Xplore Wealth Limited – (ASX XPL)
ABN 34 128 316 441

Annual Report

For the year ended 30 June 2019

XPLORE WEALTH

Contents

NON-EXECUTIVE CHAIRMAN – PETER BROOK

On behalf of the Xplore Wealth Limited board (Board), I am pleased to present the Company's annual report for the year ended 30 June 2019. The 2019 financial year represented one of both challenge and change for the Xplore Wealth business and importantly the business is now very well positioned to leverage the opportunities that exist in the market today and into the future.

The 2019 EBITDA, after adjusting for one off items, came in at $3.1 million – in line with the revised Board guidance of $3.0-4.0 million issued in May 2019.

Our funds under administration (FUA) stood at $13.4 billion plus $953 million FUA in DIY superannuation administrative services as at 30 June 2019, compared with $13 billion as at 30 June 2018.

In April 2019, the Board announced a new name, brand and direction for the business, with the core objective of positioning Xplore Wealth as a leading independent platform provider in the Australian financial services market. The new branding represented a key milestone for Xplore Wealth, not only in terms of our positioning in the market, but also in how we – as a business – will operate moving forward.

The Board determined that new skills and capabilities were needed to improve the momentum of the business towards capitalising on opportunities and refocussing on shareholder returns. As a consequence, the Board announced during the year the departure of our previous CEO, David Heather and that a search for a new CEO had commenced. I would like to take this opportunity to thank David for his significant contribution to the nascent Group over a 10 year period and wish him every success in the future.

I would also like to welcome Mike Wright as the new CEO of Xplore Wealth for its next stage of growth and development plans. Mike commences on the 9th September. He brings a relevant skill set to Xplore together with his deep experience in financial services. I look forward to working with Mike as we position the business for growth and shareholder return.

Mike's appointment is complemented by the appointment of a new Head of Sales and Marketing in Anne Hamieh who commenced on August 26, and the appointment of Bruce Hawkins as the Group CFO who commenced in April 2019. With these appointments, together with our existing leadership team, the Board is confident that we have a highly experienced, capable and driven executive team to lead Xplore Wealth.

I would also like to thank Don Sharp who has fulfilled a number of executive roles during the year whilst we have restructured the executive team, including Acting CEO over the past four months.

Post the successful acquisition of Linear Financial Holdings in November 2017, the Board made a further two strategic acquisitions during the year.

Aracon Superannuation Pty Ltd, an existing registrable superannuation entity, was acquired in November 2018. The acquisition enables Xplore Wealth to deliver upgraded superannuation solutions to its financial planning, stockbroking and institutional client base.

DIY Master Pty Ltd (DIY), a superannuation administrator and promoter, was acquired in December 2018. The acquisition of DIY initiated Xplore Wealth's entry into the superannuation administration segment, continuing the company's strategy to broaden its capability across both superannuation and non-superannuation administration solutions.

These acquisitions complement our service offering and provide Xplore Wealth with a complete, whole of wealth solution to our clients. We are already experiencing the benefits of this with a number of new clients signing up to our superannuation offerings.

Xplore Wealth also launched its wrap service in June 2019, providing our clients with a superannuation, pension and investment wrap service offering access to direct equities, managed funds, model portfolios and international equities. The wrap service is priced very competitively in the market and complements our managed account service, offering advisers choice and flexibility as they look to navigate the new regulatory regime post the banking royal commission.
In an industry facing regulatory uncertainty, demand for independent platform services is expected to continue to grow. The fallout from the banking royal commission continues and we have seen significant movement of advisers away from the big banks to independent licensees with further fragmentation expected to occur post the divestment of large bank owned financial planning groups.

As an independent platform and administration provider, Xplore Wealth is well positioned to take advantage of this trend.

Two aspects of the board's capital management are worth dwelling on: our ongoing share buy-back program and dividend policy.

During the first half of the financial year, the Board undertook a series of on-market share buy-backs. In the board's view, the market was not ascribing full value to Xplore Wealth shares and as such, it made sense to buy back shares at the appropriate time. The Board will continue to assess the market opportunities for further share buy-backs over the 2020 financial year.

The Board suspended dividend payouts after the Linear acquisition to support the company's growth strategy. Consideration of a resumption of payouts will be reviewed by the Board during the year, however it is expected that no dividends will be paid in the 2020 financial year.

I thank all board members, Acting CEO Don Sharp and indeed all staff across the business. 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.

Peter Brook
Non-executive Chairman

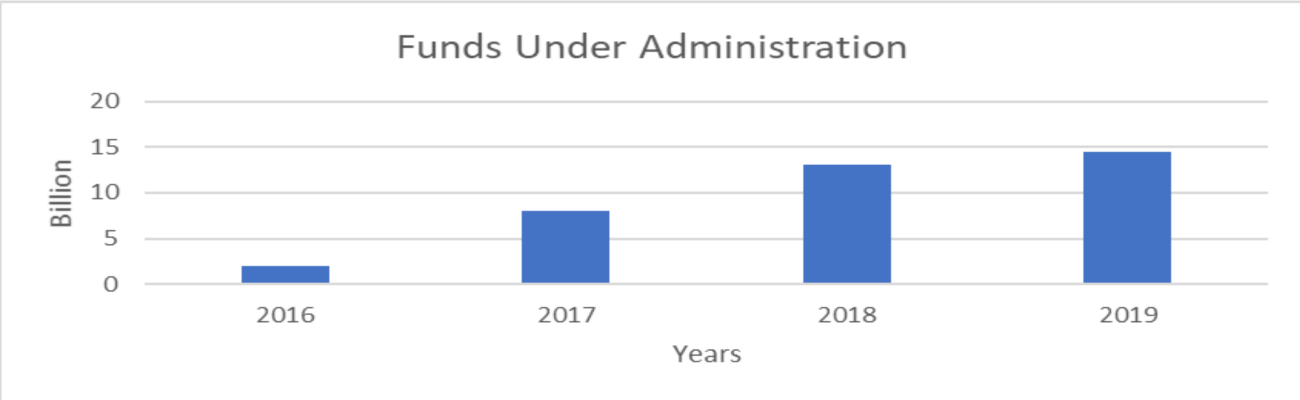
29 August 2019
Sydney

The Banking Royal Commission dominated the landscape for financial services over the 2019 financial year and the fallout from the review findings will continue to impact our markets for some time yet.

Xplore Wealth is very well positioned to leverage the opportunities arising from the Commission, especially the fragmentation of the larger bank owned financial planning groups and the ongoing transition away from conflicted remuneration.

The investment platform market has continued to experience a period of growth as financial planners and stockbrokers leverage the investment choice, flexibility and ease of administration offered by investment platforms. Xplore Wealth has expanded its superannuation services over the year to broaden its reach in the Australian superannuation and pension markets which continue to grow through the benefit of mandated superannuation contributions.

As can be seen from the following table, Xplore Wealth has continued to grow its funds under administration over the year and now administers in excess of $14.4 billion on behalf of our clients.



A key focus for the Group is to attract new clients to our range of services and to retain our core clients well into the future. Over the past year, we have reviewed our product suite and introduced new pricing arrangements for core clients and also introduced a new wrap service. The Xplore Wrap and Xplore Super and Pension Service offers our clients a fully functioned wrap service with access to broad range of domestic and international securities, managed funds and model portfolios. The wrap service is very competitively priced relative to the market and offers full white label capability for those clients wishing to leverage their own branding and reputation.

The departure of David Heather, our previous CEO, signalled the Board to refocus on performance and lead to a review of our leadership team, and promoting the appointment of key persons within the Group:

- Mike Wright has been appointed as the new CEO for Group and will commence on 9 September;
- Anne Hamieh has been appointed as the Head of Sales and Marketing with the core objective of attracting new clients to the Group and ensuring the needs of our existing customers are well serviced;
- Bruce Hawkins was appointed as CFO in April 2019 and brings a wealth of experience in investment platforms and superannuation administration; and
- Gloria Saliba was appointed as Head of People and Culture with the primary goal of attracting new talent into the organisation and focussing on the Group's culture and talent development.

The acquisitions of Aracon Superannuation and DIY Master during the year highlight our ongoing focus on expanding our reach into the Australian superannuation and pension markets. Xplore Wealth now participates along the full range of the value chain in the superannuation and pension markets and can support our clients with a full range of services spanning trustee services, fund administration and investment administration.

Xplore Wealth has also commenced a number of projects to drive further operational efficiencies within the business with the primary objectives of maintaining our pricing competitiveness in the market and improving overall profitability. These include a review of our custodial arrangements, systems rationalisation, operational structure and cost structures.

I would like to thank the Board for their support and guidance over the year and I look forward to working with Mike Wright and his leadership team in the coming year as we leverage the opportunities that exist in the market today.

Don Sharp
Chief Executive Officer

29 August 2019
Sydney

Xplore Wealth is one of Australia's leading independent platform providers and investment administrators with a specialisation in managed accounts. Established in 2004, it provides platform, administration and technology solutions to some of Australia's leading stockbrokers, wealth managers, and financial advisory firms. Xplore Wealth is responsible for funds under administration of over $14.4 billion.

Xplore Wealth has extensive administration capabilities, offering a comprehensive multi asset, multi market and multi custody administration solution. This is complemented with an ability to hold assets directly in the client's name through Xplore Wealth's ASX Participant status which enables investors to have choice of broker when trading listed securities and, as at the date of this report, a cash account that provides one of the highest interest earning outcomes for investors across all platforms in Australia.
The December quarter saw the completion of the purchase of superannuation administrator DIY Master Pty Ltd (DIY).

Coupled with the acquisition of the Aracon Trustee business this now enables the Group to offer an end to end superannuation solution encompassing trustee services, member administration and investment management. The Group now offers both comprehensive investment and superannuation solutions to clients of the Group as well as existing clients of both Aracon and DIY. The services of both Aracon and DIY are offered independently to the broader market including those with their own investment administration services.

Xplore Wealth has more than $2.9 billion in individual international securities which is by far greater than any retail platform in Australia.

This capability is 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 several products and services it distributes:

- **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. Our new PAS service will provide shadow brokers the ability for Xplore Wealth to hold the clients HIN and cash, which allows them to trade through broker of choice. They will be able to acquire International Securities, Wholesale Managed Funds, SMA via our Wrap service. All assets will be reported in their PAS accounts with end of year tax reporting;

- **Wrap service.** The Xplore Wealth Wrap and Superannuation and Pension Service offers 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;

- **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;

- **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**. The acquisition of Aracon Superannuation Pty Ltd, a superannuation Trustee and DIY Master Pty Ltd, a provider of specialist superannuation administration services, allows 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 capability and target markets for these solutions are outlined in the table below.

XPLORE PAS	XPLORE WRAP	XPLORE MDA	XPLORE OUTSOURCING
All ASX securities held in client HINs Access to wrap • International securities in 28 markets and 6 currencies • Managed funds • SMAs for all asset classes • Competitive cash interest rate Targeted at ASX participants and shadow brokers	Investment Wrap Super and Pension Wrap **Flagship** wrap platform with broad investment offering and true multi country and multi currency capability Targeted at IFAs and stockbrokers.	Investment MDA Super and Pension MDA Platform solution enabling a wide choice of investments, efficiency of execution and adviser **discretion.** Targeted at IFAs, stockbrokers and investment managers	**Bespoke** outsourcing solutions An **unbundled** offering enabling clients to outsource non-core activities 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.

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 2019.

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:

Peter Brook - Chairman	
Donald Sharp - Previous role: Chairman, acting CFO and now acting CEO	
Stephen Reed	
Alex Hutchinson	(Appointed 27 June 2019)
Pamela McAlister	(Appointed 3 September 2018, resigned 1 July 2019)
Colin Peterson	(Resigned 24 September 2018)

Principal activities

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

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2019	2018
	$	$
Interim dividend paid for the quarter ended 30 June 2017 of $0.002 per share	-	267,766

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 2019.

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 $540,340 (30 June 2018: $2,503,883).

The results for 30 June 2018 included contributions of Linear Financial Holdings Pty Ltd for seven and a half months.

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

On 1 November 2018, the Company acquired 100% of the ordinary shares of Aracon Superannuation Pty Ltd ('Aracon'), an existing Registrable Superannuation Entity, for the total consideration of $255,114.

On 19 December 2018, the Company acquired 100% of the ordinary shares of DIY Master Pty Ltd, a superannuation administrator and promoter, for the total consideration of $1,500,000.

On 16 April 2019, the Company changed name from Managed Accounts Holdings Limited to Xplore Wealth Limited following the brand relaunch.

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

Matters subsequent to the end of the financial year
On the 17 July 2019, the Group entered into a sale agreement for the sale of all of its interests in Mcgregor Wealth Management Pty Ltd ('MWM')for $500,000 as well as the repayment of loan funds of $250,000 owing by MWM and an entity related to Rod Mcgregor. The sale price and outstanding loans are personally guaranteed by Rod Mcgregor. Settlement is expected prior to 31 December 2019.

On 26 August 2019, the Group has entered into a short term loan agreement from a party related to Don Sharp, Executive Director of the Group, for $1,000,000 for a four month term at interest rate of 8.5%.This will assist in the working capital of the business.

No other matter or circumstance has arisen since 30 June 2019 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:	Peter Brook
Title:	Chairman
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 Chairman of the ARC Audit and Finance Sub-committee, Chairman of the Remuneration and Nomination Committee and a member of the ARC Risk and Compliance Sub-committee.
Interests in shares:	219,333 ordinary shares indirectly held.
Interests in options:	None.

Name:	Donald ('Don') Sharp
Title:	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 is the acting Chief Executive Officer of the Company and a member of the ARC Risk and Compliance Sub-committee and the ARC Audit and Finance Sub-committee.
Interests in shares:	10,000 ordinary shares directly held and 33,896,045 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 ARC Audit and Finance Sub-committee and the Remuneration and Nomination Committee
Interests in shares:	215,970 ordinary shares, directly held as trustee.
Interests in options:	None

Name:	Alexander ('Alex') Hutchison
Title:	Non-Executive Director (appointed 27 June 2019)
Qualifications:	LLB, GradDipFinSvcs
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 Association of Building Societies and Credit Unions ('ABACUS').
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	Alex is Chairman of the Risk and Compliance Committee and a member of Remuneration and Nomination Committee.
Interests in shares:	200,000 ordinary shares directly held.

Name:	Pamela McAlister
Title:	Non-Executive Director (appointed 3 September 2018, 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

Name:	Colin Peterson
Title:	Non-Executive Director (resigned 24 September 2018)
Qualifications:	GAICD, CFP, (FPA), Associate FPA, Diploma Financial Planning, AAII
Experience and expertise:	Colin was a founding Director and the Executive Chairman of the Linear Group from May 2006 until November 2017. The Linear Group were pioneers in the MDA/SMA Platform arena amassing some $9.3 Billion in FUM. Colin was also the Executive Chairman and Responsible Officer of Linear Asset Management Ltd (an unlisted public company, part of the Linear Group) from May 2006 until February 2016. Colin has more than 35 years' experience in financial services and has held multiple roles as a responsible officer including for the Linear Superannuation Fund. As a founding member of SPAA and an early specialist in SMSF (Self-Managed Superannuation) he has significant experience in Superannuation. Colin has a track record of protecting the rights of shareholders.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director

'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 Financial Services. Previously a senior consultant to Financial Services and in his last corporate role as Head of Risk Management, Compliance, Legal and Trustee Service, Craig has also held roles as Executive Head of Risk, Compliance, Legal and Governance for Australia and New Zealand at Nikko Asset Management Limited. Craig has extensive global experience having held executive regional and global leadership roles in risk management, legal and compliance including at 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 2019, 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
Peter Brook	12	12	7	7	9	9
Donald Sharp	12	12	7	7	9	9
Stephen Reed	9	9	5	7	-	-
Pamela McAlister	8	8	6	6	7	7
Colin Peterson	4	4	-	-	2	2

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

There were no meetings of the Remuneration and Nomination Committee held during the year.

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 have 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 executive 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 incentives ('STI') program is designed to align the targets of the business units 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 ('KPI’s') for the year ended 30 June 2019 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 2019 incorporated cash bonuses with a capped pool of $400,000, with the Chief Executive Officer being entitled to a maximum of 30% of the capped pool, subject to meeting his KPIs and other requirements. The Chief Executive Officer was entitled to a cash bonus of $90,000 under this program in relation to his performance during the year ended 30 June 2019. As budget was not achieved, no STI bonus payments were made to individual executives.

A short-term incentive (STI) plan incorporating cash bonuses of a capped pool of $300,000 relation to the FY2019/2020 is currently available to all staff with the exception of the Chief Executive Officer, Head of Distribution and Marketing and staff in the Distribution Team who are subject to a separate STI arrangement based on achievement of KPIs. The STI plan is payable at the discretion of the Company and may be made available if the Company’s budget and business plan achievements are met. Any STI payable will be paid in cash.

An STI plan in relation to theFY2019/2020 is available to the Company’s Chief Executive Officer and the Head of Distribution and Marketing based on the outperformance as measured by earnings before interest, tax, depreciation and amortisation ('EBITDA') and satisfaction of specific non-financial KPIs by individual executives.

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 motivation to make 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

3,000,000 options under the Executive Plan have been granted to David Heather, the Company's Chief Executive Officer, and include a range of conditions associated with his performance in the areas of financial management (including the Group's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. Due to the cessation of his employment the options were forfeited.

3,000,000 options under the Executive Plan have been granted to Tony Nejasmic, Head of Distribution and Marketing, and include a range of conditions associated with his performance in the areas of net inflows to increase Funds Under Administration and implementation fee revenue. Due to the cessation of his employment the options were forfeited.

750,000 options under the Executive Plan have been granted to Kobie Turner, Head of Product, and include a range of conditions associated with his performance including the achievement of KPIs. Due to the cessation of his employment the options were forfeited.

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. The options in Tranche 2 either vested or lapsed as disclosed to the ASX on 31 July 2019.

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, 4,434,873 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.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. The FY2017/2018 STI program payments were dependent on 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 2019, the Group did not engage any remuneration consultants to review its remuneration policies.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')
At the 4 October 2018 AGM, 99.82% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. 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:
- David Heather - Chief Executive Officer (resigned 10 May 2019)
- Craig Giffin - Chief Risk Officer
- Tony Nejasmic - Head of Distribution and Marketing (resigned 7 June 2019)
- Kobie Turner - Head of Product (resigned 28 June 2019)
- Pamella Wilson - Chief Operating Officer (appointed 9 January 2019)
- Sanja Petrovic - Head of Information Technology (appointed 6 March 2019)
- Gloria Saliba - Head of People and Culture (appointed 10 December 2018)
- Bruce Hawkins - Chief Financial 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	
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 cash salary and fees for David Heather includes the annual leave and long service leave paid on termination.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Leave benefits $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Brook	60,000	-	-	5,700	-	-	65,700
Colin Peterson*	36,385	-	-	3,457	-	-	39,842
Stephen Reed*	36,385	-	-	3,457	-	-	39,842
Alexander Hutchison**	51,615	-	-	4,903	-	-	56,518
Executive Directors:							
Donald Sharp	77,250	50,000	-	7,339	-	-	134,589
Other Key Management Personnel:							
David Heather	256,667	90,000	-	24,383	10,546	100,083	481,679
Craig Giffin*	152,923	40,000	-	14,528	-	15,230	222,681
Tony Nejasmic	238,130	-	-	22,622	-	140,883	401,635
Kobie Turner*	171,692	-	-	16,302	-	4,373	192,367
Carl Baum**	115,305	-	-	10,954	-	-	126,259
Pamella Wilson	158,219	10,000	-	15,031	-	5,886	189,136
Sanja Petrovic	51,825	15,000	-	4,923	4,315	5,715	81,778
	1,406,396	205,000	-	133,599	14,861	272,170	2,032,026

* Remuneration is from date of appointment to 30 June 2018.
** Remuneration is from 1 July 2017 to date of resignation.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2019	2018	2019	2018	2019	2018
Non-Executive Directors:						
Peter Brook	100%	100%	-	-	-	-
Stephen Reed	100%	100%	-	-	-	-
Alexander Hutchison	100%	-	-	-	-	-
Pamela McAlister	100%	-	-	-	-	-
Colin Peterson	100%	100%	-	-	-	-
Executive Directors:						
Donald Sharp	100%	63%	-	37%	-	-
Other Key Management Personnel:						
David Heather	100%	60%	-	19%	-	21%
Craig Giffin	89%	75%	-	18%	11%	7%
Tony Nejasmic	100%	65%	-	-	-	35%
Kobie Turner	100%	98%	-	-	-	2%
Pamella Wilson	98%	92%	-	5%	2%	3%
Sanja Petrovic	98%	75%	-	18%	2%	7%
Gloria Saliba	100%	-	-	-	-	-
Bruce Hawkins	100%	-	-	-	-	-

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:	Donald Sharp
Title:	Executive Director
Agreement commenced:	1 February 2014
Term of agreement:	No term
Details:	Base remuneration of $262,800 No notice period

Name:	David Heather (resigned 10 May 2019)
Title:	Chief Executive Officer
Agreement commenced:	1 February 2014
Term of agreement:	No term
Details:	Base salary of $323,208 3 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:	Tony Nejasmic (resigned 07 June 2019)
Title:	Head of Distribution and Marketing
Agreement commenced:	29 May 2017
Term of agreement:	No term
Details:	Base salary of $262,800 3 months notice period

Name:	Kobie Turner (resigned 28 June 2019)
Title:	Head of Product
Agreement commenced:	3 July 2017
Term of agreement:	No term
Details:	Base salary of $200,385 1 month notice period

Name:	Pamella Wilson
Title:	Chief Operating Officer
Agreement commenced:	25 September 2015
Term of agreement:	No term
Details:	Base salary of $220,000 1 month notice period

Name:	Sanja Petrovic
Title:	Head of Information Technology
Agreement commenced:	4 August 2008
Term of agreement:	No term
Details:	Full time equivalent salary of $210,000 1 month notice period

Name:	Gloria Saliba (appointed 10 December 2018)
Title:	Head of People and Culture
Agreement commenced:	10 December 2018
Term of agreement:	No term
Details:	Base salary of $201,480 1 month notice period

Name:	Bruce Hawkins (appointed 23 April 2019)
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 2019 other than by virtue of the exercise by a member of key management personnel of some staff options granted under the Employee Plan in 2015.

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	$0.22	$0.0517
29 Jan 2018	31 Jul 2018	29 Jan 2022	$0.35	$0.0920
15 Feb 2019	31 Jul 19	15 Feb 2023	$0.28	$0.0380

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	$0.35	$0.0920
	333,333	29 Jan 2018	31 Jul 2019	29 Jan 2022	$0.35	$0.0920
	333,334	29 Jan 2018	31 Jul 2020	29 Jan 2022	$0.35	$0.0920
Pamella Wilson**	115,000	27 Nov 2015	31 Jul 2016	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2017	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2018	27 Nov 2019	$0.22	$0.0517
	97,000	15 Feb 2019	31 Jul 2019	15 Feb 2023	$0.28	$0.0380
Sanja Petrovic***	115,000	27 Nov 2015	31 Jul 2016	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2017	27 Nov 2019	$0.22	$0.0517
	115,000	27 Nov 2015	31 Jul 2018	27 Nov 2019	$0.22	$0.0517
	80,000	15 Feb 2019	31 Jul 2019	5 Feb 2023	$0.28	$0.0380

* Total number of options granted to Craig Giffin is 1,000,000.
** Total number of options granted to Pamella Wilson is 442,000.
*** Total number of options granted to Sanja Petrovic is 425,000.

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 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Profit/(loss) after income tax	(540,340)	(2,503,883)	670,648	740,464	559,889

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

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.10	0.22	0.35	0.45	0.17
Total dividends declared (cents per share)	-	-	0.08	0.08	0.06
Earnings per share (cents per share)	(0.18)	(1.05)	0.50	0.55	0.41

Additional disclosures relating to key management personnel

There are no 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					
Donald Sharp	32,075,399	-	1,830,646	-	33,906,045
Peter Brook	16,000	-	203,333	-	219,333
Colin Peterson	13,441,605	-	-	(13,441,605)	-
Stephen Reed	215,970	-	-	-	215,970
Alexander Hutchison	-	-	200,000	-	200,000
David Heather	4,250,001	-	-	(4,250,001)	-
Tony Nejasmic	95,000	-	-	(95,000)	-
Sanja Petrovic	1,600	-	-	-	1,600
	50,095,575	-	2,233,979	(17,786,606)	34,542,948

* Disposals/other represents no longer a Director or key management personnel, not necessarily a physical disposal

Option holding
The number of options 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					
David Heather	4,700,000	-	-	(4,700,000)	-
Craig Giffin	1,000,000	-	-	(43,334)	956,666
Tony Nejasmic	3,000,000	-	-	(3,000,000)	-
Kobie Turner	205,000	750,000	-	(955,000)	-
Pamella Wilson	316,250	97,000	-	(11,500)	401,750
Sanja Petrovic	210,450	80,000	-	(8,050)	282,400
	9,431,700	927,000	-	(8,717,884)	1,640,816

	Options vested and exercisable
Options over ordinary shares	
Craig Giffin	956,666
Pamella Wilson	401,750
Sanja Petrovic	282,400
	1,640,816

This concludes the remuneration report, which has been audited.

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
27 November 2015	27 November 2019	$0.22	2,279,400
15 September 2017	15 September 2021	$0.35	289,101
29 January 2018	29 January 2022	$0.35	913,333
15 February 2019	15 February 2023	$0.28	1,866,372
			5,348,206

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 2019 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.

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 33 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 33 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.

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 this directors' 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

Don Sharp
Executive Director

29 August 2019
Sydney

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Auditor's Independence Declaration

To the Directors of Xplore Wealth Limited (formerly known as Managed Accounts Holdings Limited)

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Xplore Wealth Limited (formerly known as Manage Accounts Holdings Limited) for the year ended 30 June 2019, 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

Grant Layland
Director – Audit & Assurance

Sydney, 29 August 2019

Xplore Wealth Limited
(Formerly known as Managed Accounts Holdings Limited)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue			
Service fee revenue		22,769,969	15,146,761
Less: transaction costs		(4,754,600)	(3,106,411)
Gross margin		18,015,369	12,040,350
Share of profits of joint ventures accounted for using the equity method		50,412	21,351
Interest income		94,648	127,506
Other income		485,469	498,316
Expenses			
Employee benefits expense		(10,483,777)	(6,820,524)
Professional Fees and Consulting		(1,011,828)	(739,216)
Depreciation and amortisation expense	7	(4,483,441)	(2,788,390)
Write off of assets	7	(5,397)	(1,934,943)
Computer and IT expenses		(1,547,126)	(548,036)
Premises expense		(506,341)	(438,294)
Acquisition related expenses		(223,911)	(1,262,843)
Impairment of investments	14	(94,943)	-
Cost of Employee Share Scheme		23,059	(282,037)
Other expenses	7	(2,126,661)	(1,267,821)
Finance costs	7	(5,330)	(5,428)
Loss before income tax benefit		(1,819,798)	(3,400,009)
Income tax benefit	8	1,279,458	896,126
Loss after income tax benefit for the year attributable to the owners of Xplore Wealth Limited	28	(540,340)	(2,503,883)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Xplore Wealth Limited		(540,340)	(2,503,883)
		Cents	**Cents**
Basic earnings per share	41	(0.18)	(1.05)
Diluted earnings per share	41	(0.18)	(1.05)

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

Xplore Wealth Limited
(Formerly known as Managed Accounts Holdings Limited)
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	9	940,896	4,932,312
Other financial assets	10	1,501,000	1,250,000
Trade and other receivables	11	2,522,941	2,476,277
Other assets	12	4,083,486	-
		9,048,323	8,658,589
Non-current assets classified as held for sale	13	500,000	-
Total current assets		9,548,323	8,658,589
Non-current assets			
Investments accounted for using the equity method	14	-	544,531
Investments	15	12,000	101,184
Plant and equipment	16	340,746	261,909
Intangibles	17	38,954,133	40,549,071
Deferred tax	18	5,398,338	4,298,154
Total non-current assets		44,705,217	45,754,849
Total assets		54,253,540	54,413,438
Liabilities			
Current liabilities			
Trade and other payables	19	3,353,112	2,086,300
Deferred government grant	20	237,339	306,627
Employee benefits	21	736,092	725,045
Deferred consideration	22	500,000	-
Other		-	6,300
Total current liabilities		4,826,543	3,124,272
Non-current liabilities			
Deferred government grant	23	354,281	399,108
Deferred tax	24	757,602	981,892
Employee benefits	25	198,043	175,384
Total non-current liabilities		1,309,926	1,556,384
Total liabilities		6,136,469	4,680,656
Net assets		48,117,071	49,732,782
Equity			
Issued capital	26	56,672,814	57,725,126
Share option reserve	27	460,711	483,770
Accumulated losses	28	(9,016,454)	(8,476,114)
Total equity		48,117,071	49,732,782

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

Consolidated	Issued capital $	Share option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2017	12,169,610	201,733	(5,704,465)	6,666,878
Loss after income tax benefit for the year	-	-	(2,503,883)	(2,503,883)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,503,883)	(2,503,883)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 26)	45,555,516	-	-	45,555,516
Share-option reserve	-	282,037	-	282,037
Dividends paid (note 29)	-	-	(267,766)	(267,766)
Balance at 30 June 2018	57,725,126	483,770	(8,476,114)	49,732,782

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 42)	-	(23,059)	-	(23,059)
Share buy-back (note 26)	(1,041,893)	-	-	(1,041,893)
Transaction costs (note 26)	(10,419)	-	-	(10,419)
Balance at 30 June 2019	56,672,814	460,711	(9,016,454)	48,117,071

Refer to note 2 for detailed information the impact of adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers'.

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		21,637,631	15,004,370
Payments to suppliers and employees (inclusive of GST)		(21,631,448)	(12,690,165)
Acquisition related expenses		(223,911)	(1,262,843)
Payment to acquiree's suppliers and employees owing on acquisition		(196,209)	(1,525,774)
		(413,937)	(474,412)
Interest received		94,648	127,506
Other revenue		-	498,316
Interest and other finance costs paid		(5,330)	(5,428)
Income taxes refunded		1,793	-
Net cash from/(used in) operating activities	40	(322,826)	145,982
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	38	(903,960)	(23,071,103)
Payments for investments		(12,000)	(78,311)
Payments for plant and equipment	16	(51,328)	(213,886)
Payments for intangibles	17	(1,385,990)	(1,226,799)
(Payments)/proceeds from term deposits		(263,000)	138,318
Net cash used in investing activities		(2,616,278)	(24,451,781)
Cash flows from financing activities			
Proceeds from issue of shares		-	35,151,360
Payments for share buy-backs	26	(1,041,893)	-
Share issue transaction costs	26	(10,419)	(1,910,133)
Dividends paid	29	-	(267,766)
Repayment of borrowings - Linear		-	(5,359,168)
Net cash from/(used in) financing activities		(1,052,312)	27,614,293
Net increase/(decrease) in cash and cash equivalents		(3,991,416)	3,308,494
Cash and cash equivalents at the beginning of the financial year		4,932,312	1,623,818
Cash and cash equivalents at the end of the financial year	9	940,896	4,932,312

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:

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 29 August 2019. 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 9 Financial Instruments

The Group adopted AASB 9 from 1 July 2018 using the modified retrospective approach and as such comparatives have not been restated. The standard introduced new classification and measurement models for financial assets and introduces an expected credit loss model for impairment. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The Group adopted AASB 15 from 1 July 2018 using the modified retrospective approach and as such comparatives have not been restated. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Initial adoption of AASB 9
The adoption of AASB 9 has no significant impact on the financial performance on the basis that the main financial assets recognised represent cash and cash equivalent and trade receivables that do not carry a significant financing component and involve a single cash flow representing the repayment of principal, which in the case of trade receivables is the transaction price. Both asset classes are continued to be measured at amortised value. Other financial asset consisting of bank and term deposits and loan receivables are continued to be measured at amortised cost.

The following table explain the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Group's financial assets as at 1 July 2018.

Financial assets	Original classification	New classification	Change in carrying amount
Cash and cash equivalents	Loans and receivables	Amortised cost	No impact on transition to AASB 9
Trade and other receivables	Loans and receivables	Amortised cost	No impact on transition to AASB 9
Other financial assets	Loans and receivables	Amortised cost	No impact on transition to AASB 9

Financial liabilities
Financial liabilities of the Group are not impacted as the Group does not carry them at fair value.

Hedging
The Group does not have any hedging instruments and the simplification of the hedging rules in AASB 9 has no impact on the Group.

Impairment of receivables
The Group has elected to measure expected credit loss on trade receivables using a life-time expected loss model. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. As the Group does not have a history of bad debts and anticipates this in the future, the allowance has been calculated at $nil.

The Group has determined that the application of AASB 9's impairment requirement at 1 July 2018 did not result in a material change to the allowance for expected credit losses.

Initial adoption of AASB 15
The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group earns services fees from the provision of investment administration services (funds under management), transaction and brokerage fees and implementation fees. Under AASB 15, revenue is recognised when the performance obligation has been satisfied. Determining the timing of revenue recognition, at a point in time or over time, requires judgement.

Note 2. Significant accounting policies (continued)

The Group has determined that administration service fees are recognised as revenue over time as the service is provided, that is, on a monthly basis. Transaction and brokerage fees and implementation fees are recognised as revenue at a point in time at the date of the transaction. This best describes the transfer of services as the customer receives and consumes the benefit.

As a result of adopting AASB 15, accrued revenue is now classified as contract assets during the year ended 30 June 2019. Other than the reclassification, the Group has determined that the adoption of AASB 15 did not have any other significant impact on the financial performance or position of the Group during the year ended 30 June 2019.

Going concern

For the year ended 30 June 2019, the Group incurred a loss after tax of $540,340 (30 June 2018: $2,503,883). During the same year, the Group had operating cash outflows of $322,826 (30 June 2018: cash inflow of $145,982). Notwithstanding this, 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 ability of the Group to meet operating cash requirements for the next 12 months is based upon the following factors:

- the cash base of $940,896 and the outstanding GST receivable of $3,494,950 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 Group expects to receive continued investor support and funding; and
- the Group has, and will continue to, initiate a number of substantial changes in order to endeavour to return to improved cash generation, maintain a positive net asset value and continue to be able to meet its debts as they fall due.

Should the Group be unable to obtain the funding as described above, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

The financial statements have therefore been prepared on a going concern basis.

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 37.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Xplore Wealth Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended.

Note 2. Significant accounting policies (continued)

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.

Revenue recognition (under AASB 15 for the 2019 financial year)
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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.
(c) Implementation fees includes fees for tailoring existing services for additional features as requested by the customers. Revenue from these services are recognised at a point in time when performance obligations are met.

Note 2. Significant accounting policies (continued)

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.

Revenue recognition (under AASB 118 for the 2018 financial year)
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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 is recognised as the service is provided, i.e. on a monthly basis based on a percentage of FUA per the contract with the client.
(b) Transaction/brokerage fees are recognised at the date of the transaction.
(c) Implementation fees are recognised on a stage of completion basis, depending upon the phase of the implementation process.

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.

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

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.

Note 2. Significant accounting policies (continued)

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, it's 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 debt instruments at 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.

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.

Note 2. Significant accounting policies (continued)

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
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.

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 5 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.

Note 2. Significant accounting policies (continued)

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

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.

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.

Share-based payments
Equity-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 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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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 2019. 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.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019.

At the reporting date, the Group has non-cancellable operating lease commitments of disclosed in note 35. A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of AASB 16. The Group assessed that, using the transitional rules available, $1,825,927 will be recognised as right of use asset and $1,613,660 will be recognised as lease liability at the date of adoption on 1 July 2019.

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020.

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.

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.

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

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 and forward looking information.

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.

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.

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.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Change in accounting estimate

After the acquisition of Linear Financial Holdings Pty Ltd , it was recognised that no claim has been made relating to GST. After lengthy discussions with the Trustee of the scheme, the Group has now claimed the entitlements of $3,494,950 of which $2,337,239 relates to the period of ownership and $1,157,711 prior to ownership net of the Trustee's costs. The Trustee for the Linear Managed account service has 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. The Group had been advised by the ATO that they have accepted the application.

Note 5. 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.

Major customers
During the year ended 30 June 2019 approximately $3,998,583 (2018: $2,400,834) of the Group's external revenue was derived from sales to one client (2018: one client).

Note 6. Revenue

	Consolidated 2019 $	Consolidated 2018 $
Revenue from contracts with customers		
Service fee revenue	19,275,019	15,146,761
Other revenue		
GST claim	3,494,950	-
Revenue	22,769,969	15,146,761

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

	Consolidated 2019 $
Major product lines	
Administration fees	13,382,490
Transaction/brokerage fees	5,863,666
Implementation	28,863
	19,275,019
Geographical regions	
Australia	19,275,019
Timing of revenue recognition	
Services transferred at a point in time	10,290,554
Services transferred over time	8,984,465
	19,275,019

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

Note 7. Expenses

	Consolidated 2019 $	Consolidated 2018 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	16,702	14,345
Fixtures and fittings	6,439	5,071
Information technology equipment	100,219	59,130
Total depreciation	123,360	78,546
Amortisation		
Customer relationships	815,600	507,484
Software development costs	3,498,121	2,202,360
Other intangibles	46,360	-
Total amortisation	4,360,081	2,709,844
Total depreciation and amortisation	4,483,441	2,788,390
Write-off of assets		
Plant and equipment assets scrapped (note 16)	-	245,395
Discontinued projects - assets under development (note 17)	5,397	1,689,548
Total write-off of assets	5,397	1,934,943
Other expenses		
Insurance	183,756	160,552
Travel costs	294,745	211,841
ASX listing fees	44,184	43,271
Conference and marketing fees	47,828	77,740
Other general expense	315,023	305,417
Non-recurring expenses*	1,241,125	469,000
Total other expenses	2,126,661	1,267,821
*Non-recurring expense details**		
Card consulting	338,600	469,000
New product and services	217,140	-
Name change related expenses	115,698	-
Consulting Linear pre-acquisition expenses	199,597	-
Termination costs-synergies	370,090	-
Total non-recurring expense	1,241,125	469,000
Finance costs		
Interest and finance charges paid/payable	5,330	5,428

Note 8. Income tax benefit

	Consolidated 2019 $	Consolidated 2018 $
Income tax benefit		
Deferred tax - origination and reversal of temporary differences	(403,991)	(801,949)
Adjustment recognised for prior periods*	(875,467)	(94,177)
Aggregate income tax benefit	(1,279,458)	(896,126)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 18)	(179,701)	(662,391)
Decrease in deferred tax liabilities (note 24)	(224,290)	(139,558)
Deferred tax - origination and reversal of temporary differences	(403,991)	(801,949)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(1,819,798)	(3,400,009)
Tax at the statutory tax rate of 27.5%	(500,444)	(935,002)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	19,406	11,395
Cost of Employee Option Scheme	(6,341)	77,560
Share of profits - joint ventures	(13,863)	(5,871)
Expenses - joint ventures	26,179	72
Research and development claim	(133,503)	(137,037)
Amortisation expenses	367,290	326,492
Acquisition related expense	61,575	-
	(179,701)	(662,391)
Adjustment recognised for prior periods*	(875,467)	(94,177)
Prior year temporary differences not recognised now recognised	(224,290)	(139,558)
Income tax benefit	(1,279,458)	(896,126)

* On finalisation of income tax losses on the Linear Group, the previous estimate was increased by $875,467.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2019 $	Consolidated 2018 $
Cash on hand	2	-
Cash at bank	940,894	4,932,312
	940,896	4,932,312

Note 10. Current assets - other financial assets

	Consolidated 2019 $	Consolidated 2018 $
Loan - McGregor Wealth Management Pty Ltd	225,000	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	251,000	-
	1,501,000	1,250,000

Weighted average interest rate is 1.49% (2018: 2.06%).

Note 11. Current assets - trade and other receivables

	Consolidated 2019 $	Consolidated 2018 $
Trade receivables	1,824,820	739,083
Other receivables	94,734	1,148,656
Ex-employee loan	299,357	299,357
Prepayments	304,030	289,181
	2,522,941	2,476,277

The loan was due for repayment on 14 November 2018 but was extended to 30 September 2019.

Allowance for expected credit losses
The Group has recognised a loss of $nil (2018: $nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2019.

The ageing of the past due but not impaired receivables are as follows:

Consolidated	Expected credit loss rate 2019 %	Carrying amount 2019 $	Allowance for expected credit losses 2019 $
Not overdue	-	1,788,075	-
3 to 6 months overdue	-	21,120	-
Over 6 months overdue	-	15,625	-
		1,824,820	-

Note 12. Current assets - other assets

	Consolidated	
	2019	**2018**
	$	**$**
GST receivable	3,494,950	-
Other assets	588,536	-
	4,083,486	-

The Trustee for the Linear Managed account service has 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. The Group had been advised by the ATO that they have accepted the application.

Claims for prior periods have been lodged with the ATO and they are now auditing a sample of the invoices provided. Once the audit is completed, the Group expects to receive the amount of $3,494,950 after paying the Trustee fees costs.

The amount that relates 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.

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

	Consolidated	
	2019	**2018**
	$	**$**
Investment in joint ventures	500,000	-

On 27 June 2019, management made a decision to sale it's interest in McGregor Wealth Management Pty Ltd to Rod McGregor, the owner of the other 50% equity interest in the joint venture.

The conditions of the sale are disclosed in note 43 - events after the reporting period.

The Group measured the non-current asset classified as held for sale and recognised $94,943 as an impairment loss in the statement of profit or loss.

Note 14. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2019	**2018**
	$	**$**
Investment in joint venture	-	544,531

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	544,531	523,180
Profit after income tax	50,412	21,351
Impairment of assets	(94,943)	-
Reclassifications to non current asset held for sale (note 13)	(500,000)	-
Closing carrying amount	-	544,531

Note 14. Non-current assets - investments accounted for using the equity method (continued)

As disclosed in note 43, on 17 July 2019, the Group entered into a sale agreement for the sale of all of its interests in Mcgregor Wealth Management Pty Ltd for $500,000, as a result, the fair value is reclassified as non-current assets held for sale. See note 13.

Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	2018 %
McGregor Wealth Management Pty Ltd	Australia	49.90%	49.90%

Summarised financial information

	McGregor Wealth Management Pty Ltd 2019 $	2018 $
Summarised statement of financial position		
Cash and cash equivalents	80,490	18,471
Other current assets	23,226	40,951
Non-current assets	1,292,974	1,410,000
Total assets	1,396,690	1,469,422
Current financial liabilities (excluding trade and other payables and provisions)	121,646	166,166
Other current liabilities	28,142	40,787
Non-current financial liabilities (excluding trade and other payables and provisions)	1,040,550	1,164,570
Total liabilities	1,190,338	1,371,523
Net assets	206,352	97,899
Summarised statement of profit or loss and other comprehensive income		
Revenue	1,016,673	941,255
Interest revenue	284	219
Cost of sales	(94,635)	(89,007)
Other expenses	(695,733)	(704,598)
Finance costs	(84,673)	(87,494)
Profit before income tax	141,916	60,375
Income tax expense	(40,889)	(17,588)
Profit after income tax	101,027	42,787
Other comprehensive income	-	-
Total comprehensive income	101,027	42,787

Note 15. Non-current assets - investments

	Consolidated 2019 $	Consolidated 2018 $
Other investments	12,000	101,184

Note 16. Non-current assets - plant and equipment

	Consolidated 2019 $	Consolidated 2018 $
Leasehold improvements - at cost	83,599	83,599
Less: Accumulated depreciation	(31,143)	(14,441)
	52,456	69,158
Fixtures and fittings - at cost	71,915	10,105
Less: Accumulated depreciation	(10,304)	(3,865)
	61,611	6,240
Information technology equipment - at cost	447,656	271,575
Less: Accumulated depreciation	(220,977)	(85,064)
	226,679	186,511
	340,746	261,909

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 2017	27,272	8,256	33,541	69,069
Additions	50,218	-	163,668	213,886
Additions through business combinations (note 38)	175,910	65,102	61,883	302,895
Write off of assets	(169,897)	(62,047)	(13,451)	(245,395)
Depreciation expense	(14,345)	(5,071)	(59,130)	(78,546)
Balance at 30 June 2018	69,158	6,240	186,511	261,909
Additions	-	3,590	47,738	51,328
Additions through business combinations (note 38)	-	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

Note 17. Non-current assets - intangibles

	Consolidated 2019 $	Consolidated 2018 $
Goodwill - at cost	22,998,584	21,596,093
Customer relationships - at cost	4,078,000	4,078,000
Less: Accumulated amortisation	(1,323,084)	(507,484)
	2,754,916	3,570,516
Software development costs - at cost	18,246,008	16,885,168
Less: Accumulated amortisation	(5,562,724)	(2,281,832)
	12,683,284	14,603,336
Stafford Kitchener licence - at cost	-	17,941
Asset under development - at cost	397,715	677,274
Other intangibles - at cost	165,994	83,911
Less: Accumulated amortisation	(46,360)	-
	119,634	83,911
	38,954,133	40,549,071

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 relation-ships $	Software develop-ment costs $	Stafford Kitchener licence $	Asset under develop-ment $	Other intangibles $	Total $
Balance at 1 July 2017	-	-	1,208,180	-	1,408,450	-	2,616,630
Additions	-	-	184,516	-	958,372	83,911	1,226,799
Additions through business combinations (note 38)	21,596,093	4,078,000	15,413,000	17,941	-	-	41,105,034
Write off of assets	-	-	-	-	(1,689,548)	-	(1,689,548)
Amortisation expense	-	(507,484)	(2,202,360)	-	-	-	(2,709,844)
Balance at 30 June 2018	21,596,093	3,570,516	14,603,336	17,941	677,274	83,911	40,549,071
Additions	-	-	594,885	-	709,022	82,083	1,385,990
Additions through business combinations (note 38)	1,402,491	-	-	-	-	-	1,402,491
Write off of assets	-	-	-	(17,941)	(5,397)	-	(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

Note 17. Non-current assets - intangibles (continued)

Impairment

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 and the expected synergies from combining the acquired business with the existing 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 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 (2018 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% (2018 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 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 18. Non-current assets - deferred tax

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	5,299,612	670,070
Provisions	52,568	270,311
Superannuation and other employee benefits	278,759	956
ASX Listing and capital raising costs deductible in future years	478,964	881,817
Professional fees deductible in future years	204,530	-
Deferred revenue taxable in future years	(961,111)	-
Additions through business combinations	45,016	2,475,000
Deferred tax asset	5,398,338	4,298,154
Movements:		
Opening balance	4,298,154	342,233
Credited to profit or loss (note 8)	179,701	662,391
Additions through business combinations (note 38)	45,016	2,475,000
Additions through capital costs	-	724,353
Adjustment to deferred tax balances as a result of adjustment of prior year	875,467	94,177
Closing balance	5,398,338	4,298,154

Note 19. Current liabilities - trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	2,316,579	1,149,649
Other payables	1,036,533	936,651
	3,353,112	2,086,300

Refer to note 30 for further information on financial instruments.

Note 20. Current liabilities - deferred government grant

	Consolidated 2019 $	Consolidated 2018 $
Deferred government grant	237,339	306,627

Note 21. Current liabilities - employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Annual leave	575,352	595,279
Long service leave	160,740	129,766
	736,092	725,045

Note 22. Current liabilities - deferred consideration

	Consolidated 2019 $	Consolidated 2018 $
Deferred consideration	500,000	-

Deferred consideration
The provision represents the obligation to pay contingent consideration following the acquisition of DIY Master Pty Ltd (see note 38). The amount is payable on 31 December 2019 subject to earn out. It is measured at the present value of the estimated liability. The amount is short-term thus this represents the present value of the estimated liability.

Note 23. Non-current liabilities - deferred government grant

	Consolidated 2019 $	Consolidated 2018 $
Deferred government grant	354,281	399,108

Note 24. Non-current liabilities - deferred tax

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	(363,848)	(139,558)
Additions through business combinations	1,121,450	1,121,450
Deferred tax liability	757,602	981,892
Movements:		
Opening balance	981,892	-
Credited to profit or loss (note 8)	(224,290)	(139,558)
Additions through business combinations	-	1,121,450
Closing balance	757,602	981,892

Note 25. Non-current liabilities - employee benefits

	Consolidated	
	2019 $	2018 $
Long service leave	198,043	175,384

Note 26. Equity - issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	296,786,240	301,758,778	56,672,814	57,725,126

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	133,720,180		12,169,610
Issue of shares on exercise of options	19 July 2017	163,000	$0.22	35,860
Issue of shares	13 November 2017	121,428,571	$0.28	34,000,000
Issue of shares for acquisition of Linear Financial Holdings Pty Ltd	15 November 2017	41,335,254	$0.29	11,987,224
Issue of shares under Share Purchase Plan	1 December 2017	3,983,962	$0.28	1,115,500
Issue of shares for acquisition of Linear Financial Holdings Pty Ltd	18 May 2018	1,127,811	$0.29	327,065
Share issue transaction costs		-	$0.00	(1,910,133)
Balance	30 June 2018	301,758,778		57,725,126
Share buy-back		(4,972,538)	$0.00	(1,041,893)
Share issue transaction costs		-	$0.00	(10,419)
Balance	30 June 2019	296,786,240		56,672,814

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

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

Share buy-back
The current on-market share buy-back is unlimited in duration and for a maximum buy-back of 7,500,000 shares of which 27,351 is not completed..

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.

Note 26. Equity - issued capital (continued)

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 announced a review of the capital requirements for Managed Discretionary Accounts ('MDA') licence holders. As a result of a recent ASIC CP 200 review, MDA operators net tangible asset ('NTA') capital requirements could be up to $5,000,000. Based on our current Funds Under Advice the Group's requirement would be $5,000,000. ASIC recently announced a review of MDAs and the Group believe the capital requirements will be part of this review. The directors expect that the new NTA requirements are likely to be introduced over a number of years before the full $5,000,000 will be required.

Note 27. Equity - share option reserve

	Consolidated	
	2019 $	2018 $
Options reserve	460,711	483,770

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 28. Equity - accumulated losses

	Consolidated	
	2019 $	2018 $
Accumulated losses at the beginning of the financial year	(8,476,114)	(5,704,465)
Loss after income tax benefit for the year	(540,340)	(2,503,883)
Dividends paid (note 29)	-	(267,766)
Accumulated losses at the end of the financial year	(9,016,454)	(8,476,114)

Note 29. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2019 $	2018 $
Interim dividend paid for the quarter ended 30 June 2017 of $0.002 per share	-	267,766

Note 29. Equity - dividends (continued)

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 2019.

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 30. 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.

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 2019.

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.

The Group generates negative cash flow due to the non receipt of GST. Based on receiving the outstanding GST of $3,494,950 and entitlements in the future, the Group should generate positive cash flows.

Note 30. Financial instruments (continued)

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.

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.

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 - 2019	Weighted average interest rate %	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	-	1,036,533	-	-	-	1,036,533
Total non-derivatives		3,353,112	-	-	-	3,353,112

Consolidated - 2018	Weighted average interest rate %	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	-	1,149,649	-	-	-	1,149,649
Other payables	-	936,651	-	-	-	936,651
Total non-derivatives		2,086,300	-	-	-	2,086,300

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

Note 31. 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 is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 32. 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	
	2019	**2018**
	$	**$**
Short-term employee benefits	2,083,957	1,611,396
Post-employment benefits	181,663	133,599
Long-term benefits	12,982	14,861
Share-based payments	37,964	272,170
	2,316,566	2,032,026

Note 33. 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, and its network firms:

	Consolidated	
	2019	**2018**
	$	**$**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	124,400	118,350
Other services - Grant Thornton Audit Pty Ltd		
Other assurance services	115,000	63,000
	239,400	181,350
Other services		
Due diligence - Linear	-	90,000
Information technology strategy review	-	48,795
	-	138,795

Note 34. Contingent liabilities

The Group has no contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 35. Commitments

	Consolidated	
	2019	**2018**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities:		
Within one year	576,539	585,840
One to five years	1,236,279	1,895,670
	1,812,818	2,481,510

Note 36. Related party transactions

Parent entity
Xplore Wealth Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 39.

Joint ventures
Interests in joint ventures are set out in note 14.

Key management personnel
Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

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
There were no loans to or from related parties at the current and previous reporting date.

Note 37. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019	**2018**
	$	**$**
Loss after income tax	(1,067,441)	(1,441,452)
Total comprehensive income	(1,067,441)	(1,441,452)

Note 37. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	10,235	208,814
Total assets	51,944,544	54,389,908
Total current liabilities	591,965	318,268
Total liabilities	723,519	1,026,071
Net assets	51,221,025	53,363,837
Equity		
Issued capital	58,371,812	59,424,124
Options reserve	460,711	483,770
Accumulated losses	(7,611,498)	(6,544,057)
Total equity	51,221,025	53,363,837

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 2019 or 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 or 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 or 30 June 2018.

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 38. Business combinations

Acquisition of Aracon Superannuation Pty Ltd
On 1 November 2018, the Company acquired 100% of the ordinary shares of Aracon Superannuation Pty Ltd ('Aracon'), an existing Registrable Superannuation Entity, for the total consideration of $255,114. T The acquired business contributed revenues of $237,719 and profit after tax of $43,018 to the Group for the period from 1 November 2018 to 30 June 2019. If the acquisition occurred on 1 July 2018, the full year contributions would have been revenues of $237,719 and profit after tax of $43,018.

Acquisition of DIY Master Pty Ltd
On 19 December 2018, the Company acquired 100% of the ordinary shares of DIY Master Pty Ltd ('DIY'), a superannuation administrator and promoter, for the total consideration of $1,500,000. The acquired business contributed revenues of $729,970 and profit after tax of $59,665 to the Group for the period from 19 December 2018 to 30 June 2019. If the acquisition occurred on 1 July 2018, the full year contributions would have been revenues of $1,256,169 and profit after tax of $59,012. The values identified in relation to the acquisition of DIY is final as at 30 June 2019, the excess of net assets over the acquisition price is recognised as goodwill.

Note 38. Business combinations (continued)

Details of the acquisition are as follows:

	Aracon Fair value $	DIY Fair value $	Total Fair value $
Cash and cash equivalents	250,744	100,410	351,154
Trade receivables	-	98,195	98,195
Other receivables	-	1,413	1,413
Fixtures and fittings	-	56,420	56,420
Information technology equipment	-	94,449	94,449
Deferred tax asset	381	45,016	45,397
Trade payables	-	(158,342)	(158,342)
Other payables	-	(67,964)	(67,964)
Employee benefits	-	(68,099)	(68,099)
Net assets acquired	251,125	101,498	352,623
Goodwill	3,989	1,398,502	1,402,491
Acquisition-date fair value of the total consideration transferred	255,114	1,500,000	1,755,114
Representing:			
Cash paid or payable to vendor	255,114	1,500,000	1,755,114
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	255,114	1,500,000	1,755,114
Less: cash and cash equivalents	(250,744)	(100,410)	(351,154)
Less: contingent consideration	-	(500,000)	(500,000)
Net cash used	4,370	899,590	903,960

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 2019 %	Ownership interest 2018 %
Xplore Business Services Pty Ltd formerly known as Investment Administration Services Pty Ltd	Sydney / Australia	100.00%	100.00%
Investment Administration Services Developments 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%
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%	100.00%

Note 39. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	2018 %
Linear Invest C Pty Ltd *	Melbourne / Australia	100.00%	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%	-
DIY Master Pty Ltd	Sydney / Australia	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 2019 $	2018 $
Loss after income tax benefit for the year	(540,340)	(2,503,883)
Adjustments for:		
Depreciation and amortisation	4,483,441	2,788,390
Impairment of investments	94,943	-
Write off of non-current assets	23,338	1,934,943
Share of profit - joint ventures	(50,412)	(21,351)
Share-based payments	(23,059)	282,037
Lease expenses - non-cash	-	(351,517)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	314,532	(1,039,535)
Increase in other assets	(4,083,486)	-
Increase in deferred tax assets	(1,053,375)	(1,480,921)
Increase in other operating assets	(149,816)	-
Increase/(decrease) in trade and other payables	1,040,506	(82,856)
Increase/(decrease) in deferred government grant	(114,115)	705,735
Decrease in deferred tax liabilities	(224,290)	(139,558)
Increase/(decrease) in other provisions	(34,393)	48,198
Increase/(decrease) in other operating liabilities	(6,300)	6,300
Net cash from/(used in) operating activities	(322,826)	145,982

Note 41. Earnings per share

	Consolidated 2019 $	2018 $
Loss after income tax attributable to the owners of Xplore Wealth Limited	(540,340)	(2,503,883)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	297,974,907	238,375,354
Weighted average number of ordinary shares used in calculating diluted earnings per share	297,974,907	238,375,354
	Cents	**Cents**
Basic earnings per share	(0.18)	(1.05)
Diluted earnings per share	(0.18)	(1.05)

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

Note 42. 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 motivation to make 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 Company's performance and the performance of the senior manager; and
- exercise period ends four years after the date of grant of options.

3,000,000 options under the Executive Plan have been granted to David Heather, the Company's Chief Executive Officer, and include a range of conditions associated with his performance in the areas of financial management (including the Group's achieved net profit before taxation), board reporting, compliance, business management, strategy, marketing and public relations. Due to the cessation of his employment the options were forfeited.

3,000,000 options under the Executive Plan have been granted to Tony Nejasmic, Head of Distribution and Marketing, and include a range of conditions associated with his performance in the areas of net inflows to increase Funds Under Administration and implementation fee revenue. Due to the cessation of his employment the options were forfeited.

Note 42. Share-based payments (continued)

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. The options in Tranche 2 either vested or lapsed as disclosed to the ASX on 31 July 2019.

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.

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, 6,942,500 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.

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

Note 42. 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

2018

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	5,201,283	-	(163,000)	(577,783)	4,460,500
Employee Plan	05/09/2016	05/09/2020	$0.330	625,500	-	-	(64,720)	560,780
Employee Plan	30/06/2017	30/06/2021	$0.350	3,000,000	-	-	-	3,000,000
Executive	30/08/2017	30/08/2021	$0.350	-	3,000,000	-	-	3,000,000
Employee	15/09/2017	15/09/2021	$0.350	-	1,350,000	-	-	1,350,000
Executive	29/01/2018	29/01/2022	$0.350	-	1,000,000	-	-	1,000,000
				8,826,783	5,350,000	(163,000)	(642,503)	13,371,280

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

Grant date	Expiry date	2019 Number	2018 Number
27/11/2015	27/11/2019	2,279,400	2,544,534
15/09/2017	15/09/2021	90,767	-
29/01/2018	29/01/2022	290,000	-
		2,660,167	2,544,534

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
15/02/2019	15/02/2023	$0.14	$0.28	64.40%	-	1.50%	$0.0380

* 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 43. Events after the reporting period

On the 17 July 2019, the Group entered into a sale agreement for the sale of all of its interests in Mcgregor Wealth Management Pty Ltd ('MWM')for $500,000 as well as the repayment of loan funds of $250,000 owing by MWM and an entity related to Rod Mcgregor. The sale price and outstanding loans are personally guaranteed by Rod Mcgregor. Settlement is expected prior to 31 December 2019.

On 26 August 2019, the Group has entered into a short term loan agreement from a party related to Don Sharp, Executive Director of the Group, for $1,000,000 for a four month term at interest rate of 8.5%.This will assist in the working capital of the business.

No other matter or circumstance has arisen since 30 June 2019 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 2019 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

Don Sharp
Executive Director

29 August 2019
Sydney

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Independent Auditor's Report

To the Members of Xplore Wealth Limited (formerly known as Managed Accounts Holdings Limited)

Report on the audit of the financial report

Opinion

We have audited the financial report of Xplore Wealth Limited (formerly known as Managed Accounts Holdings Limited) (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 2019 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $540,340 during the year ended 30 June 2019, and for that same year, the Group had operating cash outflows of $322,826. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. 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.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Intangible assets – impairment testing (Note 3 and Note 17)	
As at 30 June 2019, the Group holds intangible assets totalling $39.0M. This includes $23.0M of intangible assets with indefinite useful lives and $15.0M of intangible assets with definite useful lives. No impairment expense has been recognised during the year. 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. This area is a key audit matter due to the management judgement involved in assessing the assumptions and inputs required to prepare a value-in-use model and to satisfy the impairment testing requirements of AASB 136.	Our procedures included, amongst others: • obtaining an understanding of the fair value less cost to dispose 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 to dispose 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 to dispose model; • involving our internal valuation experts to assess the discount rates against comparable market information; • evaluating of the qualifications and expertise of management's valuation expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • performing sensitivity analysis to stress test the key assumptions used in the value in use model, including discount rate, revenue growth rate and terminal value; and • assessing the adequacy of the related disclosures within the financial report.
Capitalisation of software development costs (Note 3 and Note 17)	
During the current financial year, the Group capitalised $1.39M 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	Our procedures included, amongst others: • assessing the Group's accounting policy for determining whether projects meet the recognition criteria for capitalisation for adherence to AASB 138;

costs meet the capitalisation criteria described in AASB 138 *Intangible Assets*.	• 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 • reviewing management policy for capitalisation of internally developed software against AASB 138; • checking mathematical accuracy of the capitalised cost schedule; and • assessing the adequacy of the disclosures in the financial report for adherence to AASB138. •
GST Receivable - Reduced Input Tax Credit (Note 4 and Note 12)	
At 30 June 2019 the Group recorded a GST receivable relating to a historic claim with Australian Tax Office (ATO) for Reduced Input Tax Credit (RITC) for one of its subsidiaries, Margaret Street Administration Services (formerly known as Linear Managed Accounts) amounting to $3.4 million after deducting Responsible Entity Partners Limited, the Trustee's fees. The claim was submitted to the ATO after the acceptance of the request for a private ruling was made to determine whether Margaret Street Administration Services qualifies as an entity for GST purposes and whether it is carrying on an enterprise based on the activity performed for investors being in a business-like manner. This amount is included as revenue for the year ended 30 June 2019. This area is a key audit matter due to the quantum of the amounts recorded being material to the financial report and complexity of the associate tax legislation. There is an inherent risk around the recoverability of the GST receivable recorded at the balance date. The GST receivable has been recorded as it has been determined there is reasonable assurance such amounts will be received.	Our procedures included, amongst others: • inspecting copies of relevant correspondence with the ATO related to historic claims; • obtaining reports from management's expert regarding the GST receivable; • assessed the competence, capabilities and objectivity of experts used by management to assist in determining the quantum of the balances; • reviewing of management's calculation for mathematical accuracy; • recalculating the expected claim amount based on monthly fee consolidation reports for the claim period and RITC percentage and comparing to claim amount for reasonableness; • inspecting the term sheet between Xplore Wealth and Responsible Entity Partners Limited for details of the RITC allocation between both parties; and • assessing the appropriateness of the related financial statement disclosures.

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 2019, 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: http://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 11 to 21 of the Directors' report for the year ended 30 June 2019.

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

Responsibilities

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

G S Layland
Director – Audit & Assurance

Sydney, 29 August 2019

The shareholder information set out below was applicable as at 17 August 2019.

Distribution of shareholders

	Holders	Total units	%
1 to 1,000	20	3,989	-
1,001 to 5,000	50	165,639	0.06%
5,001 to 10,000	108	1,010,915	0.34%
10,001 to 100,000	374	17,041,659	5.73%
100,001 and over	181	279,314,038	93.88%
	733	297,536,240	

Distribution of optionholders

	Holders	Total units	%
10,001 to 100,000	28	1,369,196	25.60%
100,001 and over	16	3,979,010	74.40%
	44	5,348,206	

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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	62,711,361	21.08
DONALD FINANCIAL ENTERPRISES PTY LTD	18,093,389	6.08
VALEBARK PTY LTD	18,093,389	6.08
NETWEALTH INVESTMENTS LIMITED	16,480,012	5.54
PARMMS ENTERPRISES PTY LTD	15,628,658	5.25
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	14,030,021	4.72
ARGO INVESTMENTS LIMITED	12,603,572	4.24
NATIONAL NOMINEES LIMITED	9,468,319	3.18
STARMAY SUPERANNUATION PTY LTD	6,831,005	2.30
STARMAY SUPERANNUATION PTY LTD	6,831,005	2.30
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	6,428,572	2.16
SANCTUARY ENTERPRISES PTY LTD	5,714,286	1.92
WEALTH CREATION PTY LTD	5,000,000	1.68
MYFP PTY LTD	4,370,221	1.47
JAMPLAT PTY LTD	4,200,000	1.41
MR DAVID ALAN HEATHER	2,910,715	0.98
MR KEITH JONES + MRS ROSLYN KAYE JEFFERS	2,510,927	0.84
MORE & CHASE PTY LTD	2,072,917	0.70
VALEBARK PTY LTD	1,950,000	0.66
VALEBARK PTY LTD	1,950,000	0.66
	217,878,369	73.25

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
Colin Scully and Valebark Pty Ltd	38,567,047	12.96
Donald Sharp, Donald Financial Enterprises Pty Ltd and S&F Financial Services Pty Ltd	34,687,047	11.66
Xplore Wealth Limited (Investment Administration Services Pty Ltd)	28,598,488	9.61
Investors Mutual Limited	20,200,000	6.79
Paul Collins and Parmms Enterprises Pty Ltd	17,765,602	5.97
Starmay Superannuation Pty Ltd	16,573,658	5.57

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 $0.22 and expiring on 27 November 2019 subject to Plan rules	12	No
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	38	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 $0.22 and expiring on 27 November 2019 subject to Plan rules	12	2,279,400
Options granted under Employee Share Option Plan exercisable at $0.35 and expiring on 15 September 2021 subject to Plan rules	3	289,101
Options granted under Executive Share Option Plan exercisable at $0.35 and expiring on 29 June 2022 subject to Plan rules	1	913,333
Options granted under Employee Share Option Plan exercisable at $0.28 and expiring on 15 February 2023 subject to Plan rules	38	1,866,372

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	Peter Brook- Non-executive Chairman Donald Sharp Stephen Reed Alexander Hutchison
Company secretaries	Jillian McGregor Craig Giffin
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	Hamilton Locke Level 35, One International Towers Barangaroo Avenue Sydney NSW 2000 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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