

# ANNUAL FINANCIAL REPORT

For the year ended  
30 June 2017

**Centrepont Alliance Limited  
and its Controlled Entities**

ABN 72 052 507 507

# Partnering for growth

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Centrepoint Alliance Limited  
and its controlled entities  
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Annual Financial Report for  
the year ended 30 June 2017

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# CHAIRMAN'S REPORT



Centrepoint Alliance Limited ('Centrepoint' or the 'Company') has continued to make significant progress during the financial year ended 30 June 2017 ('FY17') in executing its strategy to become the most respected financial services provider in Australia.

We are pleased to announce a strong result for FY17 with a net profit after tax of \$6.5m (up 51%) and an EBITDA from continuing operations of \$5.3m (up 33%) excluding the legacy claims adjustment. The results include the sale of the Premium Funding business on 30 December 2016 for \$21.4m. The sale of funding has resulted in Centrepoint focusing solely on its wealth management business, that is supported by a strong cash position. Subsequent to the sale, a number of acquisition opportunities have been investigated without success. As a result, the Board has made the decision to approve a special dividend of 7.0 cents per share fully franked. In addition, the Board approved a final dividend of 1.2 cents per share fully franked reflecting an updated dividend policy based on earnings outlook.

The Group has made a significant investment in people, technology and client solutions. This investment is an integral part of the Group's strategy to achieve sustainable, long term growth by delivering innovative solutions to meet customers' needs while assisting financial advisers and brokers to operate efficient and profitable businesses. The employee engagement and satisfaction levels have improved strongly.

The outcomes of our investments have resulted in improved adviser satisfaction with a net promoter score of +25.6<sup>1</sup> in Alliance Wealth and +33.3 in Associated Advisory Practices against industry score of -5.5. We have been successful in expanding adviser numbers and continue to lead the industry in being an early promoter of managed accounts. Net inflows into the Ventura Managed Accounts Portfolios ('vMaps') solution increased by 71% to \$344m, and there has been a solid transformation of revenue to the contemporary business model.

Centrepoint continues to focus on being a customer-centric wealth management business. Our primary goal is to improve the quality of advice and wealth management solutions provided to Australians as well as capturing the benefits from industry disruption and the move to 'fee for service' advice. A package of virtual service solutions was introduced during the year to enable advisers to benefit from greater scale and specialist expertise so they can focus on adding value to their clients. We believe this strengthens our adviser proposition allowing advice practices to choose from a menu of investment services that include asset allocation research and models, implemented portfolios on a wide variety of platforms and a fully outsourced CIO function.

<sup>1</sup> CoreData April 2017 Centrepoint Alliance Community Research

During the year we have made strategic investments in R Financial Educators Pty Ltd (RFE) and Australian Life Development Pty Ltd (ALD). RFE is focused on establishing joint ventures with accountants to leverage their client base and provide financial advice. ALD is an Australian based insurance distribution business offering non-complex, customer-focused life insurance products through the financial adviser channel and is expected to release its products in March 2018.

Centrepoint is well placed to take advantage of the anticipated growth in the wealth management market and is using technology to simplify the client experience. This should enable Centrepoint to attract quality advice businesses, grow funds under management and administration and enhance shareholder value.

We remain focused on assessing acquisition opportunities that fit strategically and can generate shareholder value.

Thank you to our employees, advisers, clients and business partners, and you, our shareholders, for your continued support as we strive to become the leading and most highly respected non-institutional financial services business in Australia.

Yours sincerely

**Alan Fisher**  
Chairman

# DIRECTORS' REPORT

Your Directors present their report for the year ended 30 June 2017.

## DIRECTORS

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



**Alan Fisher**  
BCom, FCA, MAICD  
Chair of the Board, Independent  
Non-Executive Director

### Experience and expertise

Alan has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand where he headed and grew the Melbourne Corporate Finance Division. Following this tenure Alan developed his own corporate advisory business and in the last 20 years has specialised in M&A, strategic advice, business restructurings and capital raisings. He is also managing director of DMC Corporate and Fisher Corporate Advisory. Alan has previously held the position of CEO of Pental Limited where he was instrumental in its successful restructuring.

Alan holds a Bachelor of Commerce from Melbourne University, is a Fellow of the Institute of Chartered Accountants and a Member of the Australian Institute of Company Directors.

Alan was appointed as Non-Executive Director and Chair of the Company on 12 November 2015.

### Other current directorships

Alan is currently a non-executive director and chair of the audit and risk committee of Thorney Technologies Ltd (ASX: TEK) (appointed 29 August 2014), IDT Australia Limited (appointed 10 June 2015) and Bionomics Limited (appointed 1 September 2016).

### Former directorships in last 3 years

No former directorships of Australian listed entities.

### Special responsibilities

Chair of the Board  
Member of the Nomination, Remuneration and Governance Committee

### Interests in shares and options

Nil



**John de Zwart**  
BEcon, CA  
Managing Director and Chief  
Executive Officer

### Experience and expertise

John has 20 years of experience in senior executive roles within the Australian, UK and NZ financial services industry. John's passion and success has come from a focus on the customer and staff experience to transform and build fast growing and industry leading businesses in a range of sectors. John was the Chief Financial Officer for TAL Limited, Tower Limited and AMP Corporate Superannuation. He has also worked with Westpac, Credit Suisse and PricewaterhouseCoopers.

John believes strongly in aligning corporate and social outcomes and has been actively involved in a range of charities, most recently as director of CanTeen.

John holds a Bachelor of Economics from the University of Sydney and is a member of the Institute of Chartered Accountants.

John was appointed as Managing Director and Chief Executive Officer of the Company on 15 April 2013.

### Other current directorships

No other directorships of Australian listed entities.

### Former directorships in last 3 years

No former directorships of Australian listed entities.

### Special responsibilities

Managing Director and Chief Executive Officer  
Alternate Member of the Group Investment Committee for Martin Pretty or Hugh Robertson (from 21 October 2016)  
Member of the Group Investment Committee (until 21 October 2016)

### Interests in shares and options

3,230,743 ordinary shares  
4,300,000 ordinary shares held under the Centrepont Alliance Limited Executive Loan Funded Share Plan  
1,500,000 performance rights held under the Centrepont Alliance Limited Performance Rights Plan



**Georg Chmiel**  
Diplom-Informatiker, MBA, CPA  
(USA), FAICD  
Independent Non-Executive  
Director, Chair of the Group Audit  
and Risk Committee

### Experience and expertise

Georg brings over 23 years of experience in the financial services industry, online media and real estate industry. Georg is currently Chief Financial Officer of iFlix Group. Previously he was Managing Director and CEO of iProperty Group, the owner of Asia's No. 1 network of property portal sites and related real estate services. He played a key role in finalising the sale of iProperty Group to REA Group, Southeast Asia's largest ever internet buyout. Prior to iProperty Group, Georg was Managing Director and CEO of LJ Hooker Group with 700 offices across nine countries providing residential and commercial real estate as well as financial services.

Georg holds a Master of Business Administration from INSEAD, a Diplom-Informatiker (Computer Science Degree) from Technische Universität München and is a member of the American Institute of Certified Public Accountants and a Fellow of the Australian Institute of Company Directors.

Georg was appointed as Non-Executive Director of the Company on 7 October 2016.

### Other current directorships

Georg is currently a Non-Executive Director of iCar Asia Limited (ASX: ICQ) (appointed 1 November 2016) and has held the position of Chair (since 24 February 2017). He is also a Non-Executive Director of Mitula Group Limited (ASX: MUA) (appointed 18 January 2017).

### Former directorships in last 3 years

Georg is formerly an Executive and Non-Executive Director of iProperty Group Limited (ASX: IPP) (4 January 2011 to 21 April 2014), he also held the position of Managing Director and Chief Executive Officer (21 April 2014 to 16 February 2016).

### Special responsibilities

Chair of the Group Audit, Risk and Compliance Committee (from 21 October 2016)  
Member of the Group Audit, Risk and Compliance Committee (until 21 October 2016)

### Interests in shares and options

25,000 ordinary shares



**John O'Shaughnessy**  
MBA, Grad Cert Management,  
FFinsia, FGIA, FCIS, MAICD  
Independent Non-executive  
Director, Chair of the Nomination,  
Remuneration and Governance  
Committee

### Experience and expertise

John has many years' experience in financial services in Asia/Pacific and in the UK/Europe, having held CEO, Senior Executive and board roles covering funds management, insurance, banking and securities.

John is currently Chairman of Forticode Limited; a Director of AlphaVista Financial Services Holdings Pty Limited; a Director on the University of Adelaide's International Centre for Financial Services Advisory Board; a Councillor on the Macquarie University Faculty of Science and Engineering. He was previously Chairman of Elevate Australasia Limited; a Director with A. T. Kearney; and a Director of the Australian Services Roundtable. John was also Deputy CEO of the Financial Services Council of Australia.

John holds a Master of Business Administration from Macquarie University and is a Fellow of the Governance Institute of Australia, a Fellow of the Financial Securities Institute of Australia, a Senior Associate of the Australian and New Zealand Insurance Institute and a member of the Australian Institute of Company Directors.

John was appointed as Non-Executive Director of the Company on 28 May 2015.

### Other current directorships

No other directorships of Australian listed entities.

### Former directorships in last 3 years

No former directorships of Australian listed entities.

### Special responsibilities

Chair of the Nomination, Remuneration and Governance Committee  
Chair of the Group Audit, Risk and Compliance Committee (until 21 October 2016)  
Member of the Group Audit, Risk and Compliance Committee (from 21 October 2016)

### Interests in shares and options

100,000 ordinary shares



**Martin Pretty**  
**BA, CFA, Graduate Diploma of Applied Finance**  
**Non-executive Director, Chair of the Group Investment Committee**

#### Experience and expertise

Martin is currently a consultant with the Thorney Investment Group, a substantial shareholder, and brings to the Board over 17 years' experience in the finance sector. The majority of this experience was gained within ASX-listed financial services businesses, including Hub24, Bell Financial Group and IWL Limited. Martin has also previously worked as a finance journalist with The Australian Financial Review.

Martin holds a Bachelor of Arts (Honours) from The University of Melbourne, and a Graduate Diploma of Applied Finance from Finsia. Martin is a CFA charterholder.

Martin was appointed as Non-Executive Director of the Company on 27 June 2014.

#### Other current directorships

No other directorships of Australian listed entities.

#### Former directorships in last 3 years

No former directorships of Australian listed entities.

#### Special responsibilities

Chair of the Group Investment Committee  
 Member of the Group Audit, Risk and Compliance Committee

#### Interests in shares and options

Nil



**Hugh Robertson**  
**Independent Non-Executive Director**

#### Experience and expertise

Hugh has over 30 years' experience in the financial services sector having been involved in a number of successful stockbroking and equity capital markets businesses. Hugh is a senior investment adviser with Bell Potter. He has worked with a variety of stockbroking firms including Falkiners stockbroking, Investor First and Wilson HTM. Previously, Hugh has also held directorships with NSX Ltd, OAMPS Ltd, Catalyst Recruitment Ltd.

Hugh was appointed as Non-Executive Director of the Company on 2 May 2016.

#### Other current directorships

Hugh is currently a Non-Executive Director of AMA Group Limited (ASX: AMA) (appointed 2 June 2015). He is also a Non-Executive Director and Chair of the Audit and Risk Committee of Primary Opinion Limited (appointed 26 October 2015).

#### Former directorships in last 3 years

Hugh is formerly a Non-Executive Director of TasFoods Limited (ASX: TFL) (21 February 2014 to 10 February 2017), he also held the position of Chair (25 May 2015 to 3 September 2015).

Hugh has also held Executive and Non-Executive Directorship positions with HUB24 Limited (20 April 2011 to 29 February 2016) and Wentworth Holdings Limited (27 October 2005 to 3 September 2013).

#### Special responsibilities

Member of the Group Audit, Risk and Compliance Committee (until 21 October 2016)  
 Member of the Nomination, Remuneration and Governance Committee (from 21 October 2016)  
 Member of the Group Investment Committee (from 21 October 2016)

#### Interests in shares and options

Nil

## COMPANY SECRETARY

**Debra Anderson**  
**B. Law (LLB) Hons, Post Graduate Diploma in Legal Practice, Diploma of Financial Planning, AGIA, ACIS, MAICD**  
**Senior Corporate Lawyer & Company Secretary**

Debra is a lawyer who began her career in private practice in Australia and worked in New Zealand and Hong Kong, before joining the Company in 2003. She has gained extensive experience in financial services over the past 13 years and was appointed Company Secretary in November 2013.

Debra is a qualified Chartered Secretary and is an Associate of the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

**Marty Carne**  
**BM, BBus, LLB, LLM, MBA (Grad), GDLP, GCAIF**  
**General Counsel & Company Secretary**

Marty joined the Company in April 2016 and holds executive responsibility for Legal, Professional Standards and Risk and Claims Management.

Marty holds qualifications in law and business and is a member of the Queensland Law Society and the Association of Financial Advisers.

Marty has over 25 years' experience in regulation and financial services. Marty has held senior positions with a range of financial services companies and the Australian Securities Commission. Marty has strong commercial and client-centric skills and experience in the delivery of strategic legal advice and management of risk.

Marty was appointed as joint Company Secretary on 27 April 2017.



## MEETINGS OF DIRECTORS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

Members	Board of Directors		Nomination, Remuneration & Governance Committee		Group Audit, Risk & Compliance Committee		Group Investment Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A. D. Fisher	16	16	8	8	-	-	-	-
J. A. O'Shaughnessy	15	15	8	8	5***	5	-	-
H. W Robertson	13	11	5**	2	2	1	3	1
J. M. de Zwart	15	15	-	-	-	-	3***	2
J Cowan	-	-	-	-	-	-	5**	5
M Walker	-	-	-	-	-	-	5**	5
M. P. Pretty	13	13	-	-	5	5	5	5
G. Chmiel *	9	9	-	-	3***	3	-	-

\* Appointed 7 October 2016 \*\*Appointed 21 October 2016 \*\*\*Change of membership effective 21 October 2016

## CORPORATE INFORMATION

### Strategies and Prospects

The Group is focused on becoming the most trusted and respected wealth management organisation in Australia with the creation of leading business lines in wealth advice, funds management and life insurance.

The Wealth business is implementing its strategy to become a leading client-centric wealth business focused on customer outcomes and building sustainable financial advice practices. Our aim is to increase alignment between advisers and the Group to drive growth. With a contemporary business model it is well positioned in an industry that remains very attractive for long-term growth driven by growing national savings and investment pool increases and the greater need for advice as the complexity of the regulatory environment, tax system and market increases.

RFE is focused on partnering with accounting businesses to provide advice. The 2017 financial year was RFE's start up year, where a number of accountant referral partnerships were established, and this number is expected to triple in the next financial year.

ALD is an Australian based insurance distribution business offering life insurance products through financial adviser channels. In 2018 ALD will launch its products and establish their position on licensee approved product lists and adviser support.

The Group's strategy with respect to both RFE and ALD is to grow the long term values of these investments.

The Group is strategically well positioned and benefiting from the disruption occurring across financial services as regulatory, technology and consumer driven change occurs. Being ahead of the curve in creating a differentiated contemporary client-centric wealth management business and leveraging scale as a player. The Group has a strong balance sheet with good return on capital and will continue to explore further opportunities to transform the wealth advice market.

### History

Centrepoint Alliance Limited (formerly Alliance Finance Corporation Limited) was founded in 1991 as an insurance premium funding company. It was

incorporated in Australia as a company limited by shares and listed on the Australian Securities Exchange in June 2002.

On 30 September 2005, Centrepoint Alliance Limited merged with the Centrepoint Finance Pty Ltd.

During the 2009 financial year, 'the Group' ceased its commercial finance activities, which involved the sale on 31 December 2008 of its finance broking businesses and the cessation of its equipment finance operations.

On 13 December 2010 'the Company' acquired 100% of Centrepoint Wealth Pty Ltd (formerly Professional Investment Holdings Limited) and its controlled entities through a scheme of arrangement.

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 and has established a minority interest in life insurance.

## OPERATING & FINANCIAL REVIEW

### Group Business Operations

Centrepoint Alliance Limited and its controlled entities (the 'Group') operates predominantly in the financial services industry within Australia and has two core business segments as outlined above in Principal activities.

### Financial Performance

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) from continuing operations for the year to 30 June 2017 was \$5.3m, excluding the legacy claims adjustment of \$3.7m in 1H17. (2016: \$4.0m). The 33% increase in EBITDA is a good reflection of the increasing pace of transformation and growth of the Wealth business, which is performing well in challenging markets.

#### a. Licensee and Advice Services

*Description:* Provider of a range of financial advice and licensee support services (including licensing, technology, business support, training, compliance and professional standards) to financial advisers, accountants and their clients across Australia, including xseedwealth pty ltd (salaried advice) and Centrepoint Alliance Lending Pty Ltd ('CALP').

*Business Model:* Services are provided to authorised representatives under its Australian Financial Services Licences through Professional Investment Services Pty Ltd and Alliance Wealth Pty Ltd. Similar services are also

### Principal activities

The principal activities of the Company and its related entities during the course of the financial year were:

- Licensee and Advice Services, which provides a range of financial advice and licensee support services (including licensing, technology, business support, training, compliance, and professional standards); and,
- Funds Management and Administration, which is a provider of investment solutions (platforms and managed portfolios and funds) to financial advisers, accountants and their clients across Australia.

### Corporate structure

Centrepoint Alliance Limited is a company limited by shares that is incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX: CAF). Information on the Group structure is provided in Note 24 to the Consolidated Financial Statements.

provided to other licensees through Associated Advisory Practices Pty Ltd.

Salaried advice provides strategic financial advice to clients, and mortgage broking services are also offered to brokers and financial advisers.

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

*Overview:* Licensee and Advice Services operates with non-institutionally owned financial advisers and operates in a market alongside large institutions. The market is attractive with over \$2.3 trillion<sup>2</sup> in superannuation assets expected to continue to grow over the next twenty years and the need for quality advice continuing to grow.

During the year, the salaried advice business changed its name from Alliance Wealth & Protection Pty Ltd to xseedwealth pty ltd. The business has performed strongly in the year and is moving to the next phase of its growth strategy and increasing the number of advisers.

The mortgage broking business 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.

<sup>2</sup> APRA March 2017 Quarterly Superannuation Performance

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

The Group continues to be successful in recruiting 39 wealth advice firms during the year, representing well in excess of 100 financial advisers. 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.

The Group recently undertook its external client engagement survey and received a very positive response from clients. This was further confirmed through Alliance Wealth Pty Ltd being nominated for Independent Licensee of the year by CoreData.

*Financial Performance:* EBITDA excluding the impact of the change in claims provision methodology was \$4.6m (2016: \$4.1m). The growth was driven by the transition of advisers to the contemporary solutions model and recruitment of new firms.

## b. Funds Management and Administration

*Description:* Provider of funds management and platform solutions to financial advisers and their clients across Australia.

*Business Model:* The business sources best of breed fund managers and platforms, constructs portfolio solutions and managed funds through Investment Diversity Pty Ltd and Ventura Investment Management Limited.

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

*Overview:* Funds Management and Administration provides advisers and their clients with world class investment solutions across the risk/return spectrum, which 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 funds management and platform solutions. The Group is an early promoter of managed accounts, which has gained further momentum during the financial period, with \$344m under management and \$1.1b of gross inflows.

*Financial Performance:* EBITDA increased 8% to \$4.1m (2016: \$3.8m). Increased adoption by advisers of the contemporary solutions and improved margins on contemporary products have contributed to this result. The Group has invested in the sales team and transition

support during the financial period to deliver future growth. The business was also impacted by additional overheads following the sale of premium funding.

## c. Corporate

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

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

## d. Minority Investments

On 5 October 2016 the Group made an investment in R Financial Educators Pty Ltd (RFE) which is establishing joint ventures with Accountants to leverage their client base and provide financial advice. The investment is at start up stage and is growing strongly. Post balance date, the Group provided a further \$1m convertible loan (10% stake) to fund future growth, taking the total investment to \$2.5m, which represents a 25% economic interest.

An investment in Ginger Group Financial Services Limited (Ginger Group) was also made during the year for \$0.1m (50% stake), which is focused on providing support services to financial services organisations and advisers in New Zealand. Ginger Group has a 37.5% stake in Kepa Financial Services Limited (Kepa) and as a result, the Group indirectly holds an 18.75% stake in Kepa.

The Group also took up a minority investment in Australian Life Development Pty Ltd (ALD) which is focused on designing, distributing and administering life insurance products. Refer to Note 14(e) for further details.

## Cash Flows

The Group held \$31.2m in cash and cash equivalents as at 30 June 2017 (2016: \$10.2m).

Cash provided by continuing operations was \$5.4m (2016: \$5.6m) from which \$4.2m was paid out in legacy claims (2016: \$2.8m), \$21.4m was received from the sale of the Premium Funding business resulting in an overall cash movement of \$21.0m in the year (2016: \$2.3m).

## Financial Position

The Group has net assets at 30 June 2017 of \$41.6m (2016: \$39.6m) and net tangible assets of \$30.4m (2016: \$26.3m) representing net tangible assets per share of 19.35 cents (2016: 16.94 cents).

The assets and liabilities of the Group declined during the year following the sale of Premium Funding. The significant items in the prior period were the Premium Funding Receivables and interest-bearing liabilities associated with the receivables.

## Risks and Risk Management

The business regularly reviews operational and strategic risks faced by the Group that could affect its financial prospects. These include:

- Legacy advice claims – the Consolidated Statement of Financial Position includes a provision for client advice claims in relation to advice provided prior to 1 July 2010.

The provision is based on a detailed review of legacy claims as the approach moved from a general provision based on actuarial analysis and projections to a specific provision for each claim. Actual claims may exceed the provision and it is impracticable to quantify the amount of any such additional liability.

Class action lawyers and the Australian Securities & Investments Commission has been active within the financial advice industry in relation to poor advice and failed investment products. There is an unquantifiable risk that such action may be taken against a Group subsidiary in the future.

- Loss of financial advisers – Wealth depends on revenue generated from financial advisers. Financial advisers are able to leave the Group if they are dissatisfied with the services provided. Considerable effort and progress is being made to develop the leading advice business in Australia and a new advice fee model was recently implemented which is supporting retention of key financial advisers and helping to attract external advisers to the Group.
- Regulatory change – whilst the Future of Financial Advice ('FOFA') legislation has been finalised, the Financial System Inquiry ('FSI') and new Life Insurance Framework ('LIF') regulations will continue to evolve the direction for the future of Australia's financial system. Depending on the outcome of these changes it could impact the Group including operational change costs, slowing down adviser recruitment and increasing the ongoing costs and risks associated with regulatory compliance.
- Loss of rebate income – the Group receives rebates from product issuers in relation to products that it placed with them prior to the introduction of FOFA. The natural consequence of FOFA is that as time goes by and consumers receive advice this grandfathered rebate income will reduce.

- Loss of key personnel – Centrepoint has a relatively small team and could be negatively impacted if one or more of the key team members were to leave. A comprehensive staff review and feedback process is actively employed. Regular reviews of remuneration to ensure market competitiveness are undertaken, and short-term and long-term incentive programs are in place for staff.
- Competitor behaviour – the financial services industry has several participants which have large market shares and are subsidiaries or operating divisions of large financial services businesses. The size of these competitors and their greater access to the resources of their institutions provide them with a strong position on which to compete. There is also the emergence of smaller businesses looking to disrupt the traditional business models. There is a risk that earnings of the Group could be adversely impacted by the activities of competitors. The Group is focused on building and maintaining the leading service propositions in the industry and its position as a non-aligned service provider helps to mitigate this risk.

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities.

Risk management is monitored and assessed by the Group Audit, Risk and Compliance Committee of the Board, which comprises three Non-Executive Directors. The Managing Director and Chief Executive Officer, General Counsel and Chief Financial Officer are standing attendees. As detailed in the Corporate Governance Statement, the Committee is governed by a charter and is responsible on behalf of the Board for overseeing:

- The effectiveness of the Group's system of risk management and internal controls; and
- The Group's systems and procedures for compliance with applicable legal and regulatory requirements.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of Key Performance Indicators (KPIs) of both a financial and non-financial nature.

- Board approved Risk Management Policy and Risk Framework to assist in the identification, analysis, evaluation and treatment of Group risks.

## Dividends

On 24 August 2017, the Directors of Centrepoint Alliance Limited declared a final dividend on ordinary shares in respect of the 2017 financial year. The dividend is to be paid out of the dividend reserve. The total amount of the dividend is \$1,883,196, which represents 1.2 cents per share and is fully franked at the corporate income tax rate of 30%. The record date is 25 September 2017 and payment date is 9 October 2017.

On 24 August 2017, the Directors of Centrepoint Alliance Limited declared a special dividend on ordinary shares in respect of the 2017 financial year. The dividend is to be paid out of the dividend reserve. The total amount of the dividend is \$10,985,308, which represents 7.0 cents per share and is fully franked at the corporate income tax rate of 30%. The record date is 25 September 2017 and payment date is 9 October 2017. The Board has determined the Dividend Reinvestment Plan (DRP) will not be offered for either payment.

## SHARES AND PERFORMANCE RIGHTS

### Unissued shares

During the year, 1,498,889 performance rights were vested, of which the Managing Director and Chief Executive Officer, John de Zwart, was allocated 650,000. A performance right is a right that can be converted to an ordinary fully paid share in the Company for no monetary consideration subject to specific performance criteria being achieved.

At the date of this report there are 500,000 unissued ordinary shares subject to options, which are being held as reserved shares by the Group.

### Shares issued as a result of the exercise of options

No shares have been issued as a result of the exercise of options during the financial year and up to the reporting date.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group sold its insurance Premium Funding business on 30 December 2016 to the Bank of Queensland as part of the Group's business strategy to focus on wealth management. Other than the above, there are no matters or events constituting a significant change in the state of affairs of the Company.

## SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

On 6 July 2017, the Group subscribed to a convertible loan of \$1m in RFE, which represents a 10% stake in equity if converted.

On 7 July 2017, the Group paid the balance of the convertible loan for ALD of \$3.75m.

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.

## LIKELY DEVELOPMENTS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have been addressed in the Chairman's Report and the Operating and Financial Review, where it was noted that the strategic plan includes the review and assessment of acquisition opportunities, and in the subsequent events disclosure. The Directors are not aware of any other significant material likely developments requiring disclosure.

## ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## CORPORATE GOVERNANCE STATEMENT AND PRACTICES

The Group's Corporate Governance Statement for the financial year ended 30 June 2017 was approved by the Board on 24 August 2017. The Corporate Governance Statement is available on our website: <http://www.centrepointalliance.com.au/investor-centre/corporate-governance/>

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium for a policy insuring all Directors of the Company, the Company Secretaries and all executive officers against any liability incurred by such director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise during or since the end of the financial year indemnified or agreed to indemnify any officer of the Company against a liability incurred as such officers.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Deloitte Touche Tohmatsu, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Deloitte Touche Tohmatsu during or since the end of the financial year.

## ROUNDING

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instruments amounts in the Directors' Report and the financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.



“

**Centrepont continues to focus on being a customer-centric wealth management business. Our primary goal is to improve the quality of advice and wealth management solutions to Australians.**

- Alan Fisher, Chairman

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# REMUNERATION REPORT

This Remuneration Report for the year ended 30 June 2017 outlines the remuneration arrangements of the Key Management Personnel of the Group in accordance with the requirements of the *Corporations Act 2001* (the 'Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

- Key Management Personnel
- Remuneration philosophy
- Group performance
- Nomination, Remuneration & Governance Committee ('NRGC')
- Employment contracts
- Remuneration of Key Management Personnel
- Short-term incentives
- Long-term incentives

For the purposes of this Report, Key Management Personnel ('KMP') of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

## Key Management Personnel

The key management personnel of the Company during the financial year were as follows:

<b>A. D. Fisher</b>	Chairman & Director (non-executive)
<b>J. A. O'Shaughnessy</b>	Director (non-executive)
<b>J. M. de Zwart</b>	Managing Director & Chief Executive Officer
<b>H. W. Robertson</b>	Director (non-executive)
<b>M. P. Pretty</b>	Director (non-executive)
<b>G. Chmiel</b>	Director (non-executive) – appointed 7 October 2016
<b>J. S. Cowan</b>	Chief Financial Officer
<b>R. M. Dodd</b>	Chief Executive Officer – Centrepoint Alliance Premium Funding Pty Ltd – Resigned 30 December 2016

There were no changes of KMP after the reporting date and before the signing of this Report.

## Remuneration Philosophy

The performance of the Company depends on the quality of its Directors, executives and employees. To prosper, the Company must attract, motivate and retain skilled and high performing individuals. Accordingly, the Company's remuneration framework is structured to provide competitive rewards to attract the highest calibre people.

The level of fixed remuneration is set to provide a base level of remuneration that is appropriate to the position and competitive in the market. It is not directly related to the performance of the Company. Fixed remuneration is reviewed annually and the process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Short-term incentives in the form of potential cash bonuses are made available to KMP. Any award is based on the achievement of pre-determined objectives.

Long-term incentives are made available to certain KMP in the form of performance rights, shares or options. The Directors consider these to be the best means of aligning incentives of KMP with the interests of shareholders.

The remuneration of Non-Executive Directors of the Company consists only of Directors' fees and committee fees.

## Group performance

Shareholder returns for the last five years have been as follows:

GROUP	2017	2016	2015	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net profit/(loss) after tax</b>	6,544	4,262	5,880	3,223	(7,288)
<b>EPS (basic) - (cents per share)</b>	4.41	2.94	4.14	3.20	(8.04)
<b>EPS (diluted) - (cents per share)</b>	4.11	2.75	3.96	3.13	(8.04)
<b>Share price (\$)</b>	0.63	0.41	0.50	0.37	0.27

## Nomination, Remuneration & Governance Committee ('NRGC')

The role of the NRGC includes the setting of policy and strategy for the appointment, compensation and performance review of Directors and executives, approving senior executive service agreements and severance arrangements, overseeing the use of equity-based compensation and ensuring appropriate communication and disclosure practices are in place.

Non-Executive Directors are not employed under specific employment contracts but are subject to provisions of the Corporations Act in terms of appointment and termination. The Company applies the ASX listing rules that specify that aggregate remuneration shall be determined from time to time by shareholders in a general meeting. The maximum aggregate remuneration for the financial year ended 30 June 2017, which was approved by a resolution of shareholders at the Annual General Meeting on 29 November 2016, is \$550,000.

The remuneration of the Non-Executive Directors does not currently incorporate a component based on performance. Within the limits approved by Company shareholders, individual remuneration levels are set by reference to market levels. Hare Group was engaged to review executive remuneration, and Norton Gledhill was engaged to prepare an updated employment contract for the Managing Director. They were engaged by and reported to the NRGC.

Executive Directors and executives are employed under contracts or agreed employment arrangements that specify remuneration amounts and conditions.

The Board has introduced for executives and senior employees an incentive system based on issuing performance rights, shares or options in the Company.

The Company's Securities Trading Policy prohibits Directors from entering into margin lending arrangements and also forbids Directors and senior executives from entering into hedging transactions involving the Company's securities.

Details of current incentive arrangements for key management personnel, where they exist, are shown under the disclosure of their contracts below.

## Employment Contracts

Details of the terms of employment of the Managing Director & Chief Executive Officer and the named executives are set out below:

### John de Zwart - Managing Director & Chief Executive Officer

**Employment commencement date:** 15 April 2013

**Term:** No term specified

#### Incentives:

##### *Short term incentive*

A short-term incentive of \$145,000 was paid after the end of the 2016 financial year and on achievement of key performance targets set by the Board. The key performance targets are measures of underlying EBITDA, growth in business lines, improvement of customer retention and engagement, strengthening the organisational capability and business sustainability through talent acquisition, retention and development, improvement in compliance levels and risk management.

A short-term incentive for the 2017 financial year will be payable based on the objective and structure outlined in this Remuneration report.

##### *Long-term incentive - (Refer to page 22 for further details)*

#### CAESP17

2,800,000 fully paid ordinary CAF shares at 52.2 cents per share, that are legally held by the Centrepoint Alliance Services Pty Ltd ATF Centrepoint Alliance Employee Share Scheme ('CAESPT') until satisfaction of the vesting conditions determined on 15 December 2017 ('2017 tranche') and 15 December 2018 ('2018 tranche') as disclosed in the long-term incentive plans.

#### CAESP18

Issue of up to 1,500,000 fully paid ordinary CAF shares at 34.0 cents per share, that are legally held by the CAESPT until satisfaction of the vesting conditions determined on 13 December 2018 as disclosed in the long-term incentive plans.

#### CAESP19

Issue of up to 1,500,000 performance rights at 51.0 cents per performance right, that are legally held by the CAESPT until satisfaction of the vesting conditions determined on 9 December 2019 as disclosed in the long-term incentive plans.

**Required notice (Executive):** 3 months.

**Required notice (Company):** 6 months.

**Termination Entitlement:** Statutory entitlements and so much of the total fixed remuneration as is due and owing on the date of termination.

### John Cowan - Chief Financial Officer

**Employment commencement date:** 12 January 2015

**Term:** No term specified

#### Incentives:

##### *Short term incentive*

Eligible from the date of appointment to participate in the Company's short-term incentive plan as amended or varied from time to time by the Company in its absolute discretion and without any limitation on its capacity to do so.

A short-term incentive of \$130,000 was paid after the end of the 2016 financial year based on the Group-wide STI scheme structure.

A short-term incentive for the 2017 financial year will be payable based on the objective and structure outlined in this Remuneration report.

A retention incentive was approved by the Board in March 2016 and the first payment of \$75,000 was made in September 2016, with the second payment of \$75,000 to be made in September 2017. The incentive is subject to employment criteria.

##### *Long-term incentive - (Refer to page 22 for further details)*

#### CAESP18

Issue of up to 1,200,000 fully paid ordinary CAF shares at 34.0 cents per share, that are legally held by the CAESPT until satisfaction of the vesting conditions determined on 13 December 2018 as disclosed in the long-term incentive plans.

#### CAESP19

Issue of up to 750,000 performance rights at 51.0 cents per performance right, that are legally held by the CAESPT until satisfaction of the vesting conditions determined on 9 December 2019 as disclosed in the long-term incentive plans.

**Required notice (Executive):** 6 months.

**Required notice (Company):** 3 months.

**Termination Entitlement:** Statutory entitlements.

## DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of each KMP of the Group are shown in the table below:

Year	No. of days remuneration	Short-term benefits		Post Employment	Long-term benefits		Share-based payments		Termination payments	Total	Performance related	Share Related
		Salary & Fees	Cash Bonus		Cash Incentives	Long service leave	Performance rights	Shares				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
J.A. O'Shaughnessy	2017	365	77,626	-	7,374	-	-	-	-	85,000	-	-
	2016	365	50,550	-	15,752	-	-	-	-	66,302	-	-
R. J. Nelson <sup>3</sup>	2016	135	22,156	-	24,049	-	-	-	-	46,205	-	-
J. M. de Zwart	2017	365	455,384	145,000	19,616	-	-	-	-	620,000	23.39%	-
	2016	365	381,610	139,308	33,021	-	-	78,000	189,262	821,201	16.96%	32.55%
A. D. Fisher <sup>4</sup>	2017	365	123,288	-	11,712	-	-	-	-	135,000	-	-
	2016	230	72,298	-	6,868	-	-	-	-	79,166	-	-
H. W. Robertson <sup>4</sup>	2017	365	77,626	-	7,374	-	-	-	-	85,000	-	-
	2016	59	10,092	-	959	-	-	-	-	11,051	-	-
S. J. Maitland <sup>3</sup>	2016	62	10,092	-	959	-	-	-	-	11,051	-	-
M. Kidman <sup>3</sup>	2016	135	22,279	-	2,117	-	-	-	-	24,396	-	-
M. P. Pretty	2017	365	72,396	-	7,374	-	-	-	-	79,770	-	-
	2016	365	60,000	-	5,700	-	-	-	-	65,700	-	-
J. S. Cowan	2017	365	360,999	189,615	35,000	-	-	-	-	585,614	32.38%	-
	2016	365	323,146	59,361	24,947	-	-	-	44,787	452,241	13.13%	9.90%
G. J. Chmiel <sup>2</sup>	2017	266	56,826	-	5,398	-	-	-	-	62,224	-	-
	2017	182	187,500	542,075	17,500	-	-	-	-	747,075	72.56%	-
R. M. Dodd <sup>1</sup>	2016	365	375,000	45,000	35,000	-	6,299	22,667	26,703	510,669	8.81%	9.67%
<b>Total</b>	<b>2017</b>		<b>1,411,645</b>	<b>876,690</b>	<b>111,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,399,683</b>		
<b>Total</b>	<b>2016</b>		<b>1,327,223</b>	<b>243,669</b>	<b>149,372</b>	<b>-</b>	<b>6,299</b>	<b>100,667</b>	<b>260,752</b>	<b>2,087,982</b>		

<sup>1</sup> Resigned during the year <sup>2</sup> Appointed during the year <sup>3</sup> Resigned during the previous financial year <sup>4</sup> Appointed during the prior year

## Performance rights, shares and options awarded, vested, lapsed and forfeited

Name	Year	Rights, options or shares granted in year No.	Grant date	Fair value at grant date \$	Vesting Date	Exercise price \$	Expiry date	Vested in year No.	Lapsed in year No.	Forfeited in year No.
<b>Performance rights</b>										
J. M. de Zwart	2017	1,500,000	19 Dec 2016	0.51	9 Dec 2019	-	9 Dec 2022	-	-	-
	2014	1,500,000	29 Nov 2013	0.36	1 Sep 2016	-	1 Sep 2016	650,000	850,000	-
R. M. Dodd	2014	600,000	18 Dec 2013	0.34	1 Sep 2016	-	1 Sep 2016	200,000	400,000	-
<b>Shares under CAESP</b>										
J. M. de Zwart	2016	1,500,000	14 Dec 2015	0.21	13 Dec 2018	-	21 Dec 2015	-	-	-
	2015	1,400,000	16 Dec 2014	0.16	15 Dec 2017	-	22 Dec 2014	-	-	-
	2015	1,400,000	16 Dec 2014	0.17	15 Dec 2018	-	22 Dec 2014	-	-	-
J. S. Cowan	2016	1,200,000	14 Dec 2015	0.21	13 Dec 2018	-	21 Dec 2015	-	-	-
R. M. Dodd	2015	500,000	16 Dec 2014	0.16	15 Dec 2017	-	22 Dec 2014	-	-	500,000

## Reconciliation of the number and fair value of options, shares and performance rights held by KMP

Name	Year	Balance at the start of the period No.	Granted as compensation during the period		Exercised during the period		Lapsed during the period		Forfeited during the period		Balance at the end of the period No.	Vested and exercisable No.	Unvested No.
			No.	Value (\$)	No.	Value (\$)	No.	Value (\$)	No.	Value (\$)			
<b>Performance rights</b>													
J. M. de Zwart	2017	-	1,500,000	765,000	-	-	-	-	-	-	1,500,000	-	1,500,000
	2014	1,500,000	-	-	650,000	234,000	850,000	306,000	-	-	-	-	-
J. S. Cowan	2017	-	750,000	382,500	-	-	-	-	-	750,000	-	-	750,000
R. M. Dodd	2014	600,000	-	-	200,000	68,000	400,000	136,000	-	-	-	-	-
<b>Shares under CAESP</b>													
J. M. de Zwart	2016	1,500,000	-	-	-	-	-	-	-	1,500,000	-	-	1,500,000
	2015	2,800,000	-	-	-	-	-	-	-	2,800,000	-	-	2,800,000
J. S. Cowan	2016	1,200,000	-	-	-	-	-	-	-	1,200,000	-	-	1,200,000
R. M. Dodd	2015	500,000	-	-	-	-	-	-	500,000	80,000	-	-	-

## SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL ('KMP')\*

### Shares held in Centrepont Alliance Limited (Number)

	Balance 1 July 2016	Granted as remuneration	On exercise of options	Net change other #	Balance 30 June 2017
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
A. Fisher	-	-	-	-	-
J. M. de Zwart	2,580,743	-	-	650,000	3,230,743
M. P. Pretty	-	-	-	-	-
J. A. O'Shaughnessy	100,000	-	-	-	100,000
J. S. Cowan	-	-	-	-	-
H. W. Robertson	-	-	-	-	-
G. Chmiel <sup>2</sup>	-	-	-	25,000	25,000
<b>Former KMP's</b>					
R. M. Dodd <sup>1</sup>	7,387	-	-	200,000	207,387

<sup>1</sup>Resigned during the year

<sup>2</sup>Appointed during the year

\*Includes shares held directly, indirectly and beneficially by KMP

\* All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

## Short-term incentives

### Objective

The objective of short-term incentives ('STI') is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and the cost to the Group is reasonable. The purpose of STI is to focus the Group's efforts on those performance measures and outcomes that are priorities for the Group for the relevant financial year and to motivate the employees to strive to achieve stretch performance objectives.

### Structure

In August 2016 the Directors approved a new Executive STI scheme based on EBITDA and the achievement of underlying organisational and team goals. The Target EBITDA is approved by the Board for each financial year. To be eligible for an STI payment a threshold EBITDA must be met and executives must achieve at least 70% of their individual performance objectives and minimum job competency and core values ratings. The Target STI payable to executives is 40% and the Managing Director 50% of Total Fixed Remuneration. The Maximum STI payable for executives is 60% and the Managing Director 75% of Total Fixed Remuneration. On an annual basis, after consideration of performance against KPIs the NRGC will review results and determine individual amounts approved for payment.

For other employees there is an STI scheme where a bonus pool based on results and approved by the Board is weighted by a two-tiered approach with weightings assigned to each level, being CAF Group results and individual KPIs.

## Long term incentives

### Objective

The objective of long-term incentives ('LTI') is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to significantly influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

### Structure

LTI awards to executives are made under the Executive LTI plan and are delivered in the form of shares or rights. Shares vest in tranches over a specified time period and may also have other performance hurdle requirements, typically related to shareholder return, as determined by the NRGC.

Performance rights are rights that can be converted to fully paid ordinary shares in the Company for no monetary consideration subject to specific performance criteria being achieved. The performance rights will only vest if certain profit targets are met.

### Awards

Underlying profit is a measure of consolidated net profit after tax for the Group from its core trading activities. It excludes gains or losses from unusual or rarely-occurring events and from any misalignment between economic value and accounting treatment. The final underlying profit or loss for a period will be determined by the Board.

These arrangements form part of the Company's LTI plan for senior executives, the purpose of which is to align their interests with those of the shareholders and to provide a key retention incentive. Upon issue, the shares will rank equally with all other fully paid ordinary shares in the Company then on issue.

### CAESP17

On 30 October 2014, the Board approved the award of 5,300,000 shares to the Managing Director and Chief Executive Officer and other senior executives of the Group under the CAESP at 52.2 cents per share. The vesting conditions are subject to the following:

#### 2017 tranche

If the cumulative fully diluted underlying EPS adjusted for any dilutionary impact of dividend reinvestment plan ('DRP') for the financial years ended 30 June 2015, 2016 and 2017 divided by 3 is:

- Less than 133% of 2014 EPS, nil vest;
- Between 133% and 145% of 2014 EPS, shares will vest on a pro-rata basis;
- 145% and above of 2014 EPS, 100% of shares will vest.

#### 2018 tranche

If the cumulative fully diluted underlying EPS adjusted for any dilutionary impact of DRP for the financial years ended 30 June 2015, 2016, 2017 and 2018 divided by 4 is:

- Less than 143% of 2014 EPS, nil vest;
- Between 143% and 160% of 2014 EPS, shares will vest on a pro-rata basis;
- 160% and above of 2014 EPS, 100% of shares will vest.

### CAESP18

On 15 July 2015, the Board approved the award of 4,550,000 shares to the Managing Director and Chief Executive Officer and other senior executives of the Group under the CAESP at 34.0 cents per share. These are legally held by the CAESPT until satisfaction of the vesting conditions determined on 13 December 2018 based on the following:

If the underlying basic EPS for 30 June 2018 financial year is:

- Less than 140% of the 30 June 2015 underlying basic EPS, none will vest;
- 140% of the 30 June 2015 underlying basic EPS, 40% of the shares will vest;
- Between 141% and 171% of the 30 June 2015 underlying basic EPS, shares will vest on a pro-rata basis; or
- 172% and above of the 30 June 2015 underlying basic EPS, 100% of the shares will vest.

**CAESP19**

On 19 December 2016, the Board approved the award of 3,750,000 performance rights to the Managing Director and Chief Executive Officer and other senior executives of the Group under the CAESP at 51.0 cents per performance right. These are legally held by the CAESPT and not converted into fully paid ordinary CAF shares until satisfaction of the vesting conditions determined on 9 December 2019 based on the following:

If the Total Shareholder Return (TSR) for 30 June 2019 financial year is:

- Below 25th percentile, none will vest;
- Between 25th percentile and 49th percentile, 25% of the performance rights will vest;
- Between 50th percentile and 74th percentile, 50% of the performance rights will vest;
- Above 75th percentile, 100% of the performance rights will vest;

Total TSR is a measure of investment return in percentage terms, adjusted for dividends and capital movements, from the start to the end of the performance period.

The TSR of Centrepoint is compared and ranked to the TSR of each peer group constituent. The rank is converted to a percentile ranking which is used to determine the proportion of awards vesting based on the above set vesting schedule.

**Option holdings of key management personnel**

No options to purchase shares were held by KMP.

**Other transactions with key management personnel and their related parties**

Directors of the Company, or their related entities, conduct transactions with the Company or its controlled entities within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director related entity at arm's length in similar circumstances. There are no transactions by Directors in the current or prior financial year other than the ones disclosed above.

# AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor, Deloitte Touche Tohmatsu, has provided a written independence declaration to the Directors in relation to its audit of the financial report for the year ended 30 June 2017. The Independence Declaration which forms part of this report is on page 25.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Act. The nature and scope of non-audit services provided means that auditor independence was not compromised.

	2017	2016
	\$	\$
Taxation services provided by Deloitte Touche Tohmatsu	96,598	87,108
Other regulatory services	61,132	47,554
<b>Total</b>	<b>157,730</b>	<b>134,662</b>

Signed in accordance with a resolution of the directors.



**A. D. Fisher**  
Chairman

24 August 2017



Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Riverside Centre  
Level 25  
123 Eagle Street  
Brisbane QLD 4000

Tel: +61 7 3308 7000  
Fax: +61 7 3308 7001  
www.deloitte.com.au

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

Dear Directors

#### Auditor's Independence Declaration to Centrepoint 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 Centrepoint Alliance Limited.

As lead audit partner for the audit of the financial report of Centrepoint Alliance Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*David Rodgers*

**David Rodgers**  
Partner  
Chartered accountants  
Brisbane, 24 August 2017

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Touche Tohmatsu Limited

	Note	2017 \$'000	2016 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>			
Advice and financial product revenue (gross)		128,624	115,140
Advice and financial product fees		(97,193)	(84,584)
Advice and financial product revenue (net)		31,431	30,556
Interest income	4	458	444
Other revenue	4	362	960
<b>Gross Profit</b>		<b>32,251</b>	<b>31,960</b>
<b>Expenses</b>			
Borrowing expenses		(53)	(100)
Employee related expenses	4(a)	(18,609)	(18,207)
Marketing and promotion		(481)	(638)
Travel and accommodation		(949)	(531)
Property costs		(710)	(2,425)
Subscriptions & licences		(1,309)	(1,367)
Professional services		(1,180)	(883)
Client claims	20(a)	(4,193)	(252)
IT and communication expenses		(1,195)	(1,120)
Depreciation and amortisation		(1,106)	(1,977)
Other general and administrative expenses		(2,290)	(2,109)
		<b>(32,075)</b>	<b>(29,609)</b>
<b>Profit before tax from continuing operations</b>		<b>176</b>	<b>2,351</b>
Income tax (expense)/benefit	5	(264)	402
<b>Net (loss)/profit from continuing operations after tax</b>		<b>(88)</b>	<b>2,753</b>
<b>Discontinued operations</b>			
Profit after tax from discontinued operations		6,632	1,509
<b>Net profit for the year</b>		<b>6,544</b>	<b>4,262</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>Net profit attributable to:</b>			
Owners of the parent		6,544	4,262
<b>Net profit for the period</b>		<b>6,544</b>	<b>4,262</b>
<b>Total comprehensive profit attributable to:</b>			
Owners of the parent		6,544	4,262
<b>Total comprehensive profit for the period</b>		<b>6,544</b>	<b>4,262</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	10	4.41	2.94
Diluted earnings per share	10	4.11	2.75
Basic (loss)/earnings per share from continuing operations	10	(0.06)	1.90
Diluted (loss)/earnings per share from continuing operations	10	(0.06)	1.77

The Consolidated Statement of Profit or Loss and Comprehensive Income is to be read in conjunction with the attached notes included in pages 31 to 77.

	Note	2017 \$'000	2016 \$'000
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	6(a)	31,242	10,192
Trade and other receivables	8	11,362	11,696
Interest bearing receivables	14	345	125,848
Other assets		529	4,558
<b>Total current assets</b>		<b>43,478</b>	<b>152,294</b>
<b>Non-current</b>			
Interest bearing receivables	14	1,642	460
Investments	15	1,632	36
Other assets		1,015	1,048
Property, plant & equipment	16	976	1,441
Intangible assets & goodwill	17	2,231	3,831
Deferred tax assets	5(d)	9,018	9,395
<b>Total non-current assets</b>		<b>16,514</b>	<b>16,211</b>
<b>TOTAL ASSETS</b>		<b>59,992</b>	<b>168,505</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	8	9,109	34,534
Interest bearing liabilities	13	-	84,013
Lease incentives		32	183
Provisions	20	8,020	8,312
Current tax liability		372	(1)
<b>Total current liabilities</b>		<b>17,533</b>	<b>127,041</b>
<b>Non-current</b>			
Lease incentives		252	284
Provisions	20	590	1,630
<b>Total non-current liabilities</b>		<b>842</b>	<b>1,914</b>
<b>TOTAL LIABILITIES</b>		<b>18,375</b>	<b>128,955</b>
<b>NET ASSETS</b>		<b>41,617</b>	<b>39,550</b>
<b>EQUITY</b>			
Contributed equity	11	34,673	34,150
Reserves	12	15,689	15,898
Accumulated losses		(8,863)	(10,616)
<b>Equity attributable to shareholders</b>		<b>41,499</b>	<b>39,432</b>
Non-controlling interests		118	118
<b>TOTAL EQUITY</b>		<b>41,617</b>	<b>39,550</b>

The Consolidated Statement of Financial Position is to be read in conjunction with the attached notes included in pages 31 to 77.

	Note	2017 \$'000	2016 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		141,031	118,574
Cash paid to suppliers and employees		(135,614)	(112,951)
Cash provided by operations		5,417	5,623
Claims and litigation settlements	20(a)	(4,216)	(2,809)
<b>Net cash flows provided by operating activities</b>	6(b)	<b>1,201</b>	<b>2,814</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		458	430
Interest and borrowing expenses paid		(12)	(245)
Payments to acquire financial assets		(3,022)	-
Proceeds from sale of interest in a subsidiary		21,422	-
Acquisition of intangible assets	17(a)	(362)	(103)
Acquisition of property, plant & equipment	16	(213)	(413)
Proceeds from sale of property, plant & equipment		-	98
<b>Net cash flows provided/(used in) by investing activities</b>		<b>18,271</b>	<b>(233)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net (decrease)/increase in borrowings		(26)	(1,085)
Net (decrease)/increase in loan funds advanced		-	(3,512)
Loan repayments received from advisors		108	-
Dividends paid	9	(5,136)	(1,840)
<b>Net cash flows used in financing activities</b>		<b>(5,054)</b>	<b>(6,437)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(14,418)</b>	<b>(3,856)</b>
Profit after tax from discontinued operations	18(a)	6,632	1,509
Cash & cash equivalents at the beginning of the year	6(a)	10,192	12,539
<b>Cash &amp; cash equivalents at the end of the period</b>	6(a)	<b>31,242</b>	<b>10,192</b>

The Consolidated Statement of Cash Flows is to be read in conjunction with the attached notes included in pages 31 to 77.

	Notes	Ordinary shares \$'000	Dividend reserve \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2016</b>		34,150	14,180	1,088	(10,616)	39,432	118	39,550
Profit for the period		-	-	-	6,544	6,544	-	6,544
<b>Total comprehensive income for the year</b>		-	-	-	6,544	6,544	-	6,544
Transfer to dividend reserve		-	4,791	-	(4,791)	-	-	-
Issue of share capital	11	523	-	-	-	523	-	523
Share-based payment	25	-	-	136	-	136	-	136
Dividends paid		-	(5,136)	-	-	(5,136)	-	(5,136)
<b>Balance at 30 July 2017</b>		<b>34,673</b>	<b>14,465</b>	<b>1,224</b>	<b>(8,863)</b>	<b>41,499</b>	<b>118</b>	<b>41,617</b>
<b>Balance at 1 July 2015</b>		<b>32,678</b>	<b>17,979</b>	<b>761</b>	<b>(14,878)</b>	<b>36,540</b>	<b>118</b>	<b>36,658</b>
Profit for the period		-	-	-	4,262	4,262	-	4,262
<b>Total comprehensive income for the year</b>		-	-	-	4,262	4,262	-	4,262
Issue of share capital	11	1,472	-	-	-	1,472	-	1,472
Share-based payment	25	-	-	327	-	327	-	327
Dividends paid		-	(3,169)	-	-	(3,169)	-	(3,169)
<b>Balance at 30 June 2016</b>		<b>34,150</b>	<b>14,810</b>	<b>1,088</b>	<b>(10,616)</b>	<b>39,432</b>	<b>118</b>	<b>39,550</b>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the attached notes included in pages 31 to 77.

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## 1. CORPORATE INFORMATION

The consolidated financial statements of Centrepoint Alliance Limited (the 'Company' or the 'Parent Entity') and its subsidiaries (the 'Group') for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 24 August 2017.

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

Information on the Group's structure and other related party disclosures is provided in Note 24.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The financial report is a general purpose financial report, which has been prepared on a going concern basis and in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

### Compliance with International Financial Reporting Standards

The financial report complies with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

### New accounting standards and interpretations

#### Accounting Standards and Interpretations issued but not yet effective

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2017 are set out below. The Directors are still assessing the impact of the new standards for the reporting period ending 30 June 2018 onwards.

Title	Application date of standard	Application date for Group
<p><b>AASB 15 Revenue from contracts with customers</b> AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.</p> <p>The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p>	1 January 2018	1 July 2018
<p><b>AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</b> The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 Financial Instruments: Recognition and Measurement. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets.</p> <p>This version supersedes AASB 9 (December 2009) and AASB 9 (December 2010).</p>	1 January 2018	1 July 2018
<p><b>AASB 16 Leases</b> The Standard introduces a single accounting treatment, that is, recognition of a right-of-use asset and a lease liability.</p> <p>AASB16 supersedes the previous standard and related interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease.</p>	1 January 2019	1 July 2019
<p><b>AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses</b></p>	1 January 2017	1 July 2017
<p><b>AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions</b></p>	1 January 2018	1 July 2018

**a. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company, Centrepont Alliance Limited, and its subsidiaries as at 30 June 2017.

Subsidiaries are entities that are controlled by the Company. The financial results and financial position of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. A list of the Company's controlled entities (subsidiaries) is included in Note 24.

**b. Significant accounting judgements, estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation and uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Accounting estimates with significant areas of uncertainty and critical judgements have been applied to the following;

- Intangible assets & Goodwill recoverable amounts – note 17
- Impairment of loan receivables – note 14(b)
- Provision for client claims – note 20
- Onerous contracts – note 20
- Recognition of deferred tax assets – note 5

**c. Foreign currency**

Both the functional and presentation currency of Centrepont Alliance Limited and its Australian subsidiaries is Australian dollars (A\$).

**i. Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences relating to monetary items are included in the statement of comprehensive income, as exchange gains or losses, in the period when the exchange rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

**d. Comparative information**

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 amounts 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 and Chief Executive Officer on this basis.

The Group's reportable segments are:

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

Board, corporate finance, company secretarial and other administrative 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 described in note 2. The Group does not currently manage its assets and liabilities on an individual segment basis.

	Licensee & Advice Services	Funds Management & Administration	Lending	Corporate & Unallocated	Consolidated
Year ended 2017	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External customers	23,905	7,821	31,726	67	31,793
Inter-segment revenue	-	-	-	6,000	6,000
Interest income	121	29	150	308	458
<b>Segment revenue</b>	<b>24,026</b>	<b>7,850</b>	<b>31,876</b>	<b>6,375</b>	<b>38,251</b>
Inter-segment elimination					(6,000)
<b>Total revenue</b>					<b>32,251</b>
<b>Segment results</b>					
Borrowing expenses	(39)	(0)	(39)	(14)	(53)
Client claims	(4,182)	(11)	(4,193)	-	(4,193)
Depreciation & amortisation	(530)	(103)	(633)	(473)	(1,106)
Impairment of assets	(134)	-	(134)	4	(130)
Inter-segment expenses	16,432	3,318	19,750	(19,750)	-
<b>Segment profit/(loss) before tax</b>	<b>14</b>	<b>4,033</b>	<b>4,047</b>	<b>(3,871)</b>	<b>176</b>
Inter-segment elimination					-
<b>Profit before tax</b>					<b>176</b>
<b>Balance Sheet at 30 June 2017</b>					
<b>Current assets</b>					
Interest-bearing receivables	345	-	345	-	345
Other current assets	12,101	5,559	17,660	25,473	43,133
<b>Total current assets</b>	<b>12,446</b>	<b>5,559</b>	<b>18,005</b>	<b>25,473</b>	<b>43,478</b>
<b>Non-current assets</b>					
Interest-bearing receivables	216	-	216	1,426	1,642
Other non-current assets	6,028	117	6,145	8,727	14,872
<b>Total non-current assets</b>	<b>6,244</b>	<b>117</b>	<b>6,361</b>	<b>10,153</b>	<b>16,514</b>
<b>Total Assets</b>	<b>18,690</b>	<b>5,676</b>	<b>24,366</b>	<b>35,626</b>	<b>59,992</b>
<b>Current liabilities</b>					
Other current liabilities	12,349	1,881	14,230	3,303	17,533
<b>Total current liabilities</b>	<b>12,349</b>	<b>1,881</b>	<b>14,230</b>	<b>3,303</b>	<b>17,533</b>
<b>Non-current liabilities</b>					
Other non-current liabilities	447	-	447	395	842
<b>Total non-current liabilities</b>	<b>447</b>	<b>-</b>	<b>447</b>	<b>395</b>	<b>842</b>
<b>Total Liabilities</b>	<b>12,796</b>	<b>1,881</b>	<b>14,677</b>	<b>3,698</b>	<b>18,375</b>
<b>Net Assets</b>	<b>5,894</b>	<b>3,795</b>	<b>9,689</b>	<b>31,928</b>	<b>41,617</b>

	Licensee & Advice Services	Funds Management & Administration	Wealth Total	Corporate & Unallocated	Consolidated
Year ended 2016	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External customers	24,734	6,782	31,516	-	31,516
Inter-segment revenue	3,500	-	3,500	5,900	9,400
Interest income (gross)	137	49	186	258	444
<b>Segment revenue</b>	<b>28,371</b>	<b>6,831</b>	<b>35,202</b>	<b>6,158</b>	<b>41,360</b>
Inter-segment elimination					(9,400)
<b>Total revenue</b>					<b>31,960</b>
<b>Segment results</b>					
Borrowing expenses	(366)	(1)	(367)	267	(100)
Client claims	(252)	-	(252)	-	(252)
Depreciation & amortisation	(1,737)	(176)	(1,913)	(64)	(1,977)
Impairment of assets	7	-	7	-	7
Inter-segment expenses	(2,473)	788	(1,685)	1,685	-
<b>Segment profit before tax</b>	<b>2,077</b>	<b>3,636</b>	<b>5,713</b>	<b>(3,360)</b>	<b>2,353</b>
Inter-segment elimination					-
<b>Profit before tax</b>					<b>2,353</b>
<b>Balance Sheet at 30 June 2016</b>					
<b>Current assets</b>					
Interest-bearing receivables	208	-	208	-	208
Other current assets	13,004	2,703	15,707	6,677	22,384
<b>Total current assets</b>	<b>13,212</b>	<b>2,703</b>	<b>15,915</b>	<b>6,677</b>	<b>22,592</b>
<b>Non-current assets</b>					
Interest-bearing receivables	460	-	460	-	460
Other non-current assets	6,850	190	7,040	8,039	15,079
<b>Total non-current assets</b>	<b>7,310</b>	<b>190</b>	<b>7,500</b>	<b>8,039</b>	<b>15,539</b>
<b>Total Assets</b>	<b>20,522</b>	<b>2,893</b>	<b>23,415</b>	<b>14,716</b>	<b>38,131</b>
<b>Current liabilities</b>					
Interest bearing liabilities	86	-	86	-	86
Other current liabilities	16,738	830	17,568	358	17,926
<b>Total current liabilities</b>	<b>16,824</b>	<b>830</b>	<b>17,654</b>	<b>358</b>	<b>18,012</b>
<b>Non-current liabilities</b>					
Other non-current liabilities	1,499	-	1,499	365	1,864
<b>Total non-current liabilities</b>	<b>1,499</b>	<b>-</b>	<b>1,499</b>	<b>365</b>	<b>1,864</b>
<b>Total Liabilities</b>	<b>18,323</b>	<b>830</b>	<b>19,153</b>	<b>723</b>	<b>19,876</b>
<b>Net Assets</b>	<b>2,199</b>	<b>2,063</b>	<b>4,262</b>	<b>13,993</b>	<b>18,255</b>

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

## 4. REVENUE AND EXPENSES

	2017	2016
	\$'000	\$'000
Interest income	458	444
Interest expense	(12)	(62)
Bank fees & other	(41)	(38)
<b>Interest income (net)</b>	<b>405</b>	<b>344</b>
Cost recoveries from advisers	265	538
Retail and wholesale asset and service fees	80	161
Other	17	261
<b>Total other revenue</b>	<b>362</b>	<b>960</b>

Rate of Interest	Average Balance		Interest		Average Rate p.a.	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	%	%
Loan receivables	692	251	83	77	11.96%	30.63%
Cash and deposits	23,611	11,323	376	353	1.59%	3.12%

	2017	2016
	\$'000	\$'000
<b>a. Employee benefit expenses</b>		
Wages and salaries	18,313	17,556
Share-based compensation expense	136	327
Termination costs	160	324
<b>Total employee benefit expenses</b>	<b>18,609</b>	<b>18,207</b>

## Key accounting policies

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

#### i. Financial advice and product margin revenue

Financial advice and product margin revenue is recorded at the time business is written as at this point all services have been provided to the customer and the right to receive the revenue is established.

#### ii. Service revenue

Revenue for services provided is recognised at the point of delivery of the service to clients.

#### iii. Ongoing revenue

Ongoing financial advice fee revenue is recorded monthly for ongoing services provided to clients.

#### iv. Dividend and distribution income

Dividend and distribution revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

## Leases

### i. Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease assets are not capitalised and rental payments are expensed on a straight line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of the incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### ii. Finance Leases

Finance leases, which transfer to the Group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are allocated between finance charges and reduction in the lease liability. Finance charges are charged directly against income.

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease, or where ownership is likely to be obtained on expiration of the lease, over the expected useful life of the asset.

## 5. INCOME TAX

### a. Income tax (benefit)/expense

The major components of income tax expense for the years ended 30 June 2017 and 2016 are:

	2017	2016
	\$'000	\$'000
<i>Current income tax</i>		
Current income tax charge	256	867
Adjustment to current tax of prior period	8	47
<i>Deferred income tax</i>		
Utilisation of previously unrecognised tax losses	-	(1,345)
Adjustment to deferred tax of prior period	-	29
<b>Income tax expense/(benefit) reported in the income statement</b>	<b>264</b>	<b>(402)</b>

### b. Amounts charged or credited directly to equity

No income tax was charged directly to equity for the year ended 2017 (2016: Nil).

### c. Reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	2017	2016
	\$'000	\$'000
Accounting profit before tax from continuing operations	176	2,351
At the Company's statutory income tax rate of 30% (2016: 30%)	53	705
Non-deductible expenses	203	162
Utilisation of previously unrecognised tax losses	-	(1,345)
Adjustment in respect of current tax of prior years	8	47
Adjustment in respect of deferred tax of prior years	-	29
<b>Aggregate income tax expense/(benefit)</b>	<b>264</b>	<b>(402)</b>

### d. Recognised deferred tax assets and liabilities

Deferred income tax relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax liabilities</i>				
Deferred revenue	(192)	(6)	(186)	(2)
<b>Gross deferred tax liabilities</b>	<b>(192)</b>	<b>(6)</b>	<b>(186)</b>	<b>(2)</b>
<i>Deferred tax assets</i>				
Provisions for claims	1,403	1,577	(174)	(827)
Provisions for doubtful debts	1,499	1,405	94	(246)
Provision for impairment of loan receivables	78	(78)	156	153
Provision for leases	195	429	(234)	429
General accruals and other costs	563	658	(95)	(122)
Employee benefits	999	1,150	(151)	24
Tax losses available	4,473	4,260	213	292
<b>Gross deferred tax assets</b>	<b>9,210</b>	<b>9,401</b>	<b>(191)</b>	<b>(297)</b>
<b>Net deferred tax assets</b>	<b>9,018</b>	<b>9,395</b>		

The Group recognised a deferred tax asset to account for the benefit of past losses. The recognition of this asset is subject to estimation uncertainty as the utilisation of the deferred tax asset is dependent on estimates of future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. In addition, the utilisation of certain acquired tax losses is also subject to fractioning under Australian tax legislation which effectively prescribes the rate at which such acquired tax losses may be offset against the Group's taxable income. Given that the available fraction of the transferred losses is based on the relative market value of the Group, the determination of the available fraction is subject to some uncertainty.

### e. Unrecognised tax losses

The Group has the following Australian tax losses for which no deferred tax assets are recognised at reporting date.

	2017	2016
	\$'000	\$'000
Revenue losses	29,609	29,609
Capital losses	35,953	29,097
<b>Total unrecognised</b>	<b>65,562</b>	<b>58,706</b>

The above losses are available indefinitely for offset against future taxable income and capital gains subject to continuing to meet relevant statutory tests.

### f. Tax consolidation

#### *Tax effect accounting by members of the tax consolidated group*

#### a. Measurement method adopted under AASB interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the 'separate taxpayer within group' approach whereby the Company measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right, with adjustments for its transactions that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group. The current and deferred tax amounts are measured by reference to the carrying amount of assets and liabilities in the Statement of Financial Position and their tax bases applying under the tax consolidation, this approach being consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

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

#### b. Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is based on taxable profit. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. These amounts are payable at call.

## Key accounting policies

### Taxation

#### i. Income Tax

The income tax expense for the period represents the tax payable on the pre-tax accounting profit adjusted for changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit and loss.

#### a. Current tax

Current tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

#### b. Deferred tax

Deferred tax assets and liabilities are recognised for all deductible and taxable temporary differences at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred income tax liabilities are recognised on all taxable temporary differences except:

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

Deferred tax assets are recognised for deductible temporary differences, carry forward tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credits and unused tax losses can be utilised, except:

- When a deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow a deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when an asset is realised or a liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**c. Tax consolidation legislation**

Centrepoint Alliance Limited and its wholly-owned Australian controlled entities implemented tax grouping under the tax consolidation legislation as of 1 July 2007.

The head entity, Centrepoint Alliance Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Centrepoint Alliance Limited also recognises current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

**ii. Goods and Services Tax ('GST')**

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as an expense item as applicable; and
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, a taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, a taxation authority are classified as part of operating cash flows.

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

**6. NOTES TO CASH FLOW STATEMENT****a. Reconciliation of cash & cash equivalents**

	2017	2016
	\$'000	\$'000
Cash at bank	31,242	10,192
<b>Total</b>	<b>31,242</b>	<b>10,192</b>

**b. Reconciliation of net profit after tax to net cash provided by operating activities**

	2017	2016
	\$'000	\$'000
Net (loss)/profit after income tax from continuing operations	(88)	2,753
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation	1,106	2,141
Loss on disposal of non-current assets	31	30
Interest received	(458)	(430)
Interest expense	12	245
Share based compensation expense	136	471
Tax expense	264	299
<b>Working capital adjustments:</b>		
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	334	(320)
Other assets	4,058	(439)
Deferred tax assets	377	(2)
<i>(Decrease)/increase in liabilities:</i>		
Trade and other payables	(3,551)	(368)
Provisions for employee entitlements	(488)	247
Provision for client claims	(65)	(2,557)
Provision for property make good	(120)	(116)
Provision for onerous lease	(659)	1,002
Provision for tax	312	(144)
<b>Net cash from operating activities from continuing operations</b>	<b>1,201</b>	<b>2,812</b>

**7. COMMITMENTS****Contracted operating lease expenditure**

The Group has entered into commercial leases on certain properties expiring at various times up to 5 years from the reporting date. The leases have varying terms, options and rent renewals. On renewal, if applicable, the terms are renegotiated. The Company has also entered into corporate services agreements for IT and telecommunications hardware and support. The agreements have terms between 1 and 3 years with options to renew at expiry of the initial term on a month to month basis.

	2017	2016
	\$'000	\$'000
Not later than one year	2,272	2,300
Later than one year but not later than five years	2,394	5,207
Later than five years	-	-
<b>Total</b>	<b>4,666</b>	<b>7,507</b>

## 8. TRADE AND OTHER RECEIVABLES AND PAYABLES

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Commissions receivable	8,570	10,799
Trade receivables	2,792	897
<b>Total</b>	<b>11,362</b>	<b>11,696</b>

An ageing analysis is provided in note 19(b)(iii).

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Insurance premium funding - commissions payable	-	900
Insurance premium funding - premiums payable	-	22,057
Amounts payable to financial advisers	6,292	8,225
Trade payables	1,182	1,239
Other creditors and accrued expenses	1,635	2,113
<b>Total</b>	<b>9,109</b>	<b>34,534</b>

### a. Terms and conditions

Trade and other payables are non-interest bearing. The trade payables relate principally to financial advice fees payable to advisers and insurance premiums and commissions payable to insurance brokers.

Other creditors and accrued expenses relate mainly to operating expenses and are normally payable within 60 days.

### b. Fair value

Due to the short-term nature of the majority of the current trade and other payables, their carrying value is assumed to approximate their fair value.

### c. Financial guarantees

No guarantees have been given over trade and other payables.

### d. Related party payables

For terms and conditions relating to related party payables refer to note 24.

### e. Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 19.

## Key accounting policies

### Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for impairment is raised when there is objective evidence that the Group will not be able to collect the debt. The criterion for impairment is if the debt is 180 days overdue with no repayments or payment arrangement and/or the debtor is placed in administration or liquidation. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### Trade and other payables

Liabilities for trade creditors and other amounts payable are carried at amortised cost and represents liabilities that arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services for goods and services provided to the Group prior to the end of the financial year.

Liabilities are recognised, whether or not the liability has been billed to the economic entity.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

## 9. DIVIDENDS

Dividends payable are recognised when declared by the Company.

	2017	2016
	\$'000	\$'000
<b>a. Dividends paid or payable</b>		
The following fully franked dividends were provided for or paid during the year:		
Dividends paid on ordinary shares	5,136	3,169
	2017	2016
	\$'000	\$'000
<b>b. Franking credit balance</b>		
Franking account balance as at the end of the financial year	23,886	26,682

The tax rate at which paid dividends were franked is 30%. Franking credits are reported on a tax paid basis.

## 10. EARNINGS PER SHARE ('EPS')

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

	2017	2016
	\$'000	\$'000
<b>a. Profit used in calculating profit per share</b>		
Net profit attributable to ordinary equity holders of the Company	6,544	4,262
Net profit attributable to ordinary equity holders of the Company from discontinued operations	6,632	1,509
Net (loss)/profit attributable to ordinary equity holders of the Company from continuing operations	(88)	2,753
<b>b. Weighted average number of shares</b>	<b>shares</b>	<b>shares</b>
Weighted average number of ordinary shares (excluding reserved shares)	148,533,913	144,969,010
<i>Effect of dilution:</i>		
Performance rights and LTI shares	10,863,470	10,250,271
<b>Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution</b>	<b>159,397,383</b>	<b>155,219,281</b>
Basic earnings per share from discontinued operations	4.47	1.04
Basic (loss)/earnings per share from continuing operations	(0.06)	1.90
Basic earnings per share	4.41	2.94
Diluted earnings per share	4.11	2.75

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.

### c. Information on the classification of securities

#### Reserved shares (Centrepont Alliance Employee Share Plan)

As at reporting date 8,050,000 reserved shares were held by the Trust and are excluded from the calculations of earnings per share because they are treated as reserved shares under AASB 132 *Financial Instruments: Presentation*.

## Key accounting policies

### Earnings per share ('EPS')

Basic EPS is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, and adjusted for any bonus element.

## 11. CONTRIBUTED EQUITY

		References	2017	2016
			\$'000	\$'000
<b>a. Paid up capital</b>				
Ordinary shares		(i)	39,108	38,585
Reserved shares		(ii)	(4,435)	(4,435)
			<b>34,673</b>	<b>34,150</b>
	Number of Shares		2017	2016
			\$'000	\$'000
<b>i. Ordinary shares (issued &amp; fully paid)</b>				
Balance at start of year	155,434,080		38,585	148,300,806
Movements during the year:-				
- Share issue - long-term incentive plan	1,498,889		523	2,750,000
- Share issue - dividend reinvestment plan	-		-	4,383,274
<b>On issue at end of year</b>	<b>156,932,969</b>		<b>39,108</b>	<b>155,434,080</b>
<b>ii. Reserved shares</b>				
Balance at start of year	(8,050,000)		(4,435)	(5,300,000)
Movements during the year:-				
- Share issue - long-term incentive plan	-		-	(2,750,000)
<b>On issue at end of year</b>	<b>(8,050,000)</b>		<b>(4,435)</b>	<b>(8,050,000)</b>
<b>Total contributed equity</b>	<b>148,882,969</b>		<b>34,673</b>	<b>147,384,080</b>

### b. Capital management

The Company's capital is currently only comprised of shareholder funds. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Subsequent to balance date the Directors declared a final dividend in respect of the 2017 financial year of 1.2 cents per ordinary share amounting to \$1,883,196 (2016: \$1,865,209) and a special dividend in respect of the 2017 financial year of 7.0 cents per ordinary share amounting to \$10,985,308 (2016: Nil). No provision has been recognised as at 30 June 2017

## Key accounting policies

### Contributed Equity

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company. Any transaction cost arising on the issue of ordinary shares is recognised, net of tax, directly in equity as a reduction of the share proceeds.

## 12. RESERVES

	2017	2016
	\$'000	\$'000
Employee equity benefits reserve	1,224	1,088
Dividend reserve	14,465	14,810
<b>Total</b>	<b>15,689</b>	<b>15,898</b>

  

a. Employee equity benefits reserve	2017	2016
	\$'000	\$'000
Balance at start of year	1,088	761
Value of share-based payments provided or which vested during the year	136	327
<b>Balance at end of year</b>	<b>1,224</b>	<b>1,088</b>

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including 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	2017	2016
	\$'000	\$'000
Balance at start of year	14,810	17,979
Dividends paid	(5,136)	(3,169)
Transfer from current year profits	4,791	-
<b>Balance at end of year</b>	<b>14,465</b>	<b>14,810</b>

## 13. INTEREST-BEARING LIABILITIES

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Receivables finance facility - Insurance Premium Funding	-	83,987
Equipment hire and software finance liabilities	-	26
<b>Total</b>	<b>-</b>	<b>84,013</b>

### a. Fair value of interest-bearing liabilities

Interest-bearing liabilities are carried at amortised cost. The carrying value of borrowings approximates their fair value.

### b. Financial risk

Refer to note 19 for interest rate risk and liquidity risk. There is no exchange rate risk as the interest-bearing liabilities are documented and payable in Australian dollars.

## Key accounting policies

### Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs as well as any discount or premium on settlement.

Borrowing costs are recognised as an expense when incurred. They include interest on bank overdrafts, bills of exchange and other borrowings. The Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with these assets would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

## 14. INTEREST-BEARING RECEIVABLES

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Loan receivables - Insurance Premium Funding	-	126,160
Provision for impairment - collective	-	(245)
Provision for impairment - specific	-	(275)
	-	<b>125,640</b>
Loan receivables - Investment advisers	435	328
Provision for impairment - specific	(90)	(120)
	<b>345</b>	<b>208</b>
<b>Total current interest-bearing receivables</b>	<b>345</b>	<b>125,848</b>
<b>Non-current</b>		
Loan receivables - Investment advisers	711	891
Convertible loans	1,426	-
Provision for impairment - specific	(495)	(431)
<b>Total non-current interest-bearing receivables</b>	<b>1,642</b>	<b>460</b>

### a. Terms and conditions

Loans due from investment advisers have terms ranging from 1 to 5 years and varying interest terms at or above commercial rates. The majority of these loans were secured through charges over assets, by guarantees, or by retention of financial advice fees.

## b. Impairment of loan receivables

Impairment expense amounts are included in the Statement of Profit or Loss and Comprehensive Income under 'Other general and administrative expenses'.

	2017	2016
	\$'000	\$'000
<b>Allowance for Impairment</b>		
Opening Balance	1,071	1,286
<i>Movement in the allowance is as follows</i>		
Adjustment for disposal of subsidiary	(522)	-
Allowance for impairment	36	1,094
Bad debts written-off (gross)	-	(1,309)
<b>Closing balance</b>	<b>585</b>	<b>1,071</b>
<b>Receivables impairment expense</b>		
Impairment expense	36	1,101
Bad debts (recovery)/written-off directly	98	(7)
Amounts recovered against debts previously written-off	-	(492)
<b>Total expense</b>	<b>134</b>	<b>602</b>

All interest-bearing receivables are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described below.

	2017	2016
	\$'000	\$'000
<b>Non-Accrual Loans</b>		
Total of loan receivables with allowance	-	1,373
Specific allowance for impairment	-	(275)
<b>Non-accrual loans included in loan receivables (net)</b>	<b>-</b>	<b>1,098</b>
Interest foregone on non accrual loans	-	41

"Non-accrual loans" are loan receivables where the debt has been written down to recoverable value. Once classified as a non-accrual loan, interest accruing on Insurance Premium Funding loans were not brought to account as income unless actually received.

An ageing analysis of loan receivables is provided in note 19(b)(iii).

## c. Related party receivables

There are currently no related party receivables.

## d. Fair value and risk management

The carrying value of interest-bearing receivables approximates their fair value.

Credit risk, interest rate risk and currency risk is addressed in note 19.

The Group subscribed to \$5m in a convertible loan in Australian Life Development Pty Ltd (ALD) that will provide seed funding to the ALD business. The first advance of \$1.25m was made in February 2017 with the remaining amount of \$3.75m transferred in July 2017 on achievement of certain milestones.

As part of the convertible note arrangements, the Group has also been granted four call options of \$1.75m each (totalling \$7.0m) to purchase shares which expire by January 2020. Based on results achieved, a potential equity interest of up to 80% by the end of the expiration period could materialise.

## e. Convertible Notes

### Australian Life Development (ALD)

The Group subscribed to \$5m in a convertible loan in Australian Life Development Pty Ltd (ALD) that will provide seed funding to the ALD business. The first advance of \$1.25m was made in February 2017 with the remaining amount of \$3.75m transferred in July 2017 on achievement of certain milestones.

As part of the convertible note arrangements, the Group has also been granted four call options of \$1.75m each (totalling \$7.0m) to purchase shares which expire by January 2020. Based on results achieved, a potential equity interest of up to 80% by the end of the expiration period could materialise.

## Key accounting policies

### Loan receivables

All loan receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method.

#### i. Financial advisers

These are comprised of loans to advisers for terms varying from 1 to 5 years and attract interest at market rates. The majority of these loans are secured through charges over assets, by guarantees, or by retention of financial advice fees.

#### ii. Impairment of loan receivables

Impairment of a loan is recognised when there is objective evidence that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans and by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

Bad debts are written-off when identified. If a provision for impairment has been recognised in relation to a loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in profit or loss.

## Convertible notes

Convertible notes are initially recognised at cost, including acquisition charges associated with the loan. Subsequent to initial recognition, the convertible loans are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

## Impairment

The Group assesses at each reporting date, whether there is objective evidence that a financial asset or group of financial assets are impaired.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. If a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## 15. INVESTMENTS

	2017	2016
	\$'000	\$'000
Investments	1,632	36
<b>Total investments</b>	<b>1,632</b>	<b>36</b>

### R Financial Educators (RFE)

In October 2016, an investment of \$1.5m was made in RFE which represents a 15% stake of equity.

An investment in Ginger Group was also made during the year for \$0.1m which increased the Group's equity interest to 50%.

### Key accounting policies

#### Investments and other financial assets

Investments are initially recognised at cost, including acquisition charges associated with the investment.

Subsequent to initial recognition, investments are measured at fair value. Gains or losses arising from changes in the fair value of investments are recognised in the Statement of Profit or Loss and Comprehensive Income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the reporting date.

Financial assets are stated at cost where there is no quoted market price and the fair value cannot be reliably measured.

Financial assets (excluding available for sale investments) are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's carrying amount is written down to the asset's estimated recoverable amount.

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

## 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Plant & Equipment	Total
	\$'000	\$'000	\$'000
<b>Cost</b>			
At 1 July 2015	1,677	3,206	4,883
Additions	364	49	413
Disposals	(39)	(140)	(179)
<b>At 30 June 2016</b>	<b>2,002</b>	<b>3,115</b>	<b>5,117</b>
Additions	-	213	213
Disposals	(16)	(542)	(558)
<b>At 30 June 2017</b>	<b>1,986</b>	<b>2,786</b>	<b>4,772</b>
<b>Depreciation and impairment</b>			
At 1 July 2015	616	2,187	2,803
Depreciation charge for the year	710	263	973
Disposals	(79)	(21)	(100)
<b>At 30 June 2016</b>	<b>1,247</b>	<b>2,429</b>	<b>3,676</b>
Depreciation charge for the year	275	186	461
Disposals	-	(341)	(341)
<b>At 30 June 2017</b>	<b>1,522</b>	<b>2,274</b>	<b>3,796</b>
<b>Net carrying value</b>			
At 30 June 2017	464	512	976
At 30 June 2016	755	686	1,441

## Key accounting policies

### Plant and equipment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Plant and equipment is carried at cost, net of accumulated depreciation and any accumulated impairment losses. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the asset is written down to its recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by reference to the cash-generating unit to which the asset belongs.

Depreciation is calculated on a diminishing value basis over the estimated useful lives of the assets as follows:

<b>Plant and equipment</b>	2 - 7 years
<b>Leasehold improvements</b>	Lease term
<b>Motor vehicles</b>	5 years

### De-recognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss and Comprehensive Income when the asset is derecognised.

Residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 17. INTANGIBLE ASSETS

### a. Reconciliation of carrying amounts at the beginning and end of the year

	Goodwill	Software	Network & Client Lists	Total
	\$'000	\$'000	\$'000	\$'000
<b>Period ending 30 June 2017</b>				
At 1 July 2016 net of accumulated amortisation and impairment	2,132	337	1,362	<b>3,831</b>
Disposals	(1,176)	(141)	-	<b>(1,317)</b>
Additions	-	15	347	<b>362</b>
Amortisation	-	(88)	(557)	<b>(645)</b>
<b>At 30 June 2017 net of accumulated amortisation and impairment</b>	<b>956</b>	<b>123</b>	<b>1,152</b>	<b>2,231</b>
<b>At 30 June 2017</b>				
Cost	1,209	3,786	10,372	<b>15,367</b>
Accumulated amortisation and impairment	(253)	(3,663)	(9,220)	<b>(13,136)</b>
<b>Net carrying value</b>	<b>956</b>	<b>123</b>	<b>1,152</b>	<b>2,231</b>
<b>Year ending 30 June 2016</b>				
At 1 July 2015 net of accumulated amortisation and impairment	2,132	774	2,039	<b>4,945</b>
Additions	-	103	-	<b>103</b>
Amortisation	-	(540)	(677)	<b>(1,217)</b>
<b>At 30 June 2016 net of accumulated amortisation and impairment</b>	<b>2,132</b>	<b>337</b>	<b>1,362</b>	<b>3,831</b>
<b>At 30 June 2016</b>				
Cost	2,385	3,913	10,025	<b>16,323</b>
Accumulated amortisation and impairment	(253)	(3,576)	(8,663)	<b>(12,492)</b>
<b>Net carrying value</b>	<b>2,132</b>	<b>337</b>	<b>1,362</b>	<b>3,831</b>

## b. Description of the Group's intangible assets

### i. Goodwill

Cash generating units ('CGU')

The Premium Funding business was sold during the year, resulting in the release of goodwill of \$1,176,000.

Goodwill was also created during 2012 on the acquisitions of the externally owned interests in Ventura Investment Management Ltd of \$93,000 and in Centrepoint Alliance Lending Pty Ltd (previously Centrepoint Lending Solutions Pty Ltd) of \$863,000.

Other CGUs include Professional Investment Services Pty Ltd and Investment Diversity Pty Limited.

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 30 June 2017 of \$1,152,000 (2016: \$1,362,000).

### iii. Software

The Group has developed or acquired software, which are 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. As there were no indicators of impairment in any CGUs and goodwill only exists within the Centrepoint Alliance Lending Pty Ltd CGU and Ventura Investment Management Limited CGU, impairment testing was only performed for these 2 CGUs.

Management is of the view that core assumptions such as cost of equity and terminal growth rate are the same across these 2 CGUs.

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

- Terminal growth rate 1.00% (2016: 2.50%)
- Cost of equity: 12.35% (2016: 12.35%)

The testing resulted in no impairment being required.

The value in use model is not materially sensitive to any of the above assumptions. Sensitivity suggests that no reasonable change in any assumptions gives rise to impairment.

No indicators of impairment are noted for the remaining CGUs.

### ii. Networks and client lists

Adviser networks and client lists are regularly tested for impairment by calculation of value in use 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 years.
- Cash flows associated with remaining advisers and clients are inflated only at CPI with no growth assumed.
- Cost of equity: 12.35% (2016: 12.35%)

The testing resulted in no impairment losses (2016: Nil).

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 \$86,463 (2016: \$248,614).

### 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 asset's useful life. No software is considered to be impaired.

## Key accounting policies

### Goodwill and intangibles

#### i. Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units which are expected to benefit from the acquisition. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment losses recognised are not subsequently reversed.

#### ii. Intangibles

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss and Comprehensive Income.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment at least annually either individually or at the cash-generating unit level. The assessment of indefinite life of an intangible asset is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

The estimated useful lives in the current and comparative periods are as follows

Software	2.5 years
Network and Client Lists	5 - 15 years

### Impairment of non-financial assets other than goodwill

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Non-financial assets are carried at cost, net of accumulated depreciation and any accumulated impairment losses. The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the asset is written down to its recoverable amount. The recoverable amount of a non-financial asset is the greater of fair value less costs to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## 18. DISCONTINUED OPERATIONS

On 30 December 2016, the Group completed the sale of Centrepont Alliance Premium Funding (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.

	2017	2016
	\$'000	\$'000
Net operating income	5,285	9,110
Total expenses	(3,019)	(6,899)
<b>Profit before income tax</b>	<b>2,266</b>	<b>2,211</b>
Income tax expense	(669)	(702)
<b>Net profit from discontinued operations</b>	<b>1,597</b>	<b>1,509</b>
Gain on sale of discontinued operations before tax	5,035	-
Income tax benefit associated with sale	-	-
Gain on sale of discontinued operations after tax	5,035	-
<b>Total net profit from discontinued operations</b>	<b>6,632</b>	<b>1,509</b>
Attribute to owners	6,632	1,509
Non-controlling interests	-	-

### 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.

	2017	2016
	\$'000	\$'000
<b>ASSETS</b>		
Cash and cash equivalents	7,291	29
Trade and Other Receivables	122	-
Interest-Bearing Receivables	143,088	125,701
Other Assets	4,151	3,455
Property, Plant & Equipment	168	144
Intangible Assets	145	121
Deferred Tax Asset	390	408
<b>TOTAL ASSETS</b>	<b>155,355</b>	<b>129,858</b>
<b>LIABILITIES</b>		
Trade and other payables	15,458	26,279
Interest-Bearing Liabilities	125,000	83,988
Provisions	607	791
<b>TOTAL LIABILITIES</b>	<b>141,065</b>	<b>111,058</b>
<b>NET ASSETS</b>	<b>14,290</b>	<b>18,800</b>
<b>EQUITY</b>		
Contributed Equity	12,500	12,500
Retained earnings	1,790	6,300
<b>TOTAL EQUITY</b>	<b>14,290</b>	<b>18,800</b>

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

	2017	2016
	\$'000	\$'000
Net cash flows provided by operating activities	13,365	4,282
Net cash flows used in investing activities	(142)	(35)
Net cash flows used in financing activities	(6,000)	(4,350)
<b>Net change in cash and cash equivalents</b>	<b>7,223</b>	<b>(58)</b>
Cash & cash equivalents at the beginning of the year	29	87
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>7,252</b>	<b>29</b>

## 19. FINANCIAL RISK MANAGEMENT

### a. Risk exposures and responses

The Group's principal financial instruments comprise receivables, payables, bank and other loans, bank overdrafts, finance leases, cash and short-term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of regular short and long-term cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Group Audit, Risk and Compliance Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

### b. Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, interest-bearing receivables and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these assets (as outlined in each applicable note).

The Group's maximum exposure to credit risk for interest-bearing receivables and trade receivables at the reporting date is limited to Australia.

The Group trades only with recognised, creditworthy third parties and the majority of the Group's cash balances are held with National Australia Bank Limited and Westpac Banking Corporation.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, all receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is monitored and managed.

Outlined below are the requirements for collateral, credit quality and concentration levels for the various categories of receivables.

#### i. Trade and other receivables

The Group does not have any significant credit risk exposure to any single counter-party or any group of counter-parties having similar characteristics. Trade and other receivables relate mainly to financial advice revenue and product margins earned as a financial dealer group and the majority is receivable from major financial institutions with high credit ratings assigned by international credit rating agencies. The Group does not require collateral in respect of trade and other receivables.

A risk assessment process was used for new loan applications, which ranges from credit background checks to formal reviews by a credit committee and, where appropriate, the obtaining of guarantees from directors and/or related entities. Each new loan was assessed in terms of total exposure risk to the customer concerned, pre-determined limits were applied to ensure appropriate analysis and approval procedures were applied.

Concentration levels of loan assets were monitored continuously to ensure that there are no significant concentrations of credit risk within the Group. Loans were provided to a large number of customers who are generally not related.

#### ii. Loans receivable – investment advisers

Loans to advisers have terms ranging from 1 to 5 years. Full credit submissions are prepared and reviewed and security is usually obtained in the form of charges over assets or guarantees and financial advice fees payable.

In some cases repayments are deducted from weekly financial advice fee payments.

### iii. Ageing analysis

At reporting date, the ageing analysis of receivables is as follows:

Ageing Analysis	2017						
	Total	0-30 Days	31-60 Days	61-90 Days	61-90 Days	+91 Days	+91 Days
				PDNI	CI	PDNI	CI
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	11,362	11,066	266	(28)	-	58	-
Loan receivables - Adviser	1,146	157	4	4	-	486	495
Ageing Analysis	2016						
	Total	0-30 Days	31-60 Days	61-90 Days	61-90 Days	+91 Days	+91 Days
				PDNI	CI	PDNI	CI
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	11,696	11,094	31	141	-	430	-
Loan receivables - IPF	126,160	124,076	744	274	256	232	578
Loan receivables - Adviser	1,219	167	19	14	-	588	431

\* Past due not impaired (PDNI)

\*\* Considered impaired (CI)

No further credit is provided to PDNI debtors until full repayment of overdue amounts is made. Payment terms for some PDNI debtors have been re-negotiated to aid recovery. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Impairment analysis is included at Note 14.

**c. Interest rate risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations as disclosed below. The Group adopts a policy to minimise exposure to interest rate risk by depositing excess funds in interest-bearing accounts at a variable rate or with short date maturities.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to interest rate risk:

	2017			
	Weighted average effective interest rate	Fixed	Fixed	Variable
		≤ 6 Months	> 6 Months	
	%	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Cash and term deposits	1.59%	24,517	-	6,725
Loan receivables - investment advisers	11.96%	182	964	-
Security deposits	-	-	1,017	-
		<b>24,699</b>	<b>1,981</b>	<b>6,725</b>
<b>Net Exposure</b>		<b>24,699</b>	<b>1,981</b>	<b>6,725</b>
	2016			
	Weighted average effective interest rate	Fixed	Fixed	Variable
		≤ 6 Months	> 6 Months	
	%	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Cash and term deposits	3.12%	125	-	10,067
Loan receivables - insurance premium funding	10.97%	51,022	75,138	-
Loan receivables - investment advisers	15.31%	240	979	-
Security deposits	-	-	1,778	-
		<b>51,387</b>	<b>77,895</b>	<b>10,067</b>
<b>Financial Liabilities</b>				
Receivables finance facility - insurance premium funding	3.25%	83,987	-	-
Equipment hire and software finance	3.25%	26	-	-
		84,013	-	-
<b>Net Exposure</b>		<b>(32,626)</b>	<b>77,895</b>	<b>10,067</b>

The Group's objective is to minimise exposure to adverse risk and therefore it continuously analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

**d). Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of instruments such as bank overdrafts, bank loans, subordinated debt, preference shares, finance leases and other committed available credit lines from time to time as required.

The Group's policy is to match debt with the nature and term of the underlying assets. At reporting date over 99% of the Group's financial assets mature in less than 12 months.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities. The respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as at reporting date.

**i. Maturity analysis of financial assets and liability based on management's expectation:**

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital e.g. trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established reporting requirements which monitor maturity profiles and anticipated cash flows from Group assets and liabilities.

The tables below are based on the carrying values at reporting date and includes future interest receivable or payable.

Financial Assets	2017			
	≤ 6 Months	6-12 Months	1-5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Cash and term deposits	31,242	-	-	31,242
Trade and commissions receivable	11,234	139	(11)	11,362
Loan receivables - investment advisers	181	254	711	1,146
Security deposits	5	-	1,017	1,022
	<b>42,662</b>	<b>393</b>	<b>1,717</b>	<b>44,772</b>
<b>Financial Liabilities</b>				
Trade and other payables	9,109	-	-	9,109
Other liabilities	16	16	252	284
	9,125	16	252	9,393
<b>Net Maturity</b>	<b>33,537</b>	<b>377</b>	<b>1,465</b>	<b>35,379</b>

Financial Assets	2016			
	≤ 6 Months	6-12 Months	1-5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Cash and term deposits	10,192	-	-	10,192
Trade and commissions receivable	11,450	245	2	11,697
Loan receivables - insurance premium funding	51,022	75,138	-	126,160
Loan receivables - investment advisers	245	88	886	1,219
Security deposits	730	-	1,048	1,778
	<b>73,639</b>	<b>75,471</b>	<b>1,936</b>	<b>151,046</b>
Financial Liabilities				
Trade and other payables	34,534	-	-	34,534
Other liabilities	91	91	284	466
Receivables finance facility	37,912	46,075	-	83,987
Equipment hire and software finance	26	-	-	26
	72,563	46,166	284	119,013
<b>Net Maturity</b>	<b>1,076</b>	<b>29,305</b>	<b>1,652</b>	<b>32,033</b>

#### e. Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

#### f. Market and price risk

The Group's exposure to commodity and equity securities price risk is significant because a portion of the Group's net advice and investment products revenue is governed by the amount of funds under management or under advice, which is impacted by the market price of equities and other investment assets.

This risk is effectively a feature of the financial advice industry and cannot easily be managed. However, the increasing proportion of fee for service revenue and the ability of the Group to adjust resource inputs in relation to market movements decreases the level of risk.

#### g. 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.

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 small business loans adjusted using quoted BBSW interest rates to reflect the average remaining term of the loans as at 30 June 2017.

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 \$11,460 (2016: \$377,000).

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.

## Key accounting policies

#### Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position are stated at nominal value and comprise cash at bank and in hand and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

## 20. PROVISIONS

	2017	2016
	\$'000	\$'000
<b>Current</b>		
Provision for adviser client claims	4,589	4,743
Provision for employee entitlements	3,093	3,057
Property make good	83	83
Onerous lease	255	429
<b>Total</b>	<b>8,020</b>	<b>8,312</b>
<b>Non-current</b>		
Provision for adviser client claims	88	-
Provision for employee entitlements	182	706
Property make good	232	352
Onerous lease	88	572
<b>Total</b>	<b>590</b>	<b>1,630</b>

	2017	2016
	\$'000	\$'000
<b>a. Movement in provision for adviser client claims</b>		
Opening balance	4,743	7,300
<i>Movement in the provision is as follows:</i>		
Claims provisioning expense during the period	4,150	174
Claims settlements & fees paid (net of recoveries)*	(4,216)	(2,731)
<b>Closing balance</b>	<b>4,677</b>	<b>4,743</b>

\* Movement excludes \$43k (2016: \$78k) from claims arising from advice post 30 June 2010.

### Provision for adviser client claims

The provision for adviser client claims is the estimated cost of resolving claims from clients arising from financial advice provided prior to 1 July 2010 by Authorised Representatives of the Group. 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. 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 expected to continue to reduce over time. 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.

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

Claims are expected to be reported and resolved by approximately 2021. Resolution is dependent on the circumstances of each claim and the level of complexity involved. Any costs are offset against the provision as incurred.

	2017	2016
	\$'000	\$'000
<b>b. Movement in provision for employee benefits</b>		
Opening balance	3,763	3,515
<i>Movement in the provision is as follows:</i>		
Provision for year	2,954	2,885
Reduction resulting from re-measurement without cost	-	(133)
Leave and other employee benefits paid	(3,442)	(2,504)
<b>Closing balance</b>	<b>3,275</b>	<b>3,763</b>

	2017	2016
	\$'000	\$'000
<b>c. Movement in provision for property make good</b>		
Opening balance	435	551
<i>Movement in the provision is as follows:</i>		
Provision for year	-	(116)
Disposal of subsidiary	(120)	-
<b>Closing balance</b>	<b>315</b>	<b>435</b>

	2017	2016
	\$'000	\$'000
<b>d. Movement in provision for onerous lease</b>		
Opening balance	1,001	-
<i>Movement in the provision is as follows:</i>		
Provision for year	-	1,001
Onerous lease unwind	(523)	-
Sub-lease reduction	(135)	-
<b>Closing balance</b>	<b>343</b>	<b>1,001</b>

### Provision for onerous lease contract

In the previous financial year, the Gold Coast office was consolidated from two floors to one and an onerous contract was created for the unused space. This resulted in the creation of an onerous lease provision for \$1,001,000.

During the year, management secured a tenant to sub-lease the unused space in the Gold Coast office for the remaining duration of the lease, being to October 2018. As a result, the onerous lease provision was reduced by \$134,667 in the current period and this benefit was included in property expenses. The remaining amount of the onerous lease provision is split between a current provision of \$254,882 and non-current provision of \$87,521.

## Key accounting policies

### Provisions and employee benefits

#### i. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. A provision for claims is recognised when client claims received by advisers are notified to the Company or the Group expects to incur liabilities in the future as a result of past advice given. It is measured at the present value of the future costs that the Group expects to incur to settle the claims.

#### ii. Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long-service leave.

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and other benefits, expected to be settled wholly within 12 months of the reporting date are measured at the amounts due to be paid when the liability is settled.

The liability for long-service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### iii. Make good costs for leased property

A provision for make good costs for leased property is recognised when a make good obligation exists in the lease contracts.

The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date. Future make good costs are reviewed annually and any changes are reflected in the present value of the make good provision at the end of the reporting period. The unwinding of the discounting is recognised as a finance cost.

#### iv. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

## 21. 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 has provided for claims arising from advice provided prior to 1 July 2010 based on a specific provision as described in Note 20.

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

There were no other contingent liabilities at reporting date.

## 22. REMUNERATION OF AUDITORS

The primary auditor of Centrepoint Alliance Limited was Deloitte Touche Tohmatsu.

	2017	2016
	\$'000	\$'000
<i>Amounts received or due and receivable by Deloitte Touche Tohmatsu</i>		
Audit of the financial report of the entity and other entities in the consolidated group	224,074	232,451
Other services in relation to the entity and other entities in the consolidated group		
Taxation services - Deloitte Touche Tohmatsu	96,598	87,108
Other regulatory audit services	61,132	47,554
	<b>381,804</b>	<b>367,113</b>
<i>Amounts received or due and receivable by other audit firms for:</i>		
Audit fees - managed funds & international businesses	53,220	79,241
	<b>53,220</b>	<b>79,241</b>

## 23. INFORMATION RELATING TO CENTREPOINT ALLIANCE LIMITED (THE 'COMPANY')

The Consolidated Financial Statements of the Company are:

	2017	2016
	\$'000	\$'000
Current assets	54,939	41,195
Non-current assets	8,370	17,144
Current liabilities	(39)	(373)
<b>Net Assets</b>	<b>63,270</b>	<b>57,966</b>
Issued capital	37,934	37,411
Employee equity benefits reserve	-	1,089
Dividend reserve	13,971	14,594
Accumulated profit	11,365	4,872
<b>Total Shareholder Equity</b>	<b>63,270</b>	<b>57,966</b>
Net profit after tax of the parent entity	<b>11,285</b>	<b>4,791</b>
Total comprehensive income of the parent entity	<b>11,285</b>	<b>4,791</b>

At reporting date the Company has given nil guarantees to external parties (2016: \$45,804).

Contractual operating lease expenditure commitments of the Company are as follows:

	2017	2016
	\$'000	\$'000
Not later than one year	1,091	1,031
Later than one year but not later than five years	740	1,831
<b>Total</b>	<b>1,831</b>	<b>2,862</b>

The Company has various corporate services agreements for IT and telecommunications hardware and support. The agreements have terms between 1 and 3 years with options to renew at expiry of the initial term on a month to month basis.

## 24. RELATED PARTY DISCLOSURES

### a. Information relating to subsidiaries

Name	Country of Incorporation	Ownership Interest		Principal Activity
		2017	2016	
<b>Centrepont Funding</b>				
Centrepont Alliance Lending Pty Ltd	Australia	100%	100%	Mortgage broker / aggregator
Centrepont Alliance Premium Funding Pty Ltd	Australia	-	100%	Insurance premium funding
Alliance Premium Funding Limited	New Zealand	-	100%	Insurance premium funding
<b>Licensee &amp; Advice Services</b>				
Alliance Wealth Pty Ltd	Australia	100%	100%	Financial advice
Associated Advisory Practices Pty Ltd	Australia	100%	100%	AFSL licensee support services
xseedwealth Pty Ltd (formally Alliance Wealth & Protection Pty Ltd)	Australia	100%	100%	Salaried advice
Professional Investment Services Pty Ltd	Australia	100%	100%	Financial advice
<b>Funds Management &amp; Administration</b>				
Investment Diversity Pty Ltd	Australia	100%	100%	Packages investment platforms
Ventura Investment Management Ltd	Australia	100%	100%	Packages managed funds
<b>Corporate</b>				
Centrepont Alliance Services Pty Ltd	Australia	100%	100%	Trustee - Employee share plan
Centrepont Services Pty Ltd	Australia	100%	100%	Service company
Centrepont Wealth Pty Ltd	Australia	100%	100%	Holding company
De Run Securities Pty Ltd	Australia	56%	56%	Financial services
Imagine Your Lifestyle Pty Ltd	Australia	100%	100%	Dormant
Professional Accountants Pty Ltd	Australia	100%	100%	Loans to adviser network
Advisers Worldwide (NZ) Limited**	New Zealand	100%	100%	Dormant
Ausiwi Limited**	New Zealand	100%	100%	Dormant
Professional Investment Holdings (NZ) Limited**	New Zealand	43%	43%	Dormant
Professional Investment Services (NZ) Limited**	New Zealand	43%	43%	Dormant
Professional Lending Services Limited**	New Zealand	38%	38%	Dormant
R Financial Educators Pty Ltd	Australia	15%	-	Business partnering/ Financial advice
Ginger Group Financial Services Limited	New Zealand	50%	-	Financial advice

\*\* Currently under Solvent Voluntary Liquidation

### b. Ultimate parent

The ultimate holding company is Centrepont Alliance Limited, a company incorporated and domiciled in Australia.

### c. Terms and conditions of transactions with related parties other than KMP

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2016: Nil). An impairment assessment is undertaken each financial year through examination of the financial position of related parties and the market in which a related party operates.

### d. Transactions with key management personnel

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

	2017	2016
	\$'000	\$'000
Short-term employee benefits	2,217	1,572
Post-employment benefits	111	149
Long-term benefits	-	6
Share-based payments	-	361
Termination/resignation benefits	-	-
<b>Total compensation</b>	<b>2,328</b>	<b>2,088</b>

## 25. SHARE BASED PAYMENT PLANS

### a. Types of share-based payment plans

#### i. Performance Rights

Performance rights are rights that can be converted to fully paid ordinary shares in the Company for no monetary consideration subject to specific performance criteria, as determined by the Board for each issue of rights, being achieved.

#### ii. Centrepont Alliance Employee Share Plan ('CAESP')

The purpose of the CAESP is to provide employees with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with shareholders and provide a greater incentive to focus on the Company's longer-term goals.

### b. Recognised share-based payment expenses

	2017	2016
	\$'000	\$'000
Expense arising from equity-settled share-based payment transactions under the CAESP	659	377
Expense arising from performance rights	(523)	(50)
<b>Total</b>	<b>136</b>	<b>327</b>

### c. Movements during the year

All current option awards are fully vested at reporting date. There are 8,050,000 shares which are held within the CAESP which are not yet vested. The Board approved the vesting of 1,498,889 of 3,566,666 performance rights which were issued during the year.

	2017		2016	
	No	WAEP*	No	WAEP*
<b>i. Shares under the CAESP</b>				
Outstanding at beginning of period	10,885,001	0.19	5,585,001	0.17
New share awards	-	-	5,300,000	0.21
Forfeited during the period	(2,835,001)	0.21	-	-
<b>Outstanding at end of period</b>	<b>8,050,000</b>	<b>0.18</b>	<b>10,885,001</b>	<b>0.19</b>
<b>ii. Options under CAESOP</b>				
Outstanding at beginning of period	400,000	0.40	400,000	0.40
Issued during the period	-	-	-	-
Expired during the period	(400,000)	-	-	-
<b>Outstanding at end of period</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>0.40</b>
<b>iii. Performance rights</b>				
Outstanding at beginning of period	3,566,666	-	3,700,000	-
Issued during the period	3,750,000	-	-	-
Vested during the period	(1,498,889)	-	-	-
Expired during the period	(2,067,777)	-	(133,334)	-
<b>Outstanding at end of period</b>	<b>3,750,000</b>	<b>-</b>	<b>3,566,666</b>	<b>-</b>

### d. Option pricing model

The fair value of the shares issued under the CAESP, the options issued under the CAESOP 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.

## Key accounting policies

### Share-based payment transactions

#### i. Equity settled transactions:

The Group provides benefits to its employees, including key management personnel, in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

Current equity settled transactions are:

- Performance rights issued in August 2013;
- The Centrepoint Alliance Employee Share Option Plan, which provides benefits to employees by invitation from the Board; and
- The Centrepoint Alliance Employee Share Plan, which provides benefits to employees by invitation from the Board.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Centrepoint Alliance Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions become fully entitled to the award (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Profit or Loss and Comprehensive Income is the product of:

- the grant date fair value of the award;
- the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of non-market performance conditions being met; and
- the expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Shares in the Group reacquired on market and held by the Employee Share Plan Trust are classified and disclosed as reserved shares and deducted from equity.

#### ii. Reserved shares

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are deducted from equity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## 26. EVENTS AFTER THE REPORTING PERIOD

The following matters have occurred subsequent to the year end:

On 6 July 2017, the Group subscribed to a convertible loan of \$1m in RFE which represents a 10% stake in equity if converted.

On 7 July 2017, the Group paid the balance of the convertible loan for ALD of \$3.75m.

On 24 August 2017, the Directors of Centrepont Alliance Limited declared a final dividend on ordinary shares in respect of the 2017 financial year. The dividend is to be paid out of the dividend reserve. The total amount of the dividend is \$1,883,196 which represents 1.2 cents per share and is fully franked at the corporate income tax rate of 30%. The record date is 25 September 2017 and payment date is 9 October 2017.

On 24 August 2017, the Directors of Centrepont Alliance Limited declared a special dividend on ordinary shares in respect of the 2017 financial year. The dividend is to be paid out of the dividend reserve. The total amount of the dividend is \$10,985,308 which represents 7.0 cents per share and is fully franked at the corporate income tax rate of 30%. The record date is 25 September 2017 and payment date is 9 October 2017.

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.



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

1. In the opinion of the Directors:
  - a. the financial statements and notes of Centrepont Alliance Limited for the financial year ended 30 June 2017 are in accordance with the *Corporations Act 2001*, including:
    - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
  - b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and
  - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

On behalf of the Directors:

**A. D. Fisher**  
Chairman

24 August 2017

**Partnering  
for growth**

Centrepont Alliance Limited  
ABN 72 052 507 507  
Level 9, 10 Bridge St, Sydney NSW 2000  
+61 2 9921 6900 | centrepontalliance.com.au

Additional Information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 26 September 2017.

## 1. CLASS OF SECURITIES AND VOTING RIGHTS

### a. Ordinary shares

Ordinary shares of the Company are listed (quoted) on the ASX. There are 1,697 holders of ordinary shares, holding 156,932,969 fully paid ordinary shares.

Holders of ordinary shares are entitled to one vote per share when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### b. Performance rights

A performance right is a right that can be converted to an ordinary fully paid share in the Company for no monetary consideration subject to specific performance criteria being achieved. Details of performance rights are not quoted on the ASX and do not have any voting rights.

## 2. DISTRIBUTION OF SHAREHOLDERS AND PERFORMANCE RIGHTS

Size of holding	No. of ordinary shareholders	No. of performance right holders
1 - 1,000	310	
1,001 - 5,000	473	
5,001 - 10,000	217	
10,001 - 100,000	598	
100,000 and over	99	5

The number of shareholdings held in less than marketable parcels is 271.

## 3. SUBSTANTIAL SHAREHOLDERS

The names of substantial holders in the Company who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are set out below:

Ordinary Shareholders	Fully paid
	No. of Shares
TIGA Trading Pty Ltd	41,596,497
Adam Smith Asset Management Pty Ltd	10,069,911
River Capital Pty Ltd	5,689,719

## 4. TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

Ordinary Shareholders		Fully paid	
		No. of Shares	% Held
1	UBS Nominees Pty Ltd	32,471,759	20.69
2	HSBC Custody Nominees (Australia) Limited	29,779,676	18.98
3	Citicorp Nominees Pty Limited	9,589,344	6.11
4	Centrepoint Alliance Services Pty Ltd <Centrepoint Alliance Employee >	8,050,000	5.13
5	RBC Investor Services Australia Nominees Pty Ltd <Vfa A/C>	7,460,831	4.75
6	J P Morgan Nominees Australia Limited	5,388,769	3.43
7	One Managed Invnt Funds Ltd <Sandon Capital Inv Ltd A/C>	4,943,217	3.15
8	National Nominees Limited	2,931,374	1.87
9	Mr Richard John Nelson + Mrs Kaye Marie Nelson <Nelson Pension Fund A/C>	2,729,660	1.74
10	Griffin Fund Management Pty Ltd <Noel Griffin No 2 S/F A/C>	1,991,231	1.27
11	HSBC Custody Nominees (Australia) Limited - A/C 2	1,851,405	1.18
12	Optimar Pty Ltd <Optiplus Unit A/C>	1,792,008	1.14
13	Supertco Pty Ltd <Tag Small Cap Fund A/C>	1,500,000	0.96
14	Soba Pty Ltd	1,352,652	0.86
15	Waylex Pty Ltd <Nelson Investment A/C>	1,275,193	0.81
16	Fetterpark Pty Ltd <O'Reilly Family S/F A/C>	1,200,000	0.76
17	Mr Daniel Baron Droga + Mrs Lyndell Droga <Droga Family Super Fund A/C>	1,000,000	0.64
18	Mr Daryl John Griffiths <A & D Griffiths S/F A/C>	909,500	0.58
19	Edsonmere Pty Ltd <Christine Ann Martin FT A/C>	829,600	0.53
20	Austin Superannuation Pty Ltd <The Brian Austin S/F A/C>	739,075	0.47
		<b>117,785,294</b>	<b>75.05</b>



Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Riverside Centre  
Level 25  
123 Eagle Street  
Brisbane QLD 4000

Tel: +61 7 3308 7000  
Fax: +61 7 3308 7001  
www.deloitte.com.au

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Centrepont Alliance Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



#### Key Audit Matter

##### Provision for adviser client claims

As disclosed in note 20a, the Group has provided \$4.7m for the estimated cost of resolving adviser client claims for financial advice provided by authorised representatives of the Group prior to 1 July 2010. As disclosed, the Group does not believe it is appropriate to recognise any provision for financial advice provided post 1 July 2010.

The determination of the provision for adviser client claims requires management to exercise significant judgement to estimate the likely value of claims already reported and the estimated volume and value of unreported claims.

#### How the scope of our audit responded to the Key Audit Matter

Our procedures, performed in conjunction with our actuarial specialists, included but were not limited to:

- Understanding the provisioning process management undertook to estimate the claims provision including management's process to assess whether a provision is required for financial advice provided post 1 July 2010.
- Evaluating controls over the completeness of the data in the claims database.
- Selecting a sample of open claims and agreeing details to underlying records and external correspondence to assess the accuracy of the data used to estimate the cost of settling open claims and the value and volume of unreported claims.
- Selecting a sample of claims paid to evaluate historical forecasting accuracy and the accuracy of the movement in the provision due to settled claims.
- Challenging the core assumptions applied by management in estimating claim volume for unreported claims and value per claim with regard to historical claims experience.

We have also assessed the appropriateness of the disclosures included in note 20a to the financial report.

##### Recoverability of deferred tax assets

As disclosed in note 5d and 5e, the Group has recognised deferred tax assets of \$9.0m including \$4.5m of revenue tax losses that the Group expects to utilise against future taxable profits. In addition Group has unrecognised revenue losses of \$29.6m and capital losses of \$36.0m.

The ability to recognise deferred tax assets is dependent on the estimation of future taxable profits against which the deferred tax assets can be utilised. Significant judgement is required in forecasting future taxable profit.

In addition, the Group makes an estimate of the extent of carried forward losses that can be utilised against future taxable profits due to the available fraction concept set out in the Income Tax Assessment Act 1997. This applies due to changes in the group structure over time.

Our procedures, performed with the support of our tax specialists, included but were not limited to:

- Challenging the reasonableness of management's estimation of future taxable profits (including but not limited to the reasonableness of estimates of growth in financial advice revenues) and assessing whether these estimates were consistent with the forecasts used as part of the impairment testing of goodwill and intangible assets.
- Evaluating the competence, capabilities and objectivity of management's external tax expert used to assess the available fraction.
- Challenging the appropriateness of the available fraction applied to estimate the extent to which carried forward tax losses can be recognised as a deferred tax asset.

We have also assessed the appropriateness of the disclosures included in note 5(d) and 5(e) to the financial report.

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## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 23 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Centrepoint Alliance Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



**David Rodgers**  
Partner  
Chartered Accountants  
Brisbane, 24 August 2017

# CORPORATE DIRECTORY

## ANNUAL GENERAL MEETING

10:30am (Sydney time)  
Tuesday, 28 November 2017

Deloitte Touche Tohmatsu  
Grosvenor Place,  
Level 10, 225 George Street,  
Sydney New South Wales  
Australia

## SECURITIES EXCHANGE LISTING

Centrepoint Alliance Limited's shares are listed on the Australian Securities Exchange (ASX) and are traded under the ASX code CAF

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
Level 11, 172 St George's Terrace,  
Perth Western Australia 6000,  
Australia

GPO Box 2975,  
Melbourne Victoria 3001,  
Australia

Telephone:  
(within Australia) 1300 763 925  
(outside Australia) +61 3 9415 4870

Facsimile: +61 3 9473 2500

Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Website: [www.computershare.com.au](http://www.computershare.com.au)

## AUDITOR

Deloitte Touche Tohmatsu  
Riverside Centre  
Level 25, 123 Eagle Street  
Brisbane Queensland 4000  
Australia

## REGISTERED ADDRESS

Centrepoint Alliance Limited  
Registered address and head office:  
Level 9, 10 Bridge Street,  
Sydney New South Wales 2001,  
Australia

GPO Box 1322,  
Melbourne Victoria 3001,  
Australia

Telephone:  
(within Australia) 1300 557 598  
(outside Australia) +61 2 8987 3000

Facsimile: +61 2 8987 3075

Website: [www.centrepointalliance.com.au](http://www.centrepointalliance.com.au)



“

**Centrepoint is well placed to take advantage of the anticipated growth in the wealth management market and is using technology to simplify the client experience.**

- Alan Fisher, Chairman

”

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