

ASX Announcement

23 February 2018

Appendix 4D and Half Year Report for six months ended 31 December 2017

- **1H18 EBITDA from core continuing operations, excluding one-off expenditure of \$2.4m, up 9% on prior comparable period (pcp)**
- **Net loss after tax of \$0.8m due to one-off impact of claims and CEO replacement**
- **Managed Accounts balances increasing 83% over 12 months to \$434m**
- **Angus Benbow appointed CEO and will start on 3 April 2018**
- **Fully franked interim ordinary dividend of 1.2 cents per share**

Centrepont Alliance Limited (ASX:CAF) ('Centrepont' or the 'Group') continues to deliver its strategic plan, growing EBITDA from core continuing operations, excluding one-off expenditure, by 9% to \$2.4m from the prior comparable period (pcp). Centrepont continues to have strong take-up of its Managed Account solution with balances increasing 83% over 12 months to \$434m.

Centrepont announced a fully franked interim ordinary dividend of 1.2 cents per share. The record date for the dividend will be 14 March 2018 with a payment date of 4 April 2018.

The Board has announced that the sale of the 8.05m Loan Shares will occur after new CEO has been introduced to shareholders

One-off costs associated with claims and CEO replacement resulted in a net loss after tax of \$0.8m. In November we established an additional legacy claims provision relating to financial product advice given prior to 1 July 2010 by a former authorised representative's business. The announced appointment of Angus Benbow as CEO and the decision to unwind the executive loan share schemes is included in the results.

Centrepont continues to transform and grow its Wealth business. Alliance Wealth (licenced advice) and Associated Advisory Practices (self-licenced advice) continue to attract quality firms with a total of 90 new firms onboarded in the last two years. Significant investments were made during the year into new advice technology, additional outsourced services for advice firms, marketing, and salaried advisers.

Centrepont's Funds under Management and Administration (FUMA) increased 14% to \$3.9bn on pcp and gross inflows are consistently above \$500m. The Group's investment in a Chief Investment Officer will shortly result in the launch of Presidium portfolios which will strengthen our solutions for clients and advisers.

Soula Cargakis, Interim Chief Executive Officer, said, "Our core business continues to strengthen in terms of the depth and breadth of solutions – all of which are focused on the clients' best interest. We have a strong platform and we are looking forward to Angus joining the business to lead the next stage of growth."

The Group also made significant investments in the development of Neos Life (owned by Australian Life Development Pty Ltd). Neos Life is an Australian based life insurance business offering well rated, adviser and client focused life insurance products through financial advisers. The business is scheduled to launch to market in the first half of calendar 2018.

The Chairman, Alan Fisher, noted, "The underlying results are a reflection of strong employee engagement and better client outcomes - this continues to differentiate Centrepoint. There is a great opportunity to increase growth and continue to drive improvements across all areas of our business to improve the experience for our advisers and their clients."

Investor Briefing

Soula Cargakis, Interim CEO, and John Cowan, Chief Financial Officer, will hold an investor briefing at 10:00am (AEST) on Monday, 26 February 2018.

If you wish to participate in the briefing please register at the Events section of the Centrepoint website - www.centrepointalliance.com.au/events/.

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

For further information please contact:

Soula Cargakis
Interim CEO
Centrepoint Alliance Limited
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CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

Appendix 4D

Half year ended 31 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

In thousands of Australian dollars				
Revenues from ordinary activities	Up	7%	to	\$16,836
Loss before tax and non-controlling interests	Down	45%	to	(\$1,066)
Loss after tax attributable to members	Up	116%	to	(\$752)

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	1.2 cents	1.2 cents
Previous corresponding period	2.25 cents	2.25 cents
Record date for determining entitlements to dividend	14 March 2018	
Payment date of interim ordinary dividend	4 April 2018	
Dividend Reinvestment Plan		
Plan active	No	
Discount	N/A	
Pricing period	N/A	
Last DRP election date	N/A	
Net tangible assets per share	31 Dec 2017 10.10 cents	30 June 2017 19.35 cents

Results are extracted from the attached Half Year Financial Report for the six months ended 31 December 2017 which was subject to an independent review.

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



CENTREPOINT ALLIANCE LIMITED

AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Half Year Financial Report
31 December 2017

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CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2017

Your Directors present their report for the half year ended 31 December 2017.

Directors

The Directors of the Company at any time during or since the end of the financial period are:

Alan Fisher (Chairman)

John de Zwart (Managing Director & Chief Executive Officer) – resigned 19 September 2017

Martin Pretty (Non-Executive Director)

John O'Shaughnessy (Non-Executive Director) – retired 27 November 2017

Hugh Robertson (Non-Executive Director)

Georg Chmiel (Non-Executive Director)

Company Secretary

Debra Anderson

Marty Carne

Operating and Financial Review

Group Business Operations

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

Financial Performance

EBITDA normalised for one-off items for the period was \$2.4m (1H17: \$2.2m). The result reflects the Group continuing to invest in the business, continuing success in recruiting firms and ongoing support for the managed accounts solutions.

During the period there were one-off impacts related to adjusting the legacy claims provision, recruiting a new CEO and closing down the Long Term Incentive Plans CAESP17 and CAESP18. This resulted in the EBITDA from continuing operations (the prior comparable period included the sale of the premium funding business which is excluded from continuing operations) being a loss of \$0.6m (1H17: (\$1.5m)). The Group made a net after tax loss of \$0.8m (1H17: Profit \$3.5m).

The business is driven by two core segments, Licensee and Advice Services and Funds Management and Administration, with Corporate making up the final segment (continuing operations).

The Group is focused on growth and with relationships with around 500 financial planning firms and \$3.9b in funds under management (reflecting a 14% uplift from 1H17) is well positioned. The business continues to enhance its strategy which will be ongoing with the appointment of the new CEO Angus Benbow.

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

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2017

	Licensee and Advice Services	Funds Management and Administration
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.	Provider of funds management and platform solutions to financial advisers, accountants and their clients across Australia.
Business Model	Business Model: Services are provided to authorised representatives under its Australian Financial Services Licences ('AFSL') through Professional Investment Services Pty Ltd ('PIS') and Alliance Wealth Pty Ltd ('AW'). Services are also provided to authorised representatives of other AFSL holders through Associated Advisory Practices Pty Ltd ('AAP'). Centrepont Alliance Lending Pty Ltd ('CALP') is an aggregator of mortgage and asset finance solutions. It is a boutique player in a large market, designed to primarily service the needs of advice businesses and offers lending services to financial planning clients.	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 Ltd.
Key Drivers	Key Drivers: The number of advice firms, fee income, operating costs, funds under distribution agreements, lending volumes and lending margins.	Funds under administration, funds under management, margins and operating costs.
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 \$2.5 trillion in superannuation assets¹ expected to continue to grow over the next twenty years and the need for quality advice continuing to grow. 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 is capturing the benefits from industry disruption and the move to 'fee for service' advice.	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. The Group is an early promoter of managed accounts, which has continued to grow during the financial period, with \$3.9b under management and \$144m of net inflows.

¹ APRA Quarterly Superannuation Performance – September 2017

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2017

	Licensee and Advice Services	Funds Management and Administration
Financial Performance	Gross profit was \$11.5m (1H17 \$11.7m) and normalised profit before tax was \$1.6m (1H17 \$1.8m). The result reflects an ongoing transition in terms of the recruitment of quality advisers and away from rebate revenue, and investment in the salaried advice business xseedwealth. The normalised result excludes the impact of \$3.7m legacy claims expenses. The Group incurs claims from advice provided prior to 1 July 2010 and is monitoring these claims to specifically provide a best estimate amount for each claim on a case by case basis.	Gross revenue was \$6.5m (1H17 \$6.2m) and profit before tax increased 11% to \$2.1m (1H17: \$1.9m). The result reflects an adoption by advisers of the Centrepont solutions and an investment in the setup of Presidium to provide advice or implemented portfolios to advisers.

Corporate

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

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

The Long Term Incentive Plan (LTIP) CAESP17 and CAESP18 which is a loan funded share plan is being closed. There are currently 8,050,000 shares which are held within the Centrepont Alliance Employee Share Plan ('CAESP') Trust, which will be sold in the second half of the year.

Minority Investments and Convertible Loans

As part of its business strategy to facilitate growth the Group has made several investments in start-up businesses.

R Financial Educators Pty Ltd (RFE) establishes joint ventures with accountants to leverage their client base and provide financial advice. Centrepont has a 15% interest in the business and had provided a convertible loan which if converted would increase our interest by 10% to 25%.

Neos Life (Australian Life Development Pty Ltd) will launch shortly and will offer comprehensive life insurance, well rated and comparable to other advised market offerings. The key differentiator will be next generation adviser and client efficiency and processes. It will be a business designed in the 21st century for the 21st century – best in class systems, online, easy to interact with and fast. The Group has a \$5m convertible loan, which if converted would equate to a minimum 30% equity stake. The Group exercised an option for \$1.75m during the period which represents a 5% equity stake. There are further options to increase ownership of this business.

Dividends

On 23 February 2018, the Directors of Centrepont Alliance Limited declared an interim fully franked ordinary dividend of 1.2 cents per share on ordinary shares in respect of the half year ended 31 December 2017. The dividend will have a record date of 14 March 2018 and will be paid out of the dividend reserve on 4 April 2018.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

31 December 2017

Events Subsequent to Balance Date

On 19 September 2017, the existing Managing Director and Chief Executive Officer, John de Zwart resigned as Managing Director and continued as Chief Executive Officer until 24 November 2017, when Soula Cargakis was appointed as Interim Chief Executive Officer. Mr Angus Benbow was appointed Chief Executive Officer of the Group on 15 December 2017 and will be commencing on 3 April 2018.

A further investment in RFE of \$200,000 through a convertible loan will be made in February 2018.

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.

Rounding

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

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Directors.



A. D. Fisher

Chairman

23 February 2018

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

23 February 2018

Dear Board Members

Centrepont Alliance Limited

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

As lead audit partner for the review of the financial statements of Centrepont Alliance Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Rodgers
Partner
Chartered Accountants

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
CONTINUING OPERATIONS			
Revenue			
Advice and financial product revenue (gross)		61,626	64,080
Advice and financial product fees		(46,093)	(48,679)
Advice and financial product revenue (net)		15,533	15,401
Interest income		1,070	120
Other revenue		233	224
		16,836	15,745
Expenses			
Borrowing expenses		(18)	(33)
Employee related		(9,264)	(9,170)
Professional services		(822)	(603)
Client claims		(3,787)	(3,775)
IT and communication expenses		(399)	(536)
Licensing and subscriptions		(732)	(770)
Marketing and promotion		(498)	(328)
Property costs		(579)	(298)
Impairment of assets		35	(54)
Depreciation and amortisation		(430)	(588)
Other general and administrative expenses	4	(1,408)	(1,528)
		(17,902)	(17,683)
Loss before tax from continuing operations		(1,066)	(1,938)
Income tax benefit		314	489
Net loss from continuing operations after tax		(752)	(1,449)
DISCONTINUED OPERATIONS			
Profit after tax from discontinued operations		-	6,074
Net (loss)/profit after tax		(752)	4,625
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(752)	4,625
Net (loss)/profit attributable to:			
Owners of the parent		(752)	4,625
Net (loss)/profit for the period		(752)	4,625
Total comprehensive (loss)/profit attributable to:			
Owners of the parent		(752)	4,625
Total comprehensive (loss)/profit for the period		(752)	4,625
Earnings per share for profit attributable to the ordinary equity holders of the parent			
		Cents	Cents
Basic (loss)/earnings per share	6	(0.51)	3.12
Diluted (loss)/earnings per share	6	(0.51)	2.92
Basic loss per share from continuing operations	6	(0.51)	(0.98)
Diluted loss per share from continuing operations	6	(0.51)	(0.98)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Financial Position
As at 31 December 2017

	Note	31 Dec 2017 \$'000	30 June 2017 \$'000
ASSETS			
Current			
Cash and cash equivalents		10,149	31,242
Trade and other receivables		9,742	11,362
Interest bearing receivables	8	345	345
Other assets		995	529
Total current assets		21,231	43,478
Non-current			
Interest bearing receivables		6,372	1,642
Property, plant & equipment		930	976
Intangible assets & goodwill	9	1,964	2,231
Deferred tax assets		9,025	9,018
Investments		3,382	1,632
Other assets		938	1,015
Total non-current assets		22,611	16,514
TOTAL ASSETS		43,842	59,992
LIABILITIES			
Current			
Trade and other payables		7,629	9,109
Other liabilities		158	32
Provisions		8,505	8,020
Current tax liability		59	372
Total current liabilities		16,351	17,533
Non-current			
Other liabilities		35	252
Provisions		618	590
Total non-current liabilities		653	842
TOTAL LIABILITIES		17,004	18,375
NET ASSETS		26,838	41,617
EQUITY			
Contributed equity	10	34,673	34,673
Reserves	11	13,876	15,689
Accumulated losses		(21,829)	(8,863)
Equity attributable to shareholders		26,720	41,499
Non-controlling interests		118	118
TOTAL EQUITY		26,838	41,617

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2017

	Note	Half year to 31 Dec 2017 \$'000	Half year to 31 Dec 2016 \$'000
Cash Flows from operating activities			
Cash receipts from customers		68,649	85,404
Cash paid to suppliers and employees		(67,205)	(81,600)
Cash provided by operations		1,444	3,804
CEO replacement/CAESP wind up		(1,272)	-
Claims and litigation settlements		(1,890)	(2,584)
Net cash flows (used in)/provided by operating activities		(1,718)	1,220
Cash Flows from investing activities			
Interest received		277	121
Dividends received from investments		99	98
Payments to acquire financial assets		(6,500)	(1,500)
Acquisition of intangible assets		-	(15)
Acquisition of property, plant & equipment		(114)	(240)
Proceeds from sale of interest in a subsidiary		-	20,000
Proceeds from sale of property, plant & equipment		-	35
Net cash flows (used in)/provided by investing activities		(6,238)	18,499
Cash Flows from financing activities¹			
Interest and borrowing expenses paid		-	(1,462)
Net increase in borrowings		-	25,068
Net increase in loan funds advanced		-	(17,310)
Dividends paid	6	(13,137)	(1,883)
Net cash flows (used in)/provided by financing activities		(13,137)	4,413
Net change in cash and cash equivalents		(21,093)	24,132
Cash and cash equivalents at the beginning of the period		31,242	10,192
Cash and cash equivalents at the end of the period		10,149	34,324

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

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2017

		Ordinary shares	Dividend reserve	Other reserves	Accumulated losses	Total	Non- controlling interests	Total equity
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		34,673	14,465	1,224	(8,863)	41,499	118	41,617
Loss for the period		-	-	-	(752)	(752)	-	(752)
Total comprehensive income for the year		-	-	-	(752)	(752)	-	(752)
Transfer to dividend reserve		-	12,214	-	(12,214)	-	-	-
Share-based payment		-	-	(890)	-	(890)	-	(890)
Dividends paid	6	-	(13,137)	-	-	(13,137)	-	(13,137)
Balance at 31 Dec 2017		34,673	13,542	334	(21,829)	26,720	118	26,838
Balance at 1 July 2016		34,150	14,810	1,088	(10,616)	39,432	118	39,550
Profit for the period		-	-	-	4,625	4,625	-	4,625
Total comprehensive income for the year		-	-	-	4,625	4,625	-	4,625
Issue of share capital		523	-	-	-	523	-	523
Share-based payment		-	-	(311)	-	(311)	-	(311)
Dividends paid	6	-	(1,883)	-	-	(1,883)	-	(1,883)
Balance at 31 Dec 2016		34,673	12,927	777	(5,991)	42,386	118	42,504

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
31 December 2017

1. Corporate information

The interim condensed consolidated financial statements of Centrepont Alliance Limited and its controlled entities (the 'Group') for the half year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 23 February 2018.

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

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

2. Summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the half year ended 31 December 2017 have been prepared in accordance with AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2017.

It is recommended that the half year financial report be considered together with any public announcements made by the Group during the half year ended 31 December 2017 and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

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

Standards issued but not yet effective

The accounting policies adopted in the preparation of the half year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the financial year ended 30 June 2017, except for the new standards and interpretations which are not yet effective noted below:

AASB 15 Revenue from contracts with customers	AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. 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.
AASB 9 Financial Instruments (December 2014), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	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. This version supersedes AASB 9 (December 2009) and AASB 9 (December 2010).

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
31 December 2017

Standards issued but not yet effective (cont.)

AASB 16 Leases	The Standard introduces a single accounting treatment, that is, recognition of a right-of-use asset and a lease liability. · 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.
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	Amends AASB 2 <i>Share-based Payments</i> to address: · Accounting for the effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments. · Classification of share-based payment transactions with a net settlement feature. · Accounting for modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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

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

3. Segment information

The Group has organised its businesses reportable segments based on the nature of the products and services provided and the markets in which it operates and Corporate. Internal reports are regularly reviewed by the management on this basis.

The Group's reportable segments are:

Reportable segments	Operations
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 administration functions of the Company not allocated to the above reportable segments are identified as Corporate and unallocated.

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

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

The segment results are presented on a continuing operations basis.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
31 December 2017

3. Segment information (cont.)

	Licensee & Advice Services	Funds Management & Administration	Wealth Total	Corporate & Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year to 31 Dec 2017					
Revenue					
Gross Revenue	55,182	6,441	61,623	3	61,626
Commissions paid	(43,773)	(2,320)	(46,093)	-	(46,093)
Net revenue	11,409	4,121	15,530	3	15,533
Other revenue	131	-	131	102	233
External customers	11,540	4,121	15,661	105	15,766
Inter-segment revenue	661	(1,000)	(339)	339	-
Interest income	199	84	283	787	1,070
Segment revenue	12,400	3,205	15,605	1,231	16,836
Total revenue					16,836
Segment results					
Borrowing expenses	(13)	-	(13)	(5)	(18)
Client claims	(3,787)	-	(3,787)	-	(3,787)
Depreciation & amortisation	(367)	(48)	(415)	(15)	(430)
Impairment of assets	35	-	35	-	35
Inter-segment expenses	(8,986)	(1,660)	(10,646)	10,646	-
Segment (loss)/profit before tax	(2,036)	2,060	24	(1,090)	(1,066)
Loss before tax					(1,066)
Income tax benefit/(expense)	410	(319)	91	223	314
Addback: Legacy claims expense	3,684	-	3,684	-	3,684
Segment (loss)/profit before tax (excluding legacy claims)	1,648	2,060	3,708	(1,090)	2,618
Balance Sheet at 31 Dec 2017					
Current assets					
Interest bearing receivables	345	-	345	-	345
Other current assets	10,767	4,476	15,243	5,643	20,886
Total current assets	11,112	4,476	15,588	5,643	21,231
Non-current assets					
Interest bearing receivables	180	-	180	1,442	1,622
Other non-current assets	6,679	100	6,779	14,210	20,989
Total non-current assets	6,859	100	6,959	15,652	22,611
Total Assets	17,971	4,576	22,547	21,295	43,842
Current liabilities					
Other current liabilities	12,690	905	13,595	2,756	16,351
Total current liabilities	12,690	905	13,595	2,756	16,351
Non-current liabilities					
Other non-current liabilities	240	-	240	413	653
Total non-current liabilities	240	-	240	413	653
Total Liabilities	12,930	905	13,835	3,169	17,004
Net Assets	5,041	3,671	8,712	18,126	26,838

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
31 December 2017

3. Segment information (cont.)

	Licensee & Advice Services	Funds Management & Administration	Wealth Total	Corporate & Unallocated	Consolidated
Half year to 31 Dec 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Gross Revenue	57,908	6,169	64,077	3	64,080
Commissions paid	(46,334)	(2,345)	(48,679)	-	(48,679)
Net revenue	11,574	3,824	15,398	3	15,401
Other revenue	55	-	55	169	224
External customers	11,629	3,824	15,453	172	15,625
Interest income	36	15	51	69	120
Segment revenue	11,665	3,839	15,504	241	15,745
Total revenue					15,745
Segment results					
Borrowing expenses	(27)	-	(27)	(6)	(33)
Client claims	(3,775)	-	(3,775)	-	(3,775)
Depreciation & amortisation	(304)	(67)	(371)	(217)	(588)
Inter-segment expenses	(8,168)	(1,718)	(9,886)	9,886	-
Impairment of assets	(54)	-	(54)	-	(54)
Segment profit before tax	(1,904)	1,871	(33)	(1,905)	(1,938)
Profit before tax					(1,938)
Income tax benefit/(expense)	563	(567)	(3)	493	489
Addback: Legacy claims expense	3,699	-	3,699	-	3,699
Segment (loss)/profit before tax (excluding legacy claims)	1,795	1,871	3,666	(1,905)	1,761
Balance Sheet at 30 June 2017					
Current assets					
Interest bearing receivables	345	-	345	-	345
Other current assets	12,101	5,559	17,660	25,473	43,133
Total current assets	12,446	5,559	18,005	25,473	43,478
Non-current assets					
Interest bearing receivables	216	-	216	1,426	1,642
Other non-current assets	6,028	117	6,145	8,727	14,872
Total non-current assets	6,244	117	6,361	10,153	16,514
Total Assets	18,690	5,676	24,366	35,626	59,992
Current liabilities					
Other current liabilities	12,349	1,881	14,230	3,303	17,533
Total current liabilities	12,349	1,881	14,230	3,303	17,533
Non-current liabilities					
Other non-current liabilities	447	-	447	395	842
Total non-current liabilities	447	-	447	395	842
Total Liabilities	12,796	1,881	14,677	3,698	18,375
Net Assets	5,894	3,795	9,689	31,928	41,617

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

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
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4. Other expenses

	Half year to 31 Dec 2017 \$'000	Half year to 31 Dec 2016 \$'000
Audit fees	285	179
Directors fees and expenses	235	210
Insurance	328	364
Travel and entertainment	342	339
Printing and stationery	68	54
Other expenses	150	382
Total other general and administrative expenses	1,408	1,528

5. Dividends

	Half year to 31 Dec 2017 \$'000	Half year to 31 Dec 2016 \$'000
Dividends paid or payable		
The following fully franked dividends were provided for or paid during the half year:		
Dividends paid on ordinary shares	2,152	1,883
Special Dividends paid on ordinary shares	10,985	-
Total dividends	13,137	1,883

Dividends payable are recognised when declared by the Company.

6. Earnings per share ('EPS')

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

	Half year to 31 Dec 2017 \$'000	Half year to 31 Dec 2016 \$'000
a) Profit used in calculating profit per share		
Net (loss)/profit attributable to ordinary equity holders of the Company	(752)	4,625
Net profit attributable to ordinary equity holders of the Company from discontinued operations	-	6,074
Net loss attributable to ordinary equity holders of the Company from continuing operations	(752)	(1,449)

6. Earnings per share ('EPS') (cont.)

b) Weighted average number of shares	No. of shares	No. of shares
Weighted average number of ordinary shares (excluding reserved shares)	148,882,969	148,190,547
<i>Effect of dilution:</i>		
Performance rights and CAESP shares	12,144,324	10,146,015
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	161,027,293	158,336,562
Basic earnings per share from discontinued operations	-	4.10
Basic loss per share from continuing operations	(0.51)	(0.98)
Basic (loss)/earnings per share	(0.51)	3.12
Diluted (loss)/earnings per share	(0.51)	2.92

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.

7. 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.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
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7. Fair value of financial instruments (cont.)

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.

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 \$150,000.

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.

8. Interest bearing receivables

	31 Dec 2017 \$'000	30 June 2017 \$'000
Current		
Loan receivables - Investment advisers	435	435
Provision for impairment - specific	(90)	(90)
Total current interest bearing receivables	345	345
Non-current		
Loan receivables - Investment advisers	650	711
Convertible loans	6,192	1,426
Provision for impairment - specific	(470)	(495)
Total non-current interest bearing receivables	6,372	1,642

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
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9. Intangible assets and Goodwill

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

	Goodwill \$'000	Software \$'000	Network & Client Lists \$'000	Total \$'000
Half year ended 31 December 2017				
At 1 July 2017 net of accumulated amortisation and impairment	956	123	1,152	2,231
Additions	-	-	15	15
Amortisation	-	(31)	(251)	(282)
At 31 December 2017 net of accumulated amortisation and impairment	956	92	916	1,964
At 31 December 2017				
Cost	1,209	3,786	10,387	15,382
Accumulated amortisation and impairment	(253)	(3,694)	(9,471)	(13,418)
Net carrying value	956	92	916	1,964
Half year ended 31 December 2016				
At 1 July 2016 net of accumulated amortisation and impairment	2,132	338	1,361	3,831
Amortisation	-	(170)	(295)	(465)
Disposals from sale of subsidiary	(1,175)	-	-	(1,175)
At 31 December 2016 net of accumulated amortisation and impairment	957	168	1,066	2,191
At 30 June 2017				
Cost	1,209	3,786	10,372	15,367
Accumulated amortisation and impairment	(253)	(3,663)	(9,220)	(13,136)
Net carrying value	956	123	1,152	2,231

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
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9. Intangible assets (cont.)

	a) Description of the Group's intangible assets	b) Impairment tests for goodwill and intangibles
Goodwill	Goodwill was created during 2012 on the acquisitions of the externally owned interests in Ventura Investment Management Ltd of \$93,000 and in Centrepont Alliance Lending Pty Ltd of \$863,000 (net of an impairment of \$253,000). Other Cash-generating units (CGUs) include Professional Investment Services Pty Ltd and Investment Diversity Pty Ltd. Goodwill is tested on an annual basis and when there is an indication of potential impairment.	Goodwill is tested annually for impairment by calculation of value in use at the CGU level. Value in use is calculated using discounted cash flow projections for five years and terminal values prepared from current forecasts using the following assumptions: • Growth rate 1.00% (June 2017: 1.00%) • Cost of equity: 12.35% (June 2017: 12.35%) The testing completed at 30 June 2017 resulted in no impairment being required. The value in use model is not materially sensitive to any of the above assumptions. No indicators of impairment are noted for the remaining CGUs.
Network and client lists	Intangible assets in the form of adviser network businesses and adviser client lists acquired to expand the adviser network. These had a total book value at 31 December 2017 of \$915,000 (June 2017: \$1,152,000).	Adviser networks and client lists are regularly tested for impairment by calculation of value in use or when indicators of potential impairment arises. Value in use is calculated using discounted cash flow projections associated with the applicable asset using the following assumptions: • The number of revenue generating advisers and clients declines to nil over the remaining useful life of 3.5 years • Cash flows associated with remaining advisers and clients are inflated only at CPI with no growth assumed. • Cost of equity: 12.35% (June 2017: 12.35%) The testing completed at 30 June 2017 resulted in no impairment losses. The value in use calculations are most sensitive to the remaining useful life assumption. Sensitivity analysis indicates that a decrease in the assumed useful life of 1 year would have resulted in an impairment expense of \$66,477 (June 2017: \$86,463).
Software	The Group has developed or acquired software, which is being amortised over their expected useful lives.	The value of the developed or acquired software of the Group is amortised on a straight line basis over a 2.5 year period, which the Directors assess as the intangible assets' useful lives. No software is considered to be impaired.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
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10. Contributed equity

	Number of shares	31 Dec 2017 \$'000	Number of shares	30 June 2017 \$'000
i) Ordinary shares (issued & fully paid)				
Balance at start of year	156,932,969	39,108	155,434,080	38,585
Movements during the year:-				
Share issue - long term incentive plan	-	-	1,498,889	523
On issue at end of year	156,932,969	39,108	156,932,969	39,108
ii) Reserved shares				
Balance at start of year	(8,050,000)	(4,435)	(8,050,000)	(4,435)
Movements during the year:-				
On issue at end of year	(8,050,000)	(4,435)	(8,050,000)	(4,435)
Total contributed equity	148,882,969	34,673	148,882,969	34,673

11. Reserves

	31 Dec 2017 \$'000	30 June 2017 \$'000
Employee equity benefits reserve	334	1,224
Dividend reserve	13,542	14,465
Total	13,876	15,689

a) Employee equity benefits reserve	31 Dec 2017 \$'000	30 June 2017 \$'000
Balance at start of year	1,224	1,088
Value of share based payments provided or which vested during the year	-	136
Value of share based payments expired during the year	(890)	-
Balance at end of year	334	1,224

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

During the current period, 700,000 performance rights were issued to senior executives of the Group as follows:

Shares	No. of shares	Vesting period	Issue price	Fair Value at issue date
Senior executives	700,000	3 years	\$0.585	\$0.410

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Notes to the Condensed Consolidated Financial Statements
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11. Reserves (cont.)

b) Dividend reserve	31 Dec 2017	30 June 2017
	\$'000	\$'000
Balance at start of year	14,465	14,810
Dividends paid	(13,137)	(5,136)
Transfer from current year parent entity profit	12,214	4,791
Balance at end of year	13,542	14,465

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

12. Share based payment plans

3,750,000 performance rights issued in the previous financial year have not yet vested. During the year, 700,000 performance rights were issued and have not yet vested.

The fair value of the performance rights issued are calculated as at the date of grant using the Monte Carlo Model. This Model take into account the terms and conditions upon which they were granted and market based inputs as at the grant date.

13. Contingent liabilities

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

The Group makes a specific provision for claims arising from advice provided prior to 1 July 2010. As at 31 December 2017 a specific provision was based on the best estimate of all open claims including an allowance for claims not reported. The statute of limitations provides a general limitation period of 6 years from the time a cause of action arises to bring legal proceedings and this has the impact of reducing and ultimately diminishing the value of new claims. We expect all claims will be finalised by approximately 2021.

During the period, there was an increase in the claims provision of \$2,700,000, which takes the total claims provision to \$6,539,534.

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

There were no other contingent liabilities at reporting date.

14. Deferred tax assets

The Group has deferred tax assets of \$9.0m as at 31 December 2017 (1H17: \$9.0m). The recoverability of the deferred tax assets is dependent upon delivering sufficient future taxable profits. Following the sale of the premium funding business, management has re-forecast and assumed an increase in growth in the core business driven by the contemporary fee model, profits generated from the implementation of the direct to consumer strategy in xseedwealth and growth through adviser and practice numbers. These judgements will be re-assessed at each reporting date.

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Directors' Declaration
31 December 2017

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

1. In the opinion of the Directors:

- (a) The interim condensed consolidated financial statements and notes of Centrepoint Alliance Limited for the half year ended 31 December 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 31 December 2017 and of its performance for the half year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors:



A. D. Fisher
Chairman

23 February 2018

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Centrepont Alliance Limited, which comprises the condensed statement of financial position as at 31 December 2017, and the condensed consolidated statement of profit or loss and comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Centrepont Alliance Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 20.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Centrepont Alliance Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited.

Auditor's Independence Declaration

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

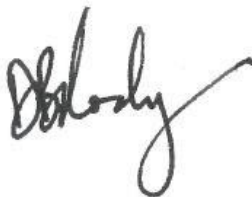
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



David Rodgers
Partner
Chartered Accountants
Brisbane, 23 February 2018