

ASX Announcement

24 February 2017

Appendix 4D and Half Year Report for the Period Ended 31 December 2016

- **1H17 statutory NPAT \$4.6m, up from \$0.7m on the prior comparable period (pcp)**
- **1H17 Wealth operating EBITDA of \$4.0m, up 29% on pcp**
- **Fully franked interim dividend of 2.25 cents per share (cps)**
- **Premium Funding divested for \$21.4m with gain on sale of \$4.5m**
- **Legacy claims (pre 1 July 2010) provision increased by \$3.7m**

Centrepoint Alliance Limited (ASX:CAF) ('Centrepoint'), has announced a profit after tax of \$4.6m for the 1H17, up from \$0.7m on prior comparable period (pcp). The Board has also announced an increase to the ongoing annual dividend from 2.2cps to 4.5cps with a fully franked interim dividend of 2.25cps to be paid on 5 April 2017.

The Wealth businesses achieved an operating EBITDA of \$4.0m up 29% on pcp. The result was supported by steady growth in new clients, a growing salaried advice business, and healthy fund flows into its managed accounts solution. The continuing operations produced an EBITDA of \$2.2m for 1H17 up 83% on pcp.

The Group result included a \$4.5m gain from the previously announced sale of the Premium Funding business for \$21.4m. The sale proceeds further strengthened the Group's financial position, which has \$35m cash, no debt and \$25m in available franking credits.

The Chair, Alan Fisher, said, "We are delighted with the results achieved over the last six months. Our wealth business is growing strongly and the sale of premium funding was a great result. The business is in a strong position, and we are looking forward to further capitalising on the very attractive opportunities in the wealth market.

"We are continuing to invest in growing our adviser services and funds management businesses, along with our own salaried advice business. We are also excited with our recent investment in R Financial Educators Pty Ltd ('RFE') who have signed up 18 accounting firm joint ventures. We have also seeded a new life insurance initiative and look forward to developing this over the next 12 months."

Managing Director, John de Zwart said, "Our goal is to be the most trusted and respected financial services business in Australia. We have a superb team, leading solutions and strong advocacy from our clients. We will continue to offer innovative solutions to help non-institutional advisers deliver best advice and thrive in a rapidly changing environment."

Investor Update

John de Zwart, Managing Director, and John Cowan, Chief Financial Officer, will hold an investor update at 10:00am (AEST) on Monday, 27 February 2017.

If you wish to participate in the update please register by visiting the Events page on the Centrepont Alliance website - <https://www.centrepontalliance.com.au/events/> and register for the Centrepont Alliance Half Year Results Investor Update.

Centrepont's Appendix 4D and Half Year Report are appended.

For further information please contact:

John de Zwart
Managing Director
Centrepont Alliance Limited
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CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

Appendix 4D

Half year ended 31 December 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

In thousands of Australian dollars				
Revenues from ordinary activities	Down	2%	to	\$15,745
Loss before tax and non-controlling interests	Down	1525%	to	(\$1,938)
Profit after tax attributable to members	Up	548%	to	\$4,625

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	2.25 cents	2.25 cents
Previous corresponding period	1.0 cents	1.0 cents
Record date for determining entitlements to dividend	15 March 2017	
Payment date of interim dividend	5 April 2017	
Dividend Reinvestment Plan		
Plan active	No	
Discount	N/A	
Pricing period	N/A	
Last DRP election date	N/A	
Net tangible assets per share	31 Dec 2016 19.95 cents	30 June 2016 16.94 cents

Results are extracted from the attached Half Year Financial Report for the six months ended 31 December 2016 which was subject to an independent review.

For explanation and commentary on the results refer to the Directors' Report in the attached Half Year Financial Report.



CENTREPOINT ALLIANCE LIMITED

AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Half Year Financial Report
31 December 2016

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CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2016

Your Directors present their report for the half year ended 31 December 2016.

Directors

The names and details of the Company's Directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Alan Fisher (Chairman)

John de Zwart (Managing Director & Chief Executive Officer)

Martin Pretty (Non-Executive Director)

John O'Shaughnessy (Non-Executive Director)

Hugh Robertson (Non-Executive Director)

Georg Chmiel (Non-Executive Director) – appointed 7 October 2016

Company Secretary

Debra Anderson

Operating & Financial Review

Group Business Operations

Centrepont Alliance Limited (the 'Parent Entity') and its controlled entities (the 'Group') operates in the financial services industry within Australia and provides a range of financial advice and licensee support services (including licencing, systems, compliance, training and technical advice) and investment solutions to financial advisers, accountants and their clients across Australia and lending mortgage aggregation services to mortgage brokers.

The insurance premium funding business was sold on 30 December 2016 to the Bank of Queensland as part of the Group's business strategy to focus on and grow the Wealth business.

Financial Performance

The Group achieved a net profit after tax of \$4.6m (1H16: \$0.7m). This includes wealth and premium funding for the half year ended 31 December 2016. The wealth business is now the core focus of the business and along with Corporate makes up the continuing operations. Management have revised forecasts of future taxable income to accurately reflect the change in circumstances and this resulted in no change in the deferred tax asset position.

On the 30 December 2016 the insurance premium funding business was sold to Bank of Queensland. The sale price was \$21.4m with the final completion payment of \$1.4m being made on 16 February 2017, the gain on sale was \$4.5m and is reflected in the results. The transition activities associated with the sale will complete on 31 March 2017.

There has been a detailed review of legacy claims as we move from a general provision based on actuarial analysis and projections to a specific provision for each claim. The change in approach is based on a declining number of claims allowing management to monitor claims on an individual basis improving the accuracy of the estimate. This review has included an adjustment to the Incurred But Not Reported ('IBNR') provision which is based on an estimate of future claims and the average claim cost. These changes have resulted in an increased provision of \$3.7m. The adjustment to legacy claims resulted in continuing operations making a net loss after tax of \$1.4m (1H16: \$0).

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2016

The wealth EBITDA normalised for the legacy claims adjustment was \$4.0m (1H16: \$1.8m) reflecting continuing success in recruitment of new firms and strong support for the managed account solution.

The Group's Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and segment reports have been prepared on a continuing operations basis. Financial performance is further analysed below by segment:

a) Licensee & Advice Services

Description: Provider of a range of financial advice and licensee support services (including licencing, technology, business support, training, compliance and professional standards) to financial advisers, accountants and their clients across Australia.

Business Model: Services are provided to authorised representatives under its Australian Financial Services Licences ('AFSL') through Professional Investment Services Pty Ltd ('PIS') and Alliance Wealth Pty Ltd ('AW'). Services are also provided to authorised representatives of other AFSL holders through Associated Advisory Practices Pty Ltd.

The salaried advice business changed its name from Alliance Wealth & Protection Pty Ltd to xseedwealth pty ltd. The business has performed strongly and is moving to the next phase of its growth strategy which will utilise a digital marketing strategy for target segments.

Centrepont Alliance Lending Pty Ltd ('CALP') is an aggregator of mortgage and asset finance solutions. It is a boutique player in a large market, designed to primarily service the needs of advice businesses and offers lending services to financial planning clients.

Key Drivers: The number of advice firms, fee income, operating costs, funds under advice, lending volumes and lending margins.

Overview: Licensee & Advice Services operates with leading non-institutionally owned financial advisers and operates in a market alongside large institutions. The market is attractive with over \$2 trillion¹ in superannuation assets expected to continue to grow by approximately 7% p.a. over the next twenty years and the need for quality advice continuing to grow.

The Group continues to focus on being a customer centric business, which involves improving the quality of advice and wealth solutions provided to Australians, and is capturing the benefits from industry disruption and the move to 'fee for service' advice.

The Group has continued to be successful in recruiting a number of professional wealth advice firms during the year. The quality of the team and client focus are key to this success, as well as continued enhancement of services and technologies across the business.

Financial Performance: Profit before tax before excluding the impact of the change in claims provision methodology was \$1.8m. The \$3.7m adjustment to the legacy claims provision resulted in a loss of \$1.9m (1H16: \$0.04 million). The Group incurs claims from advice provided prior to 1 July 2010 and in this financial period has changed the methodology for recording and monitoring these claims to specifically provide a best estimate amount for each claim on a case by case basis.

¹ APRA March 2016 Quarterly Superannuation Performance

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2016

b) Funds Management & Administration

Description: Provider of investment solutions (platforms and managed portfolios and funds) to financial advisers, accountants and their clients across Australia.

Business Model: The business sources best of breed investment platforms, portfolios solutions and managed funds through Investment Diversity Pty Ltd and Ventura Investment Management Ltd.

Key Drivers: Funds under administration, funds under management, margins and operating costs.

Overview: Funds Management & Administration provides advisers and their clients with world class investment solutions which are fully partnered investment options across the risk/return spectrum, are managed by world class investment managers and provide a choice of investment styles to deliver on overall client and business objectives.

During the year the Group has been successful in expanding the number of advisers using Centrepont Solutions. The Group is an industry leader as an early promoter of managed accounts, which has gained further momentum during the financial period, with \$238m under management and \$96m of net inflows.

Financial Performance: Profit before tax increased 6% to \$1.9m (1H16: \$1.8million). There is increased adoption by advisers of the contemporary solutions and improved margins on contemporary products which has contributed to this result. The Group has made an investment in the sales team during the financial period to deliver future growth.

c) Corporate

Description: The costs of the Centrepont Board of Directors, company secretarial functions and the administration of the listed public entity are reflected in Corporate.

Overview: Consistent with prior simplification of the corporate structure, some expenses have been reclassified to improve accountability and efficiency.

d) Minority Investments

During the financial period the Group made an investment in R Financial Educators Pty Ltd (RFE) which is focussed on establishing joint ventures with Accountants to leverage their client base and provide financial advice. The investment is at start up stage and is not expected to contribute to earnings in the short term. The Group is actively reviewing other opportunities for partnership or to acquire businesses

Dividends

On 24 February 2017, the Directors of Centrepont Alliance Limited declared an interim fully franked dividend of 2.25 cents per share on ordinary shares in respect of the half year ended 31 December 2016. The dividend will be paid out of the dividend reserve on 5 April 2017.

The Board also updated the Group's dividend policy with the intention to continue to pay 2.25 cents per share each half year.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2016

Significant Events Subsequent to Balance Date

There are no matters or events which have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Rounding

The Company is a company of the kind referred to in ASIC Corporation's (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with the Corporations Instrument, amounts in the financial report are presented in Australian dollars and all values are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor Independence Declaration

The auditor, Deloitte Touche Tohmatsu, has provided a written independence declaration to the Directors in relation to its review of the financial report for the half year ended 31 December 2016. The independence declaration which forms part of this report is on page 5.

Signed in accordance with a resolution of the Directors.



A. D. Fisher
Chairman

24 February 2017

The Board of Directors
Centrepont Alliance Limited
Level 9, 10 Bridge Street
Sydney, NSW, 2000

24 February 2017

Dear Board Members

Centrepont Alliance Limited

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

As lead audit partner for the review of the financial report of Centrepont Alliance Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely


DELOITTE TOUCHE TOHMATSU


David Rodgers
Partner
Chartered Accountants

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2016

		Half year to 31 Dec 2016 \$'000	Half year to 31 Dec 2015 \$'000
	Note		
CONTINUING OPERATIONS			
Revenue			
Advice and financial product revenue (gross)		64,080	56,504
Advice and financial product fees		(48,679)	(41,107)
Advice and financial product revenue (net)		15,401	15,397
Interest income		120	192
Other revenue	4	224	410
		15,745	15,999
Expenses			
Borrowing expenses		(33)	(74)
Employee related		(9,170)	(9,420)
Professional services		(603)	(655)
Client claims		(3,775)	(149)
IT and communication expenses		(536)	(679)
Property costs		(298)	(1,195)
Impairment of assets		(54)	7
Depreciation and amortisation		(588)	(1,194)
Other general and administrative expenses	5	(2,626)	(2,504)
		(17,683)	(15,863)
(Loss)/Profit before tax from continuing operations		(1,938)	136
Income tax benefit/(expense)		489	(156)
Net loss from continuing operations after tax		(1,449)	(20)
DISCONTINUED OPERATIONS			
Profit after tax from discontinued operations		6,074	734
Net profit after tax		4,625	714
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,625	714
Net profit attributable to:			
Owners of the parent		4,625	714
Net profit for the period		4,625	714
Total comprehensive profit attributable to:			
Owners of the parent		4,625	714
Total comprehensive profit for the period		4,625	714
Earnings per share for profit attributable to the ordinary equity holders of the parent		Cents	Cents
Basic earnings per share	7	3.12	0.48
Diluted earnings per share	7	2.92	0.47
Basic loss per share from continuing operations	7	(0.98)	(0.01)
Diluted loss per share from continuing operations	7	(0.98)	(0.01)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes included in pages 10 to 24.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Financial Position
As at 31 December 2016

	Note	31 Dec 2016 \$'000	30 June 2016 \$'000
ASSETS			
Current			
Cash and cash equivalents		34,324	10,192
Trade and other receivables		11,288	11,696
Interest bearing receivables		122	125,848
Other assets		676	4,558
Total current assets		46,410	152,294
Non-current			
Interest bearing receivables		469	460
Property, plant & equipment		1,217	1,441
Intangible assets & goodwill	9	2,191	3,831
Deferred tax assets		9,007	9,395
Other investments		1,536	36
Other assets		1,135	1,048
Total non-current assets		15,555	16,211
TOTAL ASSETS		61,965	168,505
LIABILITIES			
Current			
Trade and other payables		9,723	34,534
Interest bearing liabilities		-	84,013
Other liabilities		111	183
Provisions		8,202	8,312
Current tax liability		266	(1)
Total current liabilities		18,302	127,041
Non-current			
Other liabilities		268	284
Provisions		891	1,630
Total non-current liabilities		1,159	1,914
TOTAL LIABILITIES		19,461	128,955
NET ASSETS		42,504	39,550
EQUITY			
Contributed equity	10	34,673	34,150
Reserves	11	13,704	15,898
Accumulated losses		(5,991)	(10,616)
Equity attributable to shareholders		42,386	39,432
Non-controlling interests		118	118
TOTAL EQUITY		42,504	39,550

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the attached notes included in pages 10 to 24.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2016

	Note	Half year to 31 Dec 2016 \$'000	Half year to 31 Dec 2015 \$'000
Cash Flows from operating activities			
Cash receipts from customers		85,404	76,564
Cash paid to suppliers and employees		(81,600)	(74,014)
Cash provided by operations		3,804	2,550
Claims and litigation settlements		(2,584)	(781)
Net cash flows provided by operating activities		1,220	1,769
Cash Flows from investing activities			
Interest received		121	158
Dividends received from investments		98	-
Payments to acquire financial assets		(1,500)	-
Acquisition of intangible assets		(15)	(35)
Acquisition of property, plant & equipment		(240)	(38)
Proceeds from sale of interest in a subsidiary		20,000	-
Proceeds from sale of property, plant & equipment		35	84
Net cash flows provided by investing activities		18,499	169
Cash Flows from financing activities			
Interest and borrowing expenses paid		(1,462)	(240)
Net increase in borrowings		25,068	16,597
Net increase in loan funds advanced		(17,310)	(17,762)
Dividends paid	6	(1,883)	(1,025)
Net cash flows provided by/(used) in financing activities		4,413	(2,430)
Net change in cash and cash equivalents		24,132	(492)
Cash & cash equivalents at the beginning of the year		10,192	12,539
Cash & cash equivalents at the end of the period		34,324	12,047

1. The statement of cash flows includes net cash inflows/(outflows) from operating, investing and financing activities of discontinued operations.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2016

		Ordinary shares	Dividend reserve	Other reserves	Accumulated losses	Total	Non- controlling interests	Total equity
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016		34,150	14,810	1,088	(10,616)	39,432	118	39,550
Profit for the period		-	-	-	4,625	4,625	-	4,625
Total comprehensive income for the year		-	-	-	4,625	4,625	-	4,625
Issue of share capital	10	523	-	-	-	523	-	523
Share-based payment		-	-	(311)	-	(311)	-	(311)
Dividends paid	6	-	(1,883)	-	-	(1,883)	-	(1,883)
Balance at 31 Dec 2016		34,673	12,927	777	(5,991)	42,386	118	42,504
Balance at 1 July 2015		32,677	17,979	761	(14,878)	36,539	118	36,657
Profit for the period		-	-	-	714	714	-	714
Total comprehensive income for the year		-	-	-	714	714	-	714
Share capital reduction ¹		755	-	-	-	755	-	755
Share-based payment		-	-	264	-	264	-	264
Dividends paid	6	-	(1,780)	-	-	(1,780)	-	(1,780)
Balance at 31 Dec 2015		33,432	16,199	1,025	(14,164)	36,492	118	36,610

1. The parent entity offset accumulated losses as at 30 June 2014 of \$7,871,000 against share capital as provided for by section 258F of the Corporations Act.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Condensed Consolidated Financial Statements

31 December 2016

1. Corporate information

The interim condensed consolidated financial statements of Centrepont Alliance Limited and its controlled entities (the 'Group') for the half year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 24 February 2017.

Centrepont Alliance Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the half year ended 31 December 2016 have been prepared in accordance with AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2016.

It is recommended that the half year financial report be considered together with any public announcements made by the Group during the half year ended 31 December 2016 and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half year financial report has been prepared on a historical cost basis, except for certain financial assets and derivative financial instruments that have been measured at fair value.

The Company is a company of the kind referred to in ASIC Corporation's (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with the Corporations Instrument, amounts in the financial report are presented in Australian dollars and all values are rounded off to the nearest thousand dollars, unless otherwise indicated.

New accounting standards and interpretations

The accounting policies adopted in the preparation of the half year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the financial year ended 30 June 2016, except for the adoption of new standards and interpretations noted below:

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.
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2. Summary of significant accounting policies (cont.)

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	<p>Amends AASB 127 <i>Separate Financial Statements</i>, to allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:</p> <ul style="list-style-type: none"> · at cost; · in accordance with AASB 9 <i>Financial Instruments</i>; or · using the equity method as described in AASB 128 <i>Investments in Associates and Joint Ventures</i>. <p>The accounting policy option must be applied for each category of investment.</p>
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	<p>Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle.</p> <p>Key amendments include:</p> <ul style="list-style-type: none"> · AASB 5 – Change in methods of disposal; · AASB 7 – Servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; · AASB 119 – Discount rate: regional market issue; and · AASB 134 – Disclosure of information 'elsewhere in the interim financial report'
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	<p>Amends AASB 101 <i>Presentation of Financial Statements</i> to provide clarification regarding the disclosure requirements in AASB 101.</p> <p>Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements.</p>

The adoption of the above standards does not have any material impact on the disclosures or amounts recognised in the Group's condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Comparatives

Certain adjustments have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

3. Segment information

The Group has organised its businesses and identified two reportable segments based on the nature of the products and services provided and the markets in which it operates. Internal reports are regularly reviewed by the Managing Director & Chief Executive Officer on this basis.

Following the sale of the Centerpoint Alliance Premium Funding Pty Ltd on 30 December 2016, lending is no longer a reportable segment of the Group.

The Group's reportable segments are:

- Licensee & Advice Services – provides Australian Financial Services Licence related services to financial advisers and their clients and mortgage broking services
- Funds Management & Administration – provides investor directed portfolio services and investment management services to financial advisers and their clients

Board, corporate finance, company secretarial and other administration functions of the Company not allocated to the above reportable segments are identified as Corporate and unallocated.

The Group operated only in Australia during the reporting period. A detailed review of these segments is included in the Directors' Report.

The accounting policies of the reportable segments are the same as the Group's accounting policies. The Group does not currently manage its assets and liabilities on an individual segment basis.

The segment results are presented on a continuing operations basis and the prior period has been restated accordingly.

From 1 July 2016, inter-segment sales and costs recharges are now recognised in the Corporate segment and in the prior year, they were recognised in the Licensee & Advice Services segment. They continue to be eliminated on consolidation of the Group's results.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
31 December 2016

3. Segment information (cont.)

	Licensee & Advice Services	Funds Management & Administration	Wealth Total	Corporate & Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year to 31 Dec 2016					
Revenue					
External customers	11,629	3,824	15,453	172	15,625
Interest income	36	15	51	69	120
Segment revenue	11,665	3,839	15,504	241	15,745
Total revenue					15,745
Segment results					
Borrowing expenses	(27)	-	(27)	(6)	(33)
Client claims	(3,774)	(1)	(3,775)	-	(3,775)
Depreciation & amortisation	(304)	(67)	(371)	(217)	(588)
Impairment of assets	(54)	-	(54)	-	(54)
Inter-segment expenses	(8,168)	(1,718)	(9,886)	9,886	-
Segment profit before tax	(1,904)	1,871	(33)	(1,905)	(1,938)
Profit before tax					(1,938)
Balance Sheet at 31 Dec 2016					
Current assets					
Interest bearing receivables	122	-	122	-	122
Other current assets	12,454	3,459	15,913	30,375	46,288
Total current assets	12,576	3,459	16,035	30,375	46,410
Non-current assets					
Interest bearing receivables	469	-	469	-	469
Other non-current assets	5,950	143	6,093	8,993	15,086
Total non-current assets	6,419	143	6,562	8,993	15,555
Total Assets	18,995	3,602	22,597	39,368	61,965
Current liabilities					
Other current liabilities	12,596	1,192	13,788	4,514	18,302
Total current liabilities	12,596	1,192	13,788	4,514	18,302
Non-current liabilities					
Other non-current liabilities	684	-	684	475	1,159
Total non-current liabilities	684	-	684	475	1,159
Total Liabilities	13,280	1,192	14,472	4,989	19,461
Net Assets	5,715	2,410	8,125	34,379	42,504

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
31 December 2016

3. Segment information (cont.)

	Licensee & Advice Services	Funds Management & Administration	Wealth Total	Corporate & Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year to 31 Dec 2015					
Revenue					
External customers	12,398	3,405	15,803	4	15,807
Interest income	28	32	60	132	192
Segment revenue	12,426	3,437	15,863	136	15,999
Total revenue					15,999
Segment results					
Borrowing expenses	(181)	-	(181)	107	(74)
Client claims	(149)	-	(149)	-	(149)
Depreciation & amortisation	(1,056)	(103)	(1,159)	(35)	(1,194)
Inter-segment expenses	1,240	(394)	846	(846)	-
Segment profit before tax	43	1,764	1,807	(1,671)	136
Profit before tax					136
Balance Sheet at 30 June 2016¹					
Current assets					
Interest bearing receivables	-	-	-	269	269
Other current assets	12,762	2,703	15,465	7,499	22,964
Total current assets	12,762	2,703	15,465	7,768	23,233
Non-current assets					
Interest bearing receivables	225	-	225	115	340
Other non-current assets	6,519	190	6,709	8,368	15,077
Total non-current assets	6,744	190	6,934	8,483	15,417
Total Assets	19,506	2,893	22,399	16,251	38,650
Current liabilities					
Interest bearing liabilities	26	-	26	-	26
Other current liabilities	17,894	830	18,724	300	19,024
Total current liabilities	17,920	830	18,750	300	19,050
Non-current liabilities					
Other non-current liabilities	1,327	-	1,327	364	1,691
Total non-current liabilities	1,327	-	1,327	364	1,691
Total Liabilities	19,247	830	20,077	664	20,741
Net Assets	259	2,063	2,322	15,587	17,909

¹ Balances have been restated to exclude discontinued operations net assets of \$21,642 thousand relating to Lending as, following the sale of Centrepoint Alliance Premium Funding, Lending is no longer a reportable segment.

The inter-segment sales and costs are carried out on an arm's length basis and are eliminated on consolidation.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
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31 December 2016

4. Other revenue

	Half year to 31 Dec 2016 \$'000	Half year to 31 Dec 2015 \$'000
Cost recoveries from advisers	96	248
Other	128	162
Total other revenue	224	410

5. Other expenses

	Half year to 31 Dec 2016 \$'000	Half year to 31 Dec 2015 \$'000
Audit fees	179	194
Directors fees and expenses	210	149
Insurance	364	409
Licensing, subscriptions and registrations	770	608
Marketing and promotion	328	412
Travel and entertainment	339	324
Printing & stationery	54	49
Other expenses	382	359
Total other general and administrative expenses	2,626	2,504

6. Dividends

	Half year to 31 Dec 2016 \$'000	Half year to 31 Dec 2015 \$'000
Dividends paid or payable		
The following fully franked dividends were provided for or paid during the half year:		
Dividends paid on ordinary shares	1,883	1,780

Dividends payable are recognised when declared by the Company.

7. Earnings per share ('EPS')

The following reflects the income used in the basic and diluted EPS computations:

	Half year to 31 Dec 2016 \$'000	Half year to 31 Dec 2015 \$'000
a) Profit used in calculating profit per share		
Net profit attributable to ordinary equity holders of the Company	4,625	714
Net profit attributable to ordinary equity holders of the Company from discontinued operations	6,074	734
Net loss attributable to ordinary equity holders of the Company from continuing operations	(1,449)	(20)
b) Weighted average number of shares	No. of shares	No. of shares
Weighted average number of ordinary shares (excluding reserved shares)	148,190,547	149,361,385
<i>Effect of dilution:</i>		
Performance rights and CAESP shares	10,146,015	3,566,667
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	158,336,562	152,928,052
Basic earnings per share from discontinued operations	4.10	0.49
Basic loss per share from continuing operations	(0.98)	(0.01)
Basic earnings per share	3.12	0.48
Diluted earnings per share	2.92	0.47

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

8. Fair value of financial instruments

The Group uses various methods in estimating the fair value of a financial instrument. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The methods comprise:

Level 1 – the fair value is calculated using quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – the fair value is estimated using inputs other than quoted (unadjusted) market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

8. Fair value of financial instruments (cont.)

Quoted (unadjusted) market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in their hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between categories during the year.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Cash and Cash equivalents: Fair value approximates the carrying amount as these assets are receivable on demand or short term in nature.

Interest Bearing Receivables: For fixed rate loans, excluding impaired loans, fair value is determined by discounting expected future cash flows by the RBA Indicator Lending Rate for 3 year fixed small business loans adjusted using quoted BBSW interest rates to reflect the average remaining term of the loans as at 31 December 2016.

The calculated fair value using this Level 3 methodology approximates carrying value. Increasing the interest rate used to discount future cash flows by 1% would reduce fair value by less than \$450,000.

For variable rate loans, excluding impaired loans, fair value approximates the carrying amount as they are repriced frequently.

Interest Bearing Liabilities: The carrying values of variable rate interest bearing liabilities approximate their fair value as they are short term in nature and reprice frequently.

9. Intangible assets

a) Reconciliation of carrying amounts at the beginning and end of the half year

	Goodwill \$'000	Software \$'000	Network & Client Lists \$'000	Total \$'000
Half year ended 31 December 2016				
At 1 July 2016 net of accumulated amortisation and impairment	2,132	338	1,361	3,831
Amortisation	-	(170)	(295)	(465)
Disposals from sale of subsidiary	(1,175)	-	-	(1,175)
At 31 December 2016 net of accumulated amortisation and impairment	957	168	1,066	2,191
At 31 December 2016				
Cost	1,210	3,913	10,025	15,148
Accumulated amortisation and impairment	(253)	(3,745)	(8,959)	(12,957)
Net carrying value	957	168	1,066	2,191
Half year ended 31 December 2015				
At 1 July 2015 net of accumulated amortisation and impairment	2,132	774	2,039	4,945
Additions	-	103	-	103
Amortisation	-	(319)	(376)	(695)
At 31 Decemebr 2015 net of accumulated amortisation and impairment	2,132	558	1,663	4,353
At 30 June 2016				
Cost	2,385	3,913	10,025	16,323
Accumulated amortisation and impairment	(253)	(3,575)	(8,664)	(12,492)
Net carrying value	2,132	338	1,361	3,831

9. Intangible assets (cont.)

b) Description of the Group's intangible assets

i) Goodwill

Cash generating units ('CGU')

Goodwill was created during 2012 on the acquisitions of the externally owned interests in Ventura Investment Management Ltd of \$93,000 and in Centrepont Alliance Lending Solutions Pty Ltd of \$863,000 (net of an impairment of \$253,000).

Other CGU's include Professional Investment Services Pty Ltd and Investment Diversity Pty Ltd.

Goodwill is tested on an annual basis and when there is an indication of potential impairment.

ii) Networks and client lists

Intangible assets in the form of adviser network businesses and adviser client lists acquired to expand the adviser network. These had a total book value at 31 December 2016 of \$1,069,000 (June 2016: \$1,362,000).

iii) Software

The Group has developed or acquired software, which is being amortised over their expected useful lives.

c) Impairment tests for goodwill and intangibles

i) Goodwill

Goodwill is tested annually for impairment by calculation of value in use at the CGU level.

Value in use is calculated using discounted cash flow projections for five years and terminal values prepared from current forecasts using the following assumptions:

- Growth rate 2.50% (June 2016: 2.50%)
- Cost of equity: 12.35% (June 2016: 12.35%)

The testing completed at 30 June 2016 resulted in no impairment being required.

The value in use model is not materially sensitive to any of the above assumptions.

No indicators of impairment are noted for the remaining CGU's.

ii) Networks and client lists

Adviser networks and client lists are regularly tested for impairment by calculation of value in use or when indicators of potential impairment arises.

Value in use is calculated using discounted cash flow projections associated with the applicable asset using the following assumptions:

- The number of revenue generating advisers and clients declines to nil over the remaining useful life of 4.5 years
- Cash flows associated with remaining advisers and clients are inflated only at CPI with no growth assumed.
- Cost of equity: 12.35% (June 2016: 12.35%)

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
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9. Intangible assets (cont.)

The testing completed at 30 June 2016 resulted in no impairment losses.

The value in use calculations are most sensitive to the remaining useful life assumption. Sensitivity analysis indicates that a decrease in the assumed useful life of 1 year would have resulted in an impairment expense of \$284,614 (June 2016: \$284,614).

iii) Software

The value of the developed or acquired software of the Group is amortised on a straight line basis over a 2.5 year period, which the directors assess as the intangible assets' useful lives. No software is considered to be impaired.

10. Contributed equity

	Number of shares	31 Dec 2016 \$'000	Number of shares	30 June 2016 \$'000
i) Ordinary shares (issued & fully paid)				
Balance at start of year	155,434,080	38,585	148,300,806	36,178
Movements during the year:-				
Share issue - long term incentive plan	1,498,889	523	2,750,000	935
Share issue - dividend reinvestment plan	-	-	4,383,274	1,472
On issue at end of year	156,932,969	39,108	155,434,080	38,585
ii) Reserved shares				
Balance at start of year	(8,050,000)	(4,435)	(5,300,000)	(3,500)
Movements during the year:-				
Share issue - long term incentive plan	-	-	(2,750,000)	(935)
On issue at end of year	(8,050,000)	(4,435)	(8,050,000)	(4,435)
Total contributed equity	148,882,969	34,673	147,384,080	34,150

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
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11. Reserves

	31 Dec 2016 \$'000	30 June 2016 \$'000
Employee equity benefits reserve	777	1,088
Dividend reserve	12,927	14,810
Total	13,704	15,898

a) Employee equity benefits reserve	31 Dec 2016 \$'000	30 June 2016 \$'000
Balance at start of year	1,088	761
Value of share based payments provided or which vested during the year	(311)	327
Balance at end of year	777	1,088

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including Key Management Personnel (KMP), as part of their remuneration.

During the current period, 1,498,889 of performance rights issued in a prior financial year vested and were issued to the Managing Director & Chief Executive Officer and other senior executives of the Group as follows:

Shares	No. of shares	Vesting period	Issue price	Fair Value at issue date
Managing Director	650,000	3 years	\$0.360	\$0.320
Senior Executives	848,889	3 years	\$0.340	\$0.302

b) Dividend reserve	31 Dec 2016 \$'000	30 June 2016 \$'000
Balance at start of year	14,810	17,979
Dividends paid	(1,883)	(3,169)
Balance at end of year	12,927	14,810

The dividend reserve represents profits transferred for payment of potential future dividends.

12. Share based payment plans

All current option awards are fully vested at reporting date. There are 8,050,000 shares which are held within the Centrepont Alliance Employee Share Plan ('CAESP') which are not yet vested. Performance rights over 2,067,777 shares issued in a prior financial year have lapsed during the current period. Performance rights over 3,750,000 shares have been issued in the current financial year have not yet vested.

a) Option pricing model

The fair value of the shares issued under the CAESP, the options issued and the performance rights are estimated as at the date of allocation using the Black Scholes Model taking into account the terms and conditions upon which they were granted and market based inputs as at the grant date.

13. Contingent liabilities

The nature of the financial advice business is such that from time to time advice given by the Group or its authorised representatives results in claims by clients for compensation.

The Group makes a specific provision for claims arising from advice provided prior to 1 July 2010. During the financial period, the Group changed the methodology used to estimate the provision. In prior periods, a general provision was maintained based on an actuarial model of past claims, reviewed annually by independent actuaries. As at 31 December 2016 a specific provision has been established based on the best estimate of all open claims and an allowance for claims not reported. The change in methodology was adopted as the number of open claims and the incidence of new claims is reducing. The statute of limitations provides a general limitation period of 6 years from the time a cause of action arises to bring legal proceedings and this has the impact of reducing and ultimately diminishing the value of new claims. We expect all claims will be finalised by approximately 2021.

The impact of the change in methodology was an increase in the claims provision of \$3,698,300.

At the date of this report the directors are not aware of any material contingent claims in relation to advice provided after 1 July 2010.

There were no other contingent liabilities at reporting date.

14. Events after the reporting period

There are no other matters or events which have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

15. Seasonality of operations

Provision of financial advice and investment products: There is no significant seasonal variation in the income from the provision of financial advice and investment products and services.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
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31 December 2016

16. Deferred tax assets

The Group has deferred tax assets of \$9.0m as at 31 December (2016: \$9.4m). The recoverability of the deferred tax assets is dependent upon delivering sufficient future taxable profits. Following the sale of the premium funding business, management has reforecast and assumed an increase in growth in the core business driven by the contemporary fee model, profits generated from the implementation of the direct to consumer strategy in xseedwealth and growth through adviser and practice numbers. These judgements will be reassessed at each reporting date.

17. Discontinued operations

On 30 December 2016, the Group completed the sale of Centrepoint Alliance Premium Funding Pty Ltd (CAPF) at which point it met the criteria for being classified as discontinued operations.

CAPF was a separate operating and reportable segment of the Group in prior reporting periods (refer to Note 3 Segment information). This operating segment was not previously classified as held for sale or as a discontinued operation. The comparative statements of comprehensive income of the Group have been restated to show discontinued operations separately from continuing operations.

a) Analysis of profit for the year from discontinued operations

The results set out below represent the discontinued operations of CAPF.

	31 Dec 2016 \$'000	30 June 2016 \$'000
Net operating income	5,285	4,832
Total expenses	(3,019)	(3,746)
Profit before income tax	2,266	1,086
Income tax expense	(669)	(352)
Net profit from discontinued operations	1,597	734
Gain on sale of discontinued operations before tax	4,477	-
Income tax benefit associated with sale	-	-
Gain on sale of discontinued operations after tax	4,477	-
Total net profit from discontinued operations	6,074	734
Attribute to owners	6,074	734
Non-controlling interests	-	-

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
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31 December 2016

17. Discontinued operations (cont.)

b) Effect of disposal on the financial position of the Group

The assets and liabilities of CAPF discontinued operations removed from the Group's balance sheet at the date that control was lost (30 December 2016) is set out below. In line with accounting standard requirements comparative information of the Group's balance sheet for CAPF has not been restated.

	31 Dec 2016 \$'000
ASSETS	
Cash and cash equivalents	7,291
Trade and Other Receivables	122
Interest Bearing Receivables	143,088
Other Assets	4,151
Property, Plant & Equipment	168
Intangible Assets	145
Deferred Tax Asset	390
TOTAL ASSETS	155,355
LIABILITIES	
Trade and other payables	(15,458)
Interest Bearing Liabilities	(125,000)
Provisions	(607)
Current Tax Liability	-
TOTAL LIABILITIES	(141,065)
NET ASSETS	14,290
EQUITY	
Contributed Equity	(12,500)
Retained earnings	(1,790)
TOTAL EQUITY	(14,290)

c) Cash flows provided by/(used) from discontinued operations

	Half year to 31 Dec 2016 \$'000	Half year to 31 Dec 2015 \$'000
Net cash flows provided by operating activities	13,365	611
Net cash flows used in investing activities	(142)	(665)
Net cash flows used in financing activities	(6,000)	-
Net change in cash and cash equivalents from discontinued operations	7,223	(54)

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Declaration

31 December 2016

In accordance with a resolution of the Directors of Centrepoint Alliance Limited, I state that:

1. In the opinion of the Directors:

- (a) The interim condensed consolidated financial statements and notes of Centrepoint Alliance Limited for the half year ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the it's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors:



A. D. Fisher
Chairman

24 February 2017

Independent Auditor's Review Report to the members of Centrepont Alliance Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Centrepont Alliance Limited, which comprises the condensed statement of financial position as at 31 December 2016, and the condensed consolidated statement of profit or loss and comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Centrepont Alliance Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 25.

Directors' Responsibility for the Half-Year Financial Report

The directors of Centrepont Alliance Limited 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 gives a true and fair view and 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 consolidated entity's financial position as at 31 December 2016 and its 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 Centrepont Alliance 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.

Auditor's Independence Declaration

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 Centrepoint Alliance Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

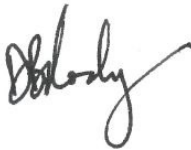
Conclusion

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 Centrepoint Alliance Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



David Rodgers
Partner
Chartered Accountants
Brisbane, 24 February 2017