

26 February 2019

**APPENDIX 4D – HALF-YEAR REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**Name of Entity:** Raiz Invest Limited  
**ABN:** 74 615 510 177  
**Reporting period (“Current period”):** 1 July 2018 to 31 December 2018  
**Previous corresponding period:** 1 July 2017 to 31 December 2017

**Results for announcement to the market**

<b>Key Information</b>	<b>31 Dec 2018 \$000</b>	<b>31 Dec 2017 \$000</b>	<b>% Change</b>
Revenue from ordinary activities	3,029	2,292*	32%*
Loss after tax from continuing operations attributable to owners	(3,405)	(340)*	901%*
Net loss attributable to members of the parent entity	(3,364)	(246)*	1267%*
Loss for the half-year, excluding non-cash items.	(2,049)	(216)*	849%*

\*In April 2018 the Raiz Group completed a significant corporate restructuring. The 2017 comparative doesn't include the loss associated with Raiz Invest Micro Investing Platform operating segment and includes revenue from demerged businesses. The 30 June 2018 annual report includes the details of the Group restructuring.

**Dividends Paid and Proposed**

The Group did not recommend, declare, or pay a cash dividend during the half year ended 31 December 2018 (2017: nil).

**Net Tangible Assets per Share**

	<b>31 Dec 2018 \$/share</b>	<b>31 Dec 2017 \$/share</b>
Net tangible assets per share	0.13	1.45*

**Commentary on the Results for the Period**

An investor conference will be held 12 noon, Tuesday 26<sup>th</sup> February 2019 to discuss the result. Investors should also refer to the investor presentation released 26<sup>th</sup> February 2019 on the ASX platform for further commentary.



**George Simon Lucas, Director**

Dated: 26 February 2019

**Notes:**

1. All the documents comprise the information required by listing rule 4.2A. The Information should be read in conjunction with the audited half-year to 31 December 2018 financial report and all ASX announcements made by the Company during the year



**Raiz Invest Limited**

**ABN 74 615 510 177  
and Controlled Entities**

**FINANCIAL REPORT**

**for the half-year ended 31 December 2018**

# Contents

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018	8
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018	10
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018	11
DIRECTORS' DECLARATION	15
INDEPENDENT AUDITOR'S REVIEW REPORT	16

## DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Raiz Invest Limited and its controlled entities for the half-year ended 31 December 2018. The information in the preceding operating and financial review forms part of this directors' report for the half-year ended 31 December 2018 and is to be read in conjunction with the following information:

### GENERAL INFORMATION

#### Directors

The following persons were directors of Raiz Invest Limited during or since the end of the half year.

- > **Peter Anthony Fay** – Independent Non-Executive Chairman
- > **James Poon** – Non-Executive Director (Resigned 18 April 2018)
- > **Kieran Moore** – Independent Non-Executive Director (Appointed 18 April 2018)
- > **Nina Finlayson** – Independent Non-Executive Director (Appointed 18 April 2018)
- > **David Gordon** – Independent Non-Executive Director (Appointed 18 April 2018)
- > **George Lucas** – Managing Director/CEO

### REVIEW OF OPERATIONS

#### Principal Activities

The Company provides financial services and products through its mobile first micro-investing platform which offers its customers an easy way to regularly invest either small or large amounts of money using the Raiz mobile application or through the Raiz website in Australia.

#### *Significant Changes to Activities*

There were no significant changes in the nature of the principal activities during the half-year ended 31 December 2018. Changes had however been made to the Group structure during 2018 financial year as highlighted in the notes to the financial statements.

#### Operating Results

The consolidated loss of the consolidated group amounted to \$3,364,000 for the half-year ending 31 December 2018 (2017: \$246,000 loss), after providing for income tax and eliminating non-controlling equity interests.

In April 2018 the Group completed a significant corporate restructuring. The 2017 comparative doesn't include the loss associated with Raiz Invest Micro Investing Platform operating segment and includes revenue from demerged businesses. The 30 June 2018 annual report includes the details of the Group restructuring.

The consolidated loss after adding back non-cash items such as the cost of the employee share options and amortisation and depreciation amounted to \$2,049,000.

#### Financial Position

The net assets of the consolidated Group are \$29,688,000 as at 31 December 2018 (\$32,642,000 as at 30 June 2018).

The Group's working capital, being current assets less current liabilities, is \$9,099,000 as at 31 December 2018 (\$11,035,000 as at 30 June 2018).

The directors believe the Group is in a strong and stable financial position to expand and grow its operations based on the company's current business strategy.

#### Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated Group in future financial years.

**Rounding of amounts**

In accordance with ASIC Corporations (Rounding in Financial/Director Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest thousand Australian dollars, unless otherwise stated.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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

A handwritten signature in black ink, appearing to be 'George Lucas', written in a cursive style.**George Lucas****Director**

26 February 2019

## DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF RAIZ INVEST LIMITED

As lead auditor for the review of Raiz Invest Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Raiz Invest Limited and the entities it controlled during the period.



Arthur Milner  
Partner

**BDO East Coast Partnership**

Sydney, 26 February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated Group	
		Half-year ended 31 Dec	
		2018	2017*
		\$000	\$000
Revenue		3,029	2,292
Employee benefits expense		(1,775)	(171)
Depreciation and amortisation expense		(883)	(124)
Sales and administrative expense		(1,199)	(364)
Professional fees		(524)	(794)
Marketing expenses		(1,148)	(152)
Other expenses		(910)	(397)
Share of loss in Joint Venture		-	(515)
<b>Loss from operations before income tax</b>		<b>(3,410)</b>	<b>(225)</b>
Tax benefit/(expense)		5	(115)
<b>Net Loss from operations for the half-year</b>		<b>(3,405)</b>	<b>(340)</b>
<b>Loss for the half-year</b>		<b>(3,405)</b>	<b>(340)</b>
<b>Other comprehensive income net of tax</b>		(2)	-
Total comprehensive income (loss) for the half-year attributable to the owners of Raiz Invest Limited		(3,407)	(340)
Owners of the parent entity		(3,364)	(246)
Non-controlling interest		(43)	(94)
<b>Loss for the half-year</b>		<b>(3,407)</b>	<b>(340)</b>
Basic and diluted earnings per share (cents)		(0.05)	(0.16)

The accompanying notes form part of these financial statements.

\*The December 2017 comparative information comprises the results of the pre-restructured Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated Group	
		31 Dec 2018	30 Jun 2018
		\$000	\$000
<b>ASSETS</b>			
Cash and cash equivalents		9,085	4,446
Trade and other receivables		609	859
Other Financial assets		738	7,392
Other assets		87	92
<b>TOTAL CURRENT ASSETS</b>		<b>10,519</b>	<b>12,789</b>
Property, plant and equipment		130	37
Deferred tax assets		588	673
Intangible assets		21,050	22,012
<b>TOTAL NON-CURRENT ASSETS</b>		<b>21,768</b>	<b>22,722</b>
<b>TOTAL ASSETS</b>		<b>32,287</b>	<b>35,511</b>
<b>LIABILITIES</b>			
Trade and other payables		1,297	1,660
Provisions		123	94
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,420</b>	<b>1,754</b>
Trade and other payables		453	304
Deferred tax liabilities		707	797
Provisions		19	14
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,179</b>	<b>1,115</b>
<b>TOTAL LIABILITIES</b>		<b>2,599</b>	<b>2,869</b>
<b>NET ASSETS</b>		<b>29,688</b>	<b>32,642</b>
<b>EQUITY</b>			
Issued capital		66,162	66,162
Restructuring reserve		(26,328)	(26,328)
Share option reserve		3,293	2,818
Accumulated losses		(13,423)	(10,010)
Equity attributable to owners of the parent entity		29,704	32,642
Non-controlling interest		(16)	-
<b>TOTAL EQUITY</b>		<b>29,688</b>	<b>32,642</b>

The accompanying notes form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Half-year ended 31 December 2018	Issued Capital	Restructuring Reserve	Share Option Reserve	Non- controlling interests	Accumulated Losses	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2018	66,162	(26,328)	2,818	-	(10,010)	32,642
Accumulated losses adjusted (PT. Raiz Invest Indonesia)*	-	-	-	(12)*	(49)*	(61)*
Loss attributable to members of the parent entity	-	-	-	(43)	(3,364)	(3,407)
<b>Total comprehensive loss for the half-year</b>	<b>66,162</b>	<b>(26,328)</b>	<b>2,818</b>	<b>(55)</b>	<b>(13,423)</b>	<b>29,174</b>
<i>Transactions with owners in capacity as owners:</i>						
Issue of Shares	-	-	-	39	-	39
Share option expenses			475	-	-	475
<b>Balance at 31 December 2018</b>	<b>66,162</b>	<b>(26,328)</b>	<b>3,293</b>	<b>(16)</b>	<b>(13,423)</b>	<b>29,688</b>

\* Accumulated losses from PT. Raiz Invest Indonesia prior 1 July 2018, which should have been consolidated into Raiz Group in the financial report for the year ended 30 June 2018.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Half-year ended 31 December 2017	Issued Capital \$000	Non-controlling interests \$000	Accumulated Losses \$000	Total Equity \$000
Adjusted Balance at 1 July 2017	4,744	(37)	(637)	4,070
Loss attributable to members of the parent entity	-	(94)	(246)	(340)
<b>Total comprehensive loss for the year</b>	<b>4,744</b>	<b>(131)</b>	<b>(883)</b>	<b>3,730</b>
<i>Transactions with owners in capacity as owners:</i>				
Issue of Shares	-	-	-	-
Share option expenses	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>4,744</b>	<b>(131)</b>	<b>(883)</b>	<b>3,730</b>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated Group	
		Half-year ended 31 Dec	
		2018	2017*
		\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		3,847	1,434
Payments to suppliers and employees		(5,714)	(3,330)
Interest received		-	736
Finance cost paid		-	(116)
R&D refund		331	-
<b>Net cash used in operating activities</b>		<b>(1,536)</b>	<b>(1,276)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for short term deposits		(544)	-
Payment for intangible assets		(458)	(2)
Payment for fixed assets		(104)	-
Proceeds from disposal of term deposits		7,169	-
Loan to related parties		(38)	(1,011)
<b>Net cash from / (used in) investing activities</b>		<b>6,025</b>	<b>(1,013)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowing		(49)	-
Proceeds from related parties		199	-
<b>Net cash from financing activities</b>		<b>150</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		4,639	(2,289)
Cash and cash equivalents at the beginning of the Period		4,446	4,479
<b>Cash and cash equivalents at the end of the Period</b>		<b>9,085</b>	<b>2,190</b>

The accompanying notes form part of these financial statements.

\*The December 2017 comparative information comprises the cashflows of the pre-restructured Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

The consolidated financial statements and notes represent those of Raiz Invest Limited and Controlled Entities (the “consolidated Group” or “Group”).

The financial statements were authorised for issue on 25 February 2019 by the directors of the Company.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The consolidated financial statement for the half-year ended 31 December 2018 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated financial statement do not include all of the information and disclosure normally required in the annual financial report and should be read in conjunction with the Group’s annual report for the year ended 30 June 2018 and considered together with any public announcements made by the Company during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

**Comparative Information**

The prior period comparative information in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows comprises the results and cashflows of the pre-restructured group, details of which were disclosed in the 30 June 2018 financial report.

**Significant accounting policies**

Other than noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The consolidated entity has not elected to early adopt any and new standards or amendments that are issued but not yet effective.

*Adoption of AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 July 2018. It supersedes existing guidance included in AASB 118 Revenue, AASB 111 Construction Contracts and other revenue related accounting interpretations. The core principle of AASB 15 is to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the Group expects to be entitled in exchange for those goods or services. AASB 15 includes the following:

- a. Outlines a five-step revenue recognition model which determines the timing and amount of revenue recognised. The five-step model requires:
  1. contracts (either written, verbal or implied) to be identified;
  2. together with the separate performance obligations within the contract;
  3. determination of the transaction price, adjusted for the time value of money excluding credit risk;
  4. allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and
  5. recognition of revenue when each performance obligation is satisfied.
- b. Provides new and more detailed guidance on specific topics e.g. multiple element arrangements, variable consideration, rights of return etc.
- c. Increases the volume of disclosure around types of revenue and the amounts recognised.

The transition to AASB 15 did not have a material effect on the financial position or performance of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Adoption of AASB 9 Financial Instruments*

The Group has adopted AASB 9 Financial Instruments as at 1 July 2018 (the start of the current financial period). AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous categories for financial assets of held to maturity, loans and receivables and available for sale.

The transition to AASB 9 did not have a material effect on the financial position or performance of the company.

**NOTE 2: LEASING COMMITMENTS**

	<b>Consolidated Group</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$000</b>	<b>\$000</b>
<b>a. Operating Lease Commitments</b>		
Payable – minimum lease payments:		
– not later than 12 months	395	132
– between 12 months and 3 years	791	68
	1,186	200

The Lease commitments include rental agreements for Sydney and Indonesia Offices.

**NOTE 3: OPERATING SEGMENTS**
**Description of segments**
**Identification of reportable operating segments**

Raiz Invest was organised into two operating segments in April 2018, Raiz Invest Micro-Investing Platform (Australia) and Other Financial Services. Before April 2018 Raiz Invest had different operating segments.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing the performance and in determining the allocation of resources. There is no aggregation of operating segments below this level.

The Board also uses EBITDA (earnings before interest, tax, depreciation and amortisation) as a principal profit measure. The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements.

The information reported to the Board is on at least a quarterly basis.

**Types of services**

The principal service is the provision of financial services via the Raiz Invest micro-investing platform

**Major customers**

Raiz Invest Micro-Investing Platform does not rely on any major customers. The largest single customer accounts for only 0.04% of total revenue.

**Segment Income**

<b>Half-year ended 31 December 2018</b>	<b>Raiz Invest Micro Investing Platform</b>	<b>Other Financial Services</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Segment Revenue	1,889	1,140	3,029
EBITDA*	(3,062)	543	(2,519)
Depreciation and amortisation expenses	(868)	(15)	(883)
Interest expenses	-	(8)	(8)
Tax benefit (expense)	18	(13)	5
Other comprehensive income	(2)	-	(2)
Loss for the half-year	(3,914)	507	(3,407)

NOTE 3: OPERATING SEGMENTS (continued)

<b>Half-year ended 31 December 2017</b>	<b>Raiz Invest Micro Investing Platform</b>	<b>Other Financial Services*</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Segment Revenue	-	2,292	2,292
EBITDA*	-	15	15
Depreciation and amortisation expenses	-	(124)	(124)
Interest	-	(116)	(116)
Loss before income tax	-	(225)	(225)

\* EBITDA represents earnings before interest, tax, depreciation and amortisation.

<b>As at 31 December 2018</b>	<b>Raiz Invest Micro Investing Platform</b>	<b>Other Financial Services</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Segment assets	24,638	7,649	32,287
Segment liabilities	2,564	35	2,599

## DIRECTORS' DECLARATION

In the opinion of the directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - a. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the half-year ended on that date of the consolidated entity; and
  - b. Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'George Lucas', written in a cursive style.

**Director: George Lucas**

Dated this 26 day of February 2019



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Raiz Invest Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Raiz Invest Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards



and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

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

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'AM', with a flourish at the end.

**Arthur Milner**  
**Partner**

Sydney, 26 February 2019