 $	Parent 2019 $
Total current assets	42,870	310,330
Total assets	53,073,514	53,119,499
Total current liabilities	107,913	630,084
Total liabilities	285,429	898,489
Net assets	52,788,085	52,221,010
Equity		
Issued capital	58,444,890	58,371,812
Options reserve	376,489	460,711
Accumulated losses	(6,033,294)	(6,611,513)
Total equity	52,788,085	52,221,010

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 or 30 June 2019.

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

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

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 39. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Xplore Business Services Pty Ltd formerly known as Investment Administration Services Developments Pty Ltd	Sydney / Australia	100.00%	100.00%
Investment Administration Services Pty Ltd	Sydney / Australia	100.00%	100.00%
Planner Holdings Limited	Sydney / Australia	100.00%	100.00%
PHL Securities Pty Ltd	Sydney / Australia	99.80%	99.80%
Margaret Street Nominees Pty Ltd	Sydney / Australia	100.00%	100.00%
Margaret Street Financial Holdings Pty Ltd formerly known as Linear Financial Holdings Pty Ltd	Melbourne / Australia	100.00%	100.00%

Note 39. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Margaret Street Administration Services Pty Ltd formerly known as Linear Administration Services Pty Ltd	Melbourne / Australia	100.00%	100.00%
Margaret Street Promoter Services Pty Ltd formerly known as Stafford Kitchener Pty Ltd	Melbourne / Australia	100.00%	100.00%
Xplore Equity Finance Pty Ltd formerly known as Linear Equity Finance Pty Ltd	Melbourne / Australia	100.00%	100.00%
Linear LS Pty Ltd**	Melbourne / Australia	100.00%	100.00%
Linear Invest B Pty Ltd *	Melbourne / Australia	-	100.00%
Linear Invest C Pty Ltd *	Melbourne / Australia	-	100.00%
Margaret Street Attorney Services Pty Ltd formerly known as Collins Street Attorney Services Pty Ltd	Melbourne / Australia	100.00%	100.00%
Aracon Superannuation Pty Ltd	Sydney / Australia	100.00%	100.00%
DIY Master Pty Ltd	Sydney / Australia	100.00%	100.00%

* Entities have been dissolved on 4 July 2018.
** Deregistered on 20 January 2019.

Note 40. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax benefit for the year	(11,747,975)	(540,340)
Adjustments for:		
Depreciation and amortisation	2,172,159	4,483,441
Impairment of intangibles	10,979,281	94,943
Write off of non-current assets	-	23,338
Share of profit - joint ventures	-	(50,412)
Share-based payments	236,711	(23,059)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	365,052	314,532
Decrease/(increase) in other assets	2,994,950	(4,083,486)
Increase in deferred tax assets	(572,216)	(1,053,375)
Increase in other operating assets	(186,237)	(149,816)
Increase/(decrease) in trade and other payables	(303,456)	1,040,506
Decrease in deferred government grant	(303,215)	(114,115)
Decrease in deferred tax liabilities	(224,290)	(224,290)
Increase/(decrease) in employee benefits	225,905	(34,393)
Decrease in other operating liabilities	-	(6,300)
Net cash from/(used in) operating activities	3,636,669	(322,826)

Note 41. Changes in liabilities arising from financing activities

Consolidated	Lease liabilities $
Balance at 1 July 2018	-
Balance at 30 June 2019	-
Net cash used in financing activities	(519,879)
Acquisition of leases	1,589,033
Other changes	110,864
Balance at 30 June 2020	1,180,018

Note 42. Earnings per share

	Consolidated	
	2020 **$**	**2019** **$**
Loss after income tax attributable to the owners of Xplore Wealth Limited	(11,747,975)	(540,340)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	297,456,322	297,974,907
Weighted average number of ordinary shares used in calculating diluted earnings per share	297,456,322	297,974,907
	Cents	**Cents**
Basic loss per share	(3.95)	(0.18)
Diluted loss per share	(3.95)	(0.18)

Options have been excluded in the above calculations for the current year as their inclusion would be anti-dilutive.

Note 43. Share-based payments

Executive Share Option Plan
The Board has approved an Executive Share Option Plan ('Executive Plan'). It is intended that the Executive Plan will enable the Group to retain and attract skilled and experienced employees, contractors and officers and provide them with the incentive and motivation to contribute significantly thus making the Group more successful. Offers under the Executive Plan will be made only to persons who are 'senior managers' within the meaning of the Corporations Act 2001. As such, offers will not be made under the Executive Plan in reliance on ASIC Class Order [CO 14/1000] and are not subject to or included within the 5% limit set out in that Class Order.

Under the Executive Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company, subject to any adjustment required under the Executive Plan rules. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Executive Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attached to the options. Unless otherwise determined by the Board, no payment is required for the grant of options under the Executive Plan. Options granted under the Executive Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights. Shares issued or transferred to participants on exercise of an option carry the same rights and entitlements as other issued shares, including dividend and voting rights.

Note 43. Share-based payments (continued)

As at the date of this report, options under the Executive Plan have been granted as set out below and on the following terms subject to the Executive Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.35 per option;
- options vest in three separate tranches on 31 July 2018, 31 July 2019 and 31 July 2020 but subject to satisfaction of specific exercise conditions associated with the Company's performance and the performance of the senior manager; and
- exercise period ends four years after the date of grant of options.

1,000,000 options under the Executive Plan have been granted to Craig Giffin, Chief Risk Officer and Company Secretary, and include a range of conditions associated with his performance in the areas of risk and compliance. The options vest on relevant vesting dates only to the extent that exercise conditions are met within relevant periods. 290,000 options vested and 43,333 options lapsed in Tranche 1 as disclosed to the ASX on 31 July 2018. 290,000 options vested and 43,333 options lapsed in Tranche 2 as disclosed to the ASX on 31 July 2019. 276,666 options vested and 56,667 options lapsed in Tranche 3 as disclosed to the ASX on 31 July 2020.

On 16 October 2019, the Board approved the offer to six executives of up to 14,325,000 options under the Company's Executive Share Option Plan (Executive Plan) on the following terms subject to the Executive Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.18 per option;
- vesting date is 31 August 2020;
- exercise period ends 4 years after the date of grant of the options; and
- cashless exercise is permitted.

The Board also approved the offer of 2,000,000 options to Chief Executive Officer - Mike Wright by way of 2 tranches of 1,000,000. These options are not subject to achievement of KPI's. Each option gives the right to subscribe for or acquire one ordinary share of the Company. Nil consideration is payable for the option grant. The Tranche 1 exercise price is $0.25 per option and vesting on 31 August 2020. The Tranche 2 exercise price is $0.30 per option and the vesting date is 31 August 2021. The exercise period for both Tranches ends 4 years from the grant of the options. The cashless exercise is also permitted.

Employee Share Option Plan
The Company has an Employee Share Option Plan ('Employee Plan'), as adopted in 2015. It is intended that the Employee Plan will enable the Group to retain and attract skilled and experienced employees and contractors and provide them with the motivation to make the Group more successful. The Employee Plan is designed to support interdependence between the Company and eligible persons for their long-term mutual benefit.

Under the Employee Plan, an option is a right to subscribe for or acquire a fully paid ordinary share in the capital of the Company. The Board may offer options to any eligible person it determines and determine the extent of that person's participation in the Employee Plan. An offer by the Board shall specify the date of grant, the total number of options granted, exercise price and exercise period for the options and any other matters the Board determines, including exercise conditions attaching to the options.

The Employee Plan has been prepared to comply with ASIC Class Order [CO14/1000] ('Class Order'). As such, offers under the Employee Plan made in reliance on the Class Order are limited to the 5% capital limit set out in the Class Order.

Unless otherwise determined by the Board, no payment is required for the grant of options under the Employee Plan. Options granted under the Employee Plan are not capable of being transferred or encumbered by a participant, unless the Board determines otherwise. Options do not carry any voting or dividend rights.

Note 43. Share-based payments (continued)

The Company has made a grant of staff options under the Employee Plan in each of the calendar years 2015, 2016, 2017, 2018 and 2019. As at the date of this report, 1,785,551 options are held under the Employee Plan on the following terms subject to the Employee Plan rules:

- Employee Plan on the following terms subject to the Employee Plan rules:
- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is variable for each option grant;
- for each employee/contractor, options vest in three separate equal tranches on 31 July in each year for three years following the date of grant but subject to the satisfaction of specific exercise conditions associated with the performance of the relevant employee/contractor; and
- exercise period ends four years after the date of grant of the options.

On or around the vesting date of 31 July each year, an announcement is made by the Company to the ASX with respect to the vesting and lapsing of staff options.

On 16 October 2019, the Board approved a new offer under the Employee Plan of up to 6,810,550 options to non-executive staff who have been with the Group for more than three months. However, actual options granted were 5,781,400. The proposed terms are set out below subject to the Employee Plan rules:

- each option gives the right to subscribe for or acquire one ordinary share in the Company;
- nil consideration is payable for the option grant;
- exercise price is $0.18 per option;
- options vest on 31 August 2020;
- exercise period ends 4 years after the date of grant of the options; and
- cashless exercise is permitted with respect to the options.

Details
Set out below are summaries of options granted under the plans:

2020

Option type	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
Employee Plan	27/11/2015	27/11/2019	$0.220	2,279,400	-	-	(2,279,400)	-
Employee Plan	15/09/2017	15/09/2021	$0.350	310,767	-	-	(21,666)	289,101
Executive Plan	29/01/2018	29/01/2022	$0.350	956,666	-	-	(43,333)	913,333
Employee Plan	15/02/2019	15/02/2023	$0.280	1,866,372	-	-	(282,906)	1,583,466
Employee Plan	12/03/2020	12/03/2024	$0.180	-	5,781,400	-	-	5,781,400
Executive Plan	13/03/2020	13/03/2024	$0.180	-	14,325,000	-	-	14,325,000
Executive Plan	16/03/2020	16/03/2024	$0.250	-	1,000,000	-	-	1,000,000
Executive Plan	16/03/2020	16/03/2024	$0.300	-	1,000,000	-	-	1,000,000
				5,413,205	22,106,400	-	(2,627,305)	24,892,300

Note 43. Share-based payments (continued)

2019

Option type	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
Employee Plan	27/11/2015	27/11/2019	$0.220	4,460,500	-	-	(2,181,100)	2,279,400
Employee Plan	05/09/2016	05/09/2020	$0.330	560,780	-	-	(560,780)	-
Employee Plan	30/06/2017	30/06/2021	$0.350	3,000,000	-	-	(3,000,000)	-
Executive Plan	30/08/2017	30/08/2021	$0.350	3,000,000	-	-	(3,000,000)	-
Employee Plan	15/09/2017	15/09/2021	$0.350	1,350,000	-	-	(1,039,233)	310,767
Executive Plan	29/01/2018	29/01/2022	$0.350	1,000,000	-	-	(43,334)	956,666
Employee Plan	15/02/2019	15/02/2023	$0.280	-	2,819,000	-	(952,628)	1,866,372
				13,371,280	2,819,000	-	(10,777,075)	5,413,205

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2020 Number	2019 Number
27/11/2015	27/11/2019	-	2,279,400
15/09/2017	15/09/2021	179,101	90,767
29/01/2018	29/01/2022	580,000	290,000
15/02/2019	15/02/2023	1,583,466	-
		2,342,567	2,660,167

For the options granted during the financial year, the Black-Scholes option pricing model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility*	Dividend yield	Risk-free interest rate	Fair value at grant date
12/03/2020	12/03/2024	$0.058	$0.180	68.90%	-	0.50%	$0.0139
13/03/2020	13/03/2024	$0.060	$0.180	68.90%	-	0.50%	$0.0148
16/03/2020	16/03/2024	$0.060	$0.250	68.90%	-	0.50%	$0.0111
16/03/2020	16/03/2024	$0.060	$0.300	68.90%	-	0.50%	$0.0093

* The expected volatility is based on the historic volatility (based on the remaining life of the option), adjusted for any expected change to future volatility to publicly available information.

Note 44. Events after the reporting period

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

On 10 August 2020, the Group executed agreements with Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) with respect to implementing an overdraft facility of up to $250,000 which will provide an additional financing facility should this be required in the future. The facility is secured against the assets of the business and is subject to an annual review. Interest rate on the facility is the BBSY + 2.75% margin.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

____
Alex Hutchison
Non-Executive Chairman

24 August 2020
Sydney

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Independent Auditor's Report

To the Members of Xplore Wealth Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Xplore Wealth Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

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

Emphasis of matter – COVID-19

We draw attention to Note 3 of the financial report, which describes the circumstances relating to COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion is not modified in respect of this matter.

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 current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Intangible assets – Impairment testing (Note 3 and Note 16)	
As at 30 June 2020, the Group has goodwill and other intangible assets totalling $27.90M. Of the total, goodwill comprises $23.29M relating to business acquisitions. AASB 136 *Impairment of Assets* requires intangible assets with indefinite useful lives, such as goodwill, and those under development to be tested for impairment annually. It also requires intangible assets with definite useful lives, such as capitalised software development costs, to be reviewed for indicators of impairment. If an indicator of impairment is identified, AASB 136 subsequently requires each individual asset, or if this isn't possible, the cash generating unit to which the asset belongs, to be tested for impairment. The Group's key priority to upgrading the business model is to deliver on the One Platform program. As a result of the decision to move to the One Platform, the Group reassessed the useful life of the existing software which resulted in a write off of the carrying value of the Linear software and recognise an impairment loss of $10.98M as at 30 June 2020. This area is a key audit matter due to the management judgement involved in assessing the assumptions and inputs required to prepare a fair value less cost of disposal model, to satisfy the impairment requirements of AASB 136 as well as the significance of the impairment charged during the year.	Our procedures included, amongst others: • obtaining an understanding of the fair value less cost of disposal model and critically evaluating management's methodologies and their key assumptions; • assessing management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business, the economic environment in which the Group operates and the Group's internal reporting structure; • evaluating the inputs used in the fair value less cost of disposal calculation including the growth rates, discount rates and underlying cash flows applied by management; • testing the mathematical accuracy and integrity of the fair value less cost of disposal model; • involving our internal valuation experts to assess the model integrity and assessing the inputs in the model against comparable market information performing sensitivity analysis to stress test the key assumptions used in the model to support the fair value less cost of disposal method, including discount rate, revenue growth rate and terminal value; • for impaired software, review management's assessment of the revised useful life; and • assessing the adequacy of the related disclosures within the financial report.
Capitalisation of software development costs (Note 3 and Note 16)	
During the current financial year, the Group capitalised $1.43M of costs related to the development of software. This area is a key audit matter due to the subjectivity and management judgement applied in the assessment of whether costs meet the capitalisation criteria described in AASB 138 *Intangible Assets*	Our procedures included, amongst others: • assessing the Group's accounting policy for determining whether internally developed projects meet the recognition criteria for capitalisation in adherence to AASB 138; • testing a sample of additions to underlying documentation including salary costs and external contractor invoices, for existence and accuracy and assessing those amounts against the recognition criteria of AASB 138; • reviewing management's cash flow forecasts, including the evaluation of assumptions supporting the generation of future economic benefits from the capitalised costs; • obtaining an understanding of the functionality of the capitalised software;

	• checking mathematical accuracy of the capitalised cost schedule; and • assessing the adequacy of the disclosures in the financial report for adherence to AASB138.
Recoverability of Deferred Tax assets (Note 3 and Note 17)	
The Group has recognised deferred tax assets of $5.97M in accordance with AASB 112 *Income Taxes*. These are primarily attributable to historic losses in acquisitions of Linear Financial Holdings and DIY Masters, and other temporary differences across the Group. The amount of unrecognised deferred tax assets as at 30 June 2020 is $2.03M which equates to tax losses of $7.79M. This is considered a key audit matter due to complexities and level of judgement required to be exercised by the Group is determining the probability of future taxable amounts to utilise the deferred tax assets particularly when this extends beyond the normal business planning cycle.	Our procedures included, amongst others: • examining the nature and timing of the temporary differences and losses having regard to the relevant tax legislation to challenge management's recognition of an asset; • challenging the basis for management's assessment of recoverability of deferred tax assets generated from tax losses, including management's projected earnings growth against historic performance; • testing the consistency of projections used in making the recoverability assessments with those used for other impairment testing; and • assessing the disclosures against the requirements of AASB 112.

Information other than the financial report and auditor's report thereon

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 2020, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 report

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

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

Auditor’s responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor’s report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 22 of the Directors’ report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Xplore Wealth Limited, for the year ended 30 June 2020 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

G S Layland
Director – Audit & Assurance

Sydney, 24 August 2020

The shareholder information set out below was applicable as at 6 August 2020.

Distribution of shareholders

	Holders	Total units	%
1 to 1,000	26	4,011	-
1,001 to 5,000	47	151,963	0.05%
5,001 to 10,000	84	788,252	0.26%
10,001 to 100,000	320	14,677,595	4.93%
100,001 and over	165	281,914,419	94.75%
	642	297,536,240	

Distribution of optionholders

	Holders	Total units	%
10,001 to 100,000	71	4,350,665	17.58%
100,001 and over	30	20,397,952	82.42%
	101	24,748,617	

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	**% of total shares issued**
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	53,960,018	18.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,770,323	8.66
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD < DRP A/C >	19,898,601	6.69
DONALD FINANCIAL ENTERPRISES PTY LTD < THE ELYSUM TRUST A/C >	18,133,389	6.09
VALEBARK PTY LTD < THE SCULLY INVESTMENT TRUST >	18,093,389	6.08
PARMMS ENTERPRISES PTY LTD < PARMMS INVESTMENT TRUST A/C >	15,628,658	5.25
NATIONAL NOMINEES LIMITED	15,104,726	5.08
ARGO INVESTMENTS LIMITED	12,603,572	4.24
STARMAY SUPERANNUATION PTY LTD	6,831,005	2.30
STARMAY SUPERANNUATION PTY LTD < STARMAY SFUND COLIN SCULLY AC >	6,831,005	2.30
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	6,428,572	2.16
BNP PARIBAS NOMINEES PTY LTD < IB AU NOMS RETAILCLIENT DRP >	5,811,475	1.95
SANCTUARY ENTERPRISES PTY LTD < THOMAS FAMILY A/C >	5,714,286	1.92
MR DAVID ALAN HEATHER	2,910,715	0.98
BRINDLE HOLDINGS PTY LTD < O'CONNOR S/F A/C >	2,800,000	0.94
MORE & CHASE PTY LTD	2,072,917	0.70
VALEBARK PTY LTD < THE SCULLY INVESTMENT TRUST >	1,950,000	0.66
VALEBARK PTY LTD < THE SCULLY INVESTMENT TRUST >	1,950,000	0.66
RAFFY HOLDINGS PTY LTD < RAFFY A/C >	1,927,343	0.65
MAHN DHERAN PTY LTD < MEGCAM SUPERANNUATION FUND >	1,759,194	0.59
	226,179,188	76.04

Substantial holders

Set out below are the names of substantial holders in the Company and the number of equity securities in which each substantial holder and the substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company.

	Ordinary shares	
	Number held	% of total shares issued
Xplore Wealth Limited (Investment Administration Services Pty Ltd)	54,969,436	18.47
Colin Scully and Valebark Pty Ltd	39,567,047	13.30
Donald Sharp, Donald Financial Enterprises Pty Ltd and S&F Financial Services Pty Ltd	35,707,047	12.00
PAC Capital Pty Ltd	20,980,012	7.05
Investors Mutual Limited	20,200,000	6.79
Paul Collins and Parmms Enterprises Pty Ltd	17,765,602	5.97
Starmay Superannuation Pty Ltd	17,573,658	5.91

Number of holders and voting rights in each class of security

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

Class of security	Number of holders	Voting rights
Ordinary shares	733	Yes
Options granted under Employee Share Option Plan exercisable at $0.35 and expiring on 15 September 2021 subject to Plan rules	3	No
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 29 January 2022 subject to Plan rules	1	No
Options granted under Employee Share Option Plan exercisable at $0.28 and expiring on 15 February 2023 subject to Plan rules	32	No
Options granted under Employee Share Option Plan exercisable at $0.18 and expiring on 12 March 2024 subject to Plan rules	66	No
Options granted under Executive Share Option Plan exercisable at $0.18 and expiring on 13 March 2024 subject to Plan rules	6	No
Options granted under Executive Share Option Plan exercisable at $0.25 and expiring on 16 March 2024 subject to Plan rules	1	No
Options granted under Executive Share Option Plan exercisable at $0.30 and expiring on 16 March 2024 subject to Plan rules	1	No

Subject to the Company's constitution and to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person, by proxy or representative;
- on a show of hands, every shareholder or person entitled to the rights of a shareholder according to the Company's constitution present in person, by proxy or representative, has one vote; and
- on a poll, every shareholder or person entitled to the rights of a shareholder according to the Company's constitution present in person, by proxy or representative, has:
  - one vote for each fully paid share that shareholder holds; and
  - a fraction of a vote for each partly paid share that shareholder holds, where the fraction is equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on that share,
- except that a shareholder is not entitled to vote at a general meeting if:
  - any calls or other sum presently payable by that shareholder in respect of shares are outstanding; or
  - that shareholder is in breach of the ASX Listing Rules relating to restricted securities, or in breach of a restriction agreement by that shareholder.

Unmarketable parcels of shares

The number of shareholders with less than a marketable parcel of shares is 63 (calculated using share price of $0.10).

Classes of unquoted equity securities

Class of security	Number of holders	Total Units
Options granted under Employee Share Option Plan exercisable at $0.35 and expiring on 15 September 2021 subject to Plan rules	3	278,735
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 29 January 2022 subject to Plan rules	1	856,666
Options granted under Employee Share Option Plan exercisable at $0.28 and expiring on 15 February 2023 subject to Plan rules	32	1,506,816
Options granted under Employee Share Option Plan exercisable at $0.18 and expiring on 12 March 2024 subject to Plan rules	66	5,781,400
Options granted under Executive Share Option Plan exercisable at $0.18 and expiring on 13 March 2024 subject to Plan rules	6	14,325,000
Options granted under Executive Share Option Plan exercisable at $0.25 and expiring on 16 March 2024 subject to Plan rules	1	1,000,000
Options granted under Employee Share Option Plan exercisable at $0.30 and expiring on 16 March 2024 subject to Plan rules	38	1,000,000

General

There is a current on-market buy-back for the Company's securities. The on-market buy-back was commenced on 14 August 2015 and is of unlimited duration. The maximum number of shares that the Company intends to buy-back under the buy-back is 7,500,000 of which 27,351 is not completed.

There have been no issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act 2001 (Cth) which have not yet been completed.

The registers of securities of the Company and transfer facilities are kept by the Company's share registry, Registry Direct at Level 6, 2 Russell Street, Melbourne VIC 3000. The telephone numbers for Registry Direct are 1300 55 66 35 (within Australia) and +61 3 9909 9909 (outside Australia). The registers of securities of subsidiaries of the Company are kept at the Company's registered office.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Directors	Alexander Hutchison - Non-executive Chairman Donald Sharp Stephen Reed Julie Berry
Company secretaries	Jillian McGregor Craig Giffin
Notice of annual general meeting	The date of the annual general meeting of Xplore Wealth Limited is: 25 November 2020 Notification of the time and venue for the meeting will be released separately.
Registered office	Level 5 28 Margaret Street Sydney NSW 2000 Tel: 1800 446 971
Share register	Registry Direct Level 6 2 Russell Street Melbourne VIC 3000 Tel: 1300 556 635
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Hall and Wilcox Level 11, Rialto South Tower 525 Collins Street Melbourne VIC 3000 Coleman and Greig Level 11 100 George Street Parramatta NSW 2150
Stock exchange listing	Xplore Wealth Limited shares are listed on the Australian Securities Exchange (ASX code: XPL)
Website	http://www.xplorewealth.com.au
Corporate Governance Statement	https://xplorewealth.com.au/shareholder-centre/corporate-governance/#corporate-governance-statement

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