

FINEXIA FINANCIAL GROUP LIMITED
ACN 106 760 418

Appendix 4D - Half Year Report 31 December 2020

1. DETAILS OF THE REPORTING PERIOD AND THE PREVIOUS CORRESPONDING PERIOD

Reporting Period	Half Year Ended 31 December 2020
Previous Corresponding Period	Half Year Ended 31 December 2019

2. RESULTS FOR ANNOUNCEMENT

Revenue from Ordinary Activities	2,470,314
Previous Corresponding Period	788,958
Percentage Change from Previous Period	213%

Profit/(loss) from Ordinary Activities after Tax	3,528,131
Previous Corresponding Period	749,988
Percentage Change from Previous Period	370%

Net Profit/(loss) for the Period attributable to Members	3,528,131
Previous Corresponding Period	776,016
Percentage Change from Previous Period	355%

The dividend per security	There are no dividends proposed or paid relating to the reporting period.
The record date for determining entitlements	N/A

3. EARNINGS PER SHARE

Earnings/(loss) per share (cents)	
Reporting Period	2.30
Previous Period	0.61

4. NET TANGIBLE ASSETS PER SHARE

Net Tangible Assets per share (cents)	
Reporting Period	3.92
Previous Period	3.11

5. DETAILS OF ENTITIES WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Entities where control has been gained or ceased during the year	
Reporting Period	Gained - Smart Money Company Pty Ltd (100%) Gained – FNX Finance Group (100%)
Previous Period	Ceased – Mejority Money Pty Ltd

Signed on behalf of the Board,



Neil Sheather
Director
 24 February 2021

FINEXIA

ACN 106 760 148

INTERIM FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

FINEXIA FINANCIAL GROUP LIMITED
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FINEXIA FINANCIAL GROUP LIMITED
DIRECTORS' REPORT

Your directors submit the half-year financial report of the consolidated entity (the “Group”) consisting of Finexia Financial Group Limited (the “Company”) and the entities it controlled, for the half-year to 31 December 2020.

In order to comply with the provisions of the *Corporations Act 2001*, the directors’ report as follows:

DIRECTORS

The names of the directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

DIRECTORS	Neil Sheather (appointed 10 November 2014)
	Damion Ryan (appointed 15 June 2018, resigned 1 October 2020)
	Jean Marc Li Kam Tin (appointed 23 March 2020)
	Patrick Michael Bell (appointed 1 October 2020)

RESULTS

The profit for the half year after tax was \$3,528,131 (2020: \$749,988).

REVIEW OF OPERATIONS

The six months to 31 December 2020 was a transformative period for the Group with the strategic acquisition of boutique corporate finance business, Creative Capital Group Pty Ltd (Creative). The acquisition is consistent with the Group’s overall strategy of becoming a fully diversified financial services provider with a national footprint. The acquisition will be earnings accretive in year one and will substantially increase the Group’s revenue in this current financial year. Creative will provide a solid platform to broaden the Group’s overall breadth of service offering with a particular focus on corporate finance and the associated advisory activities.

During the six months, the Group continued to consolidate its domestically focused financial services offering by moving to 100% ownership of subsidiary, Smart Money Company (SMC). SMC’s business activities are primarily focused on agency retail clients, trading equities, derivatives and SMSF administration.

The Group’s, client facing business, Finexia Securities further enhanced its operational and product capabilities with the inclusion of retail managed investment schemes (funds management) and custody to its already comprehensive Australian Financial Services Licence (AFSL). The group intends to launch its first retail MIS in the first half of calendar 2021.

The profit reported for the period is an outstanding result for shareholders and validates the Group’s strategic objectives and its commitment to execution of the same.

FINEXIA FINANCIAL GROUP LIMITED
DIRECTORS' REPORT

SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020. The first confirmed cases of COVID-19 in Australia were reported in late January 2020. Since then, measures taken by various governments to contain the virus have affected economic activity. At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

There was no other matter or circumstance that has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the *Corporations Act 2001*, and on behalf of the Board by:



NEIL SHEATHER
DIRECTOR

Dated the 24 of February 2021



Level 11, 307 Queen Street
Brisbane Qld 4000

GPO Box 2268
Brisbane Qld 4001
Australia

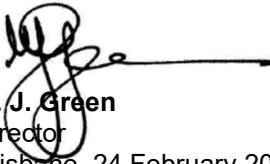
Tel: +61 7 3218 3900
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www.mazars.com.au

Auditor's Independence Declaration to the Directors of Finexia Financial Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020, there have been:

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

Mazars Audit (QLD) Limited
Authorised Audit Company: 338599



M. J. Green
Director

Brisbane, 24 February 2021

FINEXIA FINANCIAL GROUP LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	NOTE	31 December 2020 \$	31 December 2019 \$
Continuing operations			
Revenue			
Rendering of services		1,412,894	768,870
ATO cash boost and job keeper		171,706	-
Interest income		657,910	415
Other income		276,874	19,673
		<u>2,519,834</u>	<u>788,958</u>
Change in fair value of investments	4	3,039,544	1,094,607
Expenses			
Product commissions		(222,976)	(194,667)
Audit fees		(38,224)	(19,500)
Corporate and professional expenses		(650,763)	(546,788)
Depreciation		(60,410)	(47,776)
Amortisation		(9,500)	-
Employee expenses		(636,384)	(237,884)
Occupancy expenses		-	(53,130)
Foreign exchange gain/loss		60	-
Finance expenses		(12,924)	(16,167)
Interest on mortgage loans		(400,126)	-
Other expenses		-	(17,665)
PROFIT/(LOSS) BEFORE INCOME TAX		<u>3,528,131</u>	<u>749,988</u>
Income tax expense		-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX		<u>3,528,131</u>	<u>749,988</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
ITEMS THAT MAY BE CLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>3,528,131</u>	<u>749,988</u>
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		3,528,131	776,016
Non-controlling interest		-	(26,028)
		<u>3,528,131</u>	<u>749,988</u>

The accompanying notes form part of these condensed consolidated interim financial statements.

FINEXIA FINANCIAL GROUP LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	NOTE	31 December 2020	31 December 2019
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		3,528,131	776,016
Non-controlling interest		-	(26,028)
		3,528,131	749,988
EARNINGS/(LOSS)/PER SHARE			
Basic and diluted earnings/(loss) per share (cents per share)		2.30	0.61

The accompanying notes form part of these condensed consolidated interim financial statements.

FINEXIA FINANCIAL GROUP LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	NOTE	31 December 2020 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,558,518	373,692
Trade and other receivables		454,325	55,537
Other investments	4	5,967,813	3,004,232
Mortgage assets – current		7,293,387	-
Prepayments or other assets		30,002	59,411
TOTAL CURRENT ASSETS		15,304,045	3,492,872
NON-CURRENT ASSETS			
Trade and other receivables		-	50,260
Intangibles		766,500	76,000
Mortgage asset – non-current		3,000,000	-
Goodwill		640,039	241,429
Property, plant and equipment		1,095,916	1,156,327
TOTAL NON - CURRENT ASSETS		5,502,455	1,524,016
TOTAL ASSETS		20,806,500	5,016,888
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,252,871	293,571
Current tax liabilities		532,678	-
Provision for annual leave		69,533	41,740
Leases		29,924	72,182
Contract liabilities		29,895	36,180
Loans and borrowings		215,948	295,316
Mortgage loan – current	9	5,221,015	-
TOTAL CURRENT LIABILITIES		7,351,864	738,989
NON - CURRENT LIABILITIES			
Mortgage loan – non-current		5,900,000	-
Loans and borrowings	9	133,333	947,026
TOTAL NON-CURRENT LIABILITIES		6,033,333	947,026
TOTAL LIABILITIES		13,385,197	1,686,015
NET ASSETS		7,421,303	3,330,873

FINEXIA FINANCIAL GROUP LIMITED

EQUITY	NOTE	31 December 2020	30 June 2020
Issued capital	6	9,589,941	8,989,941
Accumulated losses		(2,168,638)	(5,416,875)
Total equity attributable to shareholders of the Company		7,421,303	3,573,066
Non-controlling interest		-	(242,193)
TOTAL EQUITY		7,421,303	3,330,873

The accompanying notes form part of these condensed consolidated interim financial statements.

FINEXIA FINANCIAL GROUP LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	ISSUED CAPITAL	ACCUMULATE D LOSSES	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	\$	\$	\$	\$
BALANCE AT 1 JULY 2019	8,715,533	(4,881,776)	(174,581)	3,659,176
Profit/(loss)	-	(535,099)	(67,612)	(602,711)
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period, net of tax	-	(535,099)	(67,612)	(602,711)
<i>Transactions with owners of the company, recognised directly in equity</i>				
Issue of shares	274,408	-	-	274,408
BALANCE AT 30 JUNE 2020	8,989,941	(5,416,875)	(242,193)	3,330,873
	ISSUED CAPITAL	ACCUMULATE D LOSSES	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	\$	\$	\$	\$
BALANCE AT 1 JULY 2020	8,989,941	(5,416,875)	(242,193)	3,330,873
Profit/(loss)	-	3,528,131	-	3,528,131
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period, net of tax	-	3,528,131	-	3,528,131
<i>Transactions with owners of the company, recognised directly in equity</i>				
Issue of shares	600,000	-	242,193	(37,701)
BALANCE AT 31 DECEMBER 2020	9,589,941	(2,168,638)	-	7,421,303

The accompanying notes form part of these condensed consolidated interim financial statements.

FINEXIA FINANCIAL GROUP LIMITED**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	31 December 2020	31 December 2019
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	1,523,452	906,550
Payments to suppliers and employees	(1,259,664)	(1,128,020)
Interest income received	1,011,444	415
Dividends received	-	4,157
Advance of investment mortgage loans assets	(6,416,887)	-
Proceed of investment mortgage loans liabilities	6,507,489	-
Interest expenses paid	(340,511)	(16,167)
Net cash used in operating activities	<u>1,025,323</u>	<u>(233,065)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property plant & equipment	(4,587)	(18,611)
Payments for direct equity investments	(128,419)	(1,000,216)
Payments for other investments	(37,700)	-
Payments for subsidiary, net of cash acquired	(197,745)	-
Proceeds from sale of direct equity investments	633,988	921,260
Sale of controlled entity	-	10,000
Net cash used in investing activities	<u>265,537</u>	<u>(87,567)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	-	274,409
Repayment of loans	(106,034)	(98,334)
Net cash from financing activities	<u>(106,034)</u>	<u>176,075</u>
Net increase in cash held	1,184,826	(144,557)
Cash at beginning of period	<u>373,692</u>	<u>248,415</u>
Cash and cash equivalents at end of period	<u>1,558,518</u>	<u>103,858</u>

The accompanying notes form part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Finexia Financial Group Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily focused on providing financial services, predominantly in funds management and broker trading.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company's registered office at Level 13, 49 York Street, Sydney, NSW 2000 or at www.finexia.com.au.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

These condensed consolidated interim financial statements do not include full disclosures of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial statements.

It is recommended that these condensed consolidated interim financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by Finexia Financial Group Limited during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

(B) ESTIMATES

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

(C) GOING CONCERN

The financial report has been prepared on a going concern basis. As at 31 December 2020, the Company has cash at bank of \$1,558,518 and liquid investments which can be readily converted to cash of \$5,967,813.

The net current asset position as at 31 December 2020 was \$8,733,578.

The Group also has the capacity to raise additional funds at an appropriate time in the future if required.

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the most recent annual financial statements.

4. CURRENT FINANCIAL ASSETS

Financial assets held at period end include the following:

	CONSOLIDATED	
	31 December 2020	30 June 2020
	\$	\$
Current		
Cash and cash equivalents	1,558,518	373,692
Receivables	454,325	55,537
Mortgage Asset	7,293,387	-
<i>Financial assets at fair value through profit or loss</i>		
- ASX listed equity securities	229,857	181,384
- International listed equity securities portfolio	5,737,956	2,822,848
	16,055,441	3,433,461

(i) *Classification of financial assets at fair value through profit or loss*

The Group classifies its equity based financial assets at fair value through profit or loss. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets. Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the profit or loss.

(ii) *Amounts recognised in profit or loss*

Changes in the fair values of financial assets at fair value have been recorded through profit or loss, representing a net gain of \$3,039,544 for the period (2019: net gain of \$1,094,607).

5. FAIR VALUE MEASUREMENT

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
December 2020				
Listed equity securities	229,857	-	-	229,857
International listed equities portfolio	5,737,956	-	-	5,737,956
Fair value at 31 December 2020	<u>5,967,813</u>	-	-	<u>5,967,813</u>
June 2020				
Listed equity securities	181,384	-	-	181,384
International listed equities portfolio	2,822,848	-	-	2,822,848
Fair value at 30 June 2020	<u>3,004,232</u>	-	-	<u>3,004,232</u>

- (i) The fair value of financial instruments traded in active markets (such as publicly traded equities and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last closing price or unit (acquisition) strike price.
- (ii) The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- (iii) There have been no transfers between the levels of the fair value hierarchy during the six (6) months to 31 December 2020.

6. SHARE CAPITAL

	CONSOLIDATED			
	31 December 2020		30 June 2020	
	No. of shares.	\$	No. of shares.	\$
(a) Ordinary shares fully paid	<u>153,586,517</u>	<u>9,589,941</u>	140,253,184	8,989,941
(b) Movement in ordinary shares on issue for the period	13,293,893	600,000	18,293,893	274,408

13,333,333 shares were issued at 4.50 cents on the 22 September 2020 for a total value of \$600,000. The issuance of the share were in conjunction with the acquisition of Creative Capital Group Pty Ltd and its subsidiaries.

FINEXIA FINANCIAL GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 – *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded that the Group operated in the financial services industry.

The following summary describes the operations in each of the Group’s reportable segments:

- *Finexia Securities* – includes brokerage and advisory services
- *Finexia Plus* – includes brokerage, SMSF administration and investor education services.
- *FNX* – includes trail and upfront commissions, establishment fees and interest income.

Although the Finexia Securities and Finexia Plus segments both contain brokerage services, these are monitored by the CODM separately in order to make decisions around the allocation of resources and assessing performance.

Information regarding the performance of each reportable segment is included below.

	Brokerage and advisory		Finexia Plus		FNX		Unallocated		Consolidated	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019	Dec 2020	Dec 2019	Dec 2020	Dec 2019	Dec 2020	Dec 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Revenue from external customers	1,049,802	644,379	312,257	122,977	1,054,973	-	102,802	21,602	2,519,834	788,958
Results										
Reportable segment profit/(loss) before income tax	376,003	284,243	167,826	(65,070)	209,834	-	2,774,468	530,815	3,528,131	749,988
Income tax benefit									-	-
Profit/(loss) from continuing operations									3,528,131	749,988

8. ACQUISITION OF SUBSIDIARIES

Creative Capital Group Pty Ltd

On 1 July 2020, the Group obtained control of Creative Capital Group Pty Ltd (Creative), a lending business by acquiring 100% of the shares and voting interest in Creative Capital Group Pty Ltd for consideration of \$1,200,000. The consideration is made of \$600,000 paid in cash and \$600,000 in shares.

In the six months to 31 December 2020, Creative contributed revenue of \$1,054,973 and a profit of \$209,834 to the Group.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

<i>In thousands of dollars</i>	\$
Cash and cash equivalents	402,254
Intangible assets	700,000
Mortgage assets	3,876,500
Listed investments and other assets	439,662
Loans and borrowings	(3,826,500)
Trade and other payables	(590,526)
Total net identifiable assets	<u>1,001,390</u>

The fair value of intangible assets of customer relationships have been determined provisionally as \$700,000 pending completion of an independent valuation.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

<i>In thousands of dollars</i>	\$
Total consideration transferred	1,200,000
Contingent consideration	200,000
Fair value of identifiable assets	<u>(1,001,390)</u>
Goodwill	<u>398,610</u>

The goodwill is attributable mainly to the skills and technical talent of the Creative's work force. None of the goodwill recognised is expected to be deductible for tax purposes.

The initial accounting for the business combination is currently provisional and will be completed upon completion of an independent valuation of the intangible assets. The valuation will be completed before 30 June 2021, and is not yet completed due to the fact the Group has been integrating with Creative's business operations in the last six months.

As the final acquisition accounting may affect the reported amounts of identifiable assets, non-controlling interests and goodwill no impairment testing has been performed as at 31 December 2020. A full impairment test will be performed upon completion of the acquisition accounting, prior to 30 June 2021.

9. LOANS AND BORROWINGS

	CONSOLIDATED	
	31 December 2020	30 June 2020
	\$	\$
Current liabilities		
Unsecured loans from third parties ⁽¹⁾	120,000	135,000
Unsecured loans from banking institutions ⁽²⁾	66,667	40,000
Secured loans – equities ⁽³⁾	29,282	120,316
Secured loans – mortgages ⁽⁵⁾	5,221,015	-
	5,436,964	295,316
Non-current liabilities		
Unsecured loans from banking institutions ⁽²⁾	133,333	160,000
Secured loans – property ⁽⁴⁾	-	787,026
Secured loans – mortgages ⁽⁵⁾	5,900,000	-
	6,033,333	947,026

⁽¹⁾ The unsecured loans are from third parties and were consolidated with the Group on acquisition of Finexia Plus in June 2018.

⁽²⁾ On 18 June 2020, the Company obtained a loan from National Australia Bank for \$200,000. The loan is unsecured for a term for three years at 4.50%. The first monthly repayment is on 31 January 2021.

⁽³⁾ On 24 February 2020, the Company acquired shares in a Company listed on the ASX via a margin account. The loan is secured by the shares and has an interest rate of 4%. The interest is calculated and billed at each month end.

⁽⁴⁾ On 12 November 2018, the purchase of the commercial property was financed with an initial secured loan of \$1,000,000. The loan incurred an interest rate at 10% per annum and was for a 6-month term, expiring in April 2019. On 1 July 2019, the Group extended the loan over a two-year term.

The loan has reduced to \$787,027 as at 31 December 2019. The interest rate is 10% and is for a two-year term, expiring on 1 July 2021. The lender has a first registered mortgage over the commercial property at 33 Elkhorn Avenue, Surfers Paradise, QLD 4217.

⁽⁵⁾ Creative Capital Group provides finance solutions to various enterprises. The loan liabilities are matched against the loan assets. Creative Capital receives various fees on establishment and a net margin income. The interest rates are between 8% to 15% and the loans terms are between 12 to 24 months.

10. CONTINGENT LIABILITIES

(a) Contingencies

There were no contingent liabilities as at 31 December 2020 (31 December 2019: nil).

11. EVENTS SUBSEQUENT TO REPORTING DATE

The COVID-19 pandemic has developed rapidly in 2020. The first confirmed cases of COVID-19 in Australia were reported in late January 2020. Since then, measures taken by various governments to contain the virus have affected economic activity. At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

There was no other matter or circumstance that has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

FINEXIA FINANCIAL GROUP LIMITED
DIRECTORS' DECLARATION

In the opinion of the directors of Finexia Financial Group Limited (“the Company”)

The financial statements and notes, as set out on pages 5 to 18 are in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
- b. Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* 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.

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



NEIL SHEATHER
DIRECTOR

24th February 2021

Independent Auditor's Report to the Members of Finexia Financial Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Finexia Financial Group Limited ("Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant 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 Finexia Financial Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* ("Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the 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 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.

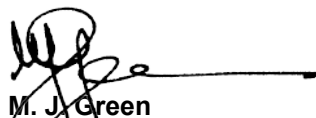
Auditor's responsibility for the review of the financial report

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 2020 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Finexia Financial Group Limited, 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.

MAZARS AUDIT (QLD)

MAZARS AUDIT (QLD) PTY LIMITED
AUTHORISED AUDIT COMPANY: 338599


M. J. Green
Director
Brisbane, 24 February 2021