Class Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Class Limited
ABN:	70 116 802 058
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

The Group has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 31 December 2018. The Accounting Standards were adopted using the modified retrospective approach and as such comparatives have not been restated.

				$'000
Revenues from ordinary activities	up	11.8%	to	19,226
Profit from ordinary activities after tax attributable to the owners of Class Limited	up	1.6%	to	4,364
Profit for the half-year attributable to the owners of Class Limited	up	1.6%	to	4,364

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018 paid on 17 September 2018	2.50	2.50

On 14 February 2019, the Directors declared a fully franked interim dividend for the year ending 30 June 2019 of 2.5 cents per ordinary share with record date of 21 February 2019 to be paid on 19 March 2019.

Comments
Refer to 'Review of operations' in the Directors' Report for detailed commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	19.78	18.69

The net tangible assets per ordinary share is calculated based on 117,357,936 ordinary shares on issue as at 31 December 2018 (excluding 304,120 treasury shares).

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments (if any):

The Interim Report of Class Limited for the half-year ended 31 December 2018 is attached.

---

6. Signed

Signed ____________________________ Date: 14 February 2019

Matthew Quinn
Chairman
Sydney

Class Limited

ABN 70 116 802 058

Interim Report - 31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Class Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of Class Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Matthew Quinn - Chairman
Kathryn Foster
Rajarshi Ray
Nicolette Rubinsztein
Christopher Cuffe AO
Kevin Bungard (resigned on 8 November 2018)

Principal activities

During the financial half-year, the principal continuing activities of the Group were to develop and distribute cloud-based accounting, investment reporting and administration software, namely Class Super and Class Portfolio.

Review of operations

	31 Dec 2018 $'000	31 Dec 2017 $'000	Change $'000	Change %
Sales revenue	19,029	17,010	2,019	12%
Cost of undertaking business	(10,382)	(9,187)	(1,195)	13%
EBITDA	8,647	7,823	824	11%
Interest revenue	197	186	11	6%
Depreciation and amortisation	(2,710)	(1,737)	(973)	56%
Tax expense	(1,770)	(1,975)	205	(10%)
Statutory net profit after tax	4,364	4,297	67	2%

The Group remains the market leader in cloud based SMSF administration software and posted a 2% increase in profit on the prior corresponding period, to $4,364,000 for the half-year ended 31 December 2018.

Sales revenue grew by 12% on the prior corresponding period, primarily driven by an increase in accounts which grew by 16,059. Based on accounts at 31 December 2018, Annualised Recurring Revenue (ARR), for the ~94% of revenue earned from software licence fees, increased to $37,100,000 (31 December 2017: $33,732,000). Depreciation and Ammortisation increased by $973,000 as a result of increased investment in product development and adoption of accounting standard AASB15.

The Group is committed to strengthening its product leadership over its competitors and restoring account growth back to historical benchmarks. A number of significant new features will be released in the first quarter of 2019 to drive increased levels of automation and further streamline SMSF administration for accountants, to be accompanied by a broad range of marketing and customer engagement initiatives.

The Group is focused on broadening its product offerings into the financial adviser community, supporting their need to deliver up-to-date, high quality information and drive down costs to the customer. Key integrations with XPLAN and Midwinter were recently released and the Class Adviser Dashboard will be released early this year to further strengthen the Class platform value proposition.

The Group has also released Portfolio Engine, which provides back office system software for investment portfolio administration and reporting. The Group has recently signed with OpenInvest and InvestSMART as Portfolio Engine partners to drive their managed account offerings.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Matthew Quinn
Chairman

14 February 2019
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Class Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Class Limited for the half-year ended 31 December 2018. I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Leivesley

M R Leivesley
Partner – Audit & Assurance

Sydney, 14 February 2019

General information

These financial statements represent the consolidated financial statements of the Group consisting of Class Limited (the Company) and its subsidiaries. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Class Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 228 Pitt Street
Sydney, NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 February 2019. The directors have the power to amend and reissue the financial statements.

Class Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31 Dec 2018 $'000	Consolidated 31 Dec 2017 $'000
Operating revenue	3	19,029	17,010
Interest revenue calculated using the effective interest method		197	186
Expenses			
Employee benefits expense		(7,382)	(6,587)
Depreciation and amortisation expense		(2,710)	(1,737)
Selling and marketing expenses		(1,116)	(913)
Occupancy expenses		(388)	(309)
Technology and data costs		(595)	(582)
Other expenses		(901)	(796)
Profit before income tax expense		6,134	6,272
Income tax expense		(1,770)	(1,975)
Profit after income tax expense for the half-year attributable to the owners of Class Limited		4,364	4,297
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Class Limited		4,364	4,297
		Cents	**Cents**
Basic earnings per share	10	3.71	3.65
Diluted earnings per share	10	3.68	3.60

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Class Limited
Statement of financial position
As at 31 December 2018

	Note	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Assets			
Current assets			
Cash and cash equivalents		19,255	22,657
Trade and other receivables		3,691	3,229
Other financial assets		60	-
Income tax receivable		694	-
Other		1,099	680
Total current assets		24,799	26,566
Non-current assets			
Property, plant and equipment		891	934
Intangibles	4	8,055	6,427
Customer acquisition costs	5	2,000	-
Total non-current assets		10,946	7,361
Total assets		35,745	33,927
Liabilities			
Current liabilities			
Trade and other payables		2,906	3,029
Contract liabilities		451	-
Income tax provision		-	1,380
Provisions		708	727
Total current liabilities		4,065	5,136
Non-current liabilities			
Deferred tax liability		1,974	866
Provisions		418	376
Total non-current liabilities		2,392	1,242
Total liabilities		6,457	6,378
Net assets		29,288	27,549
Equity			
Issued capital	6	24,577	25,154
Reserves	7	1,488	1,706
Retained earnings		3,223	689
Total equity		29,288	27,549

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2017	24,994	1,126	(2,717)	23,403
Profit after income tax expense for the half-year	-	-	4,297	4,297
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	4,297	4,297
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	160	-	-	160
Share-based payments	-	328	-	328
Dividends paid (note 8)	-	-	(2,350)	(2,350)
Balance at 31 December 2017	25,154	1,454	(770)	25,838

Consolidated	Issued capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2018	25,154	1,706	689	27,549
Adjustment for change in accounting policy (note 1)	-	-	1,112	1,112
Balance at 1 July 2018 - restated	25,154	1,706	1,801	28,661
Profit after income tax expense for the half-year	-	-	4,364	4,364
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	4,364	4,364
Transactions with owners in their capacity as owners:				
Shares purchased (note 6)	(577)	-	-	(577)
Share plan settlement	-	(461)	-	(461)
Share-based payment	-	243	-	243
Dividends paid (note 8)	-	-	(2,942)	(2,942)
Balance at 31 December 2018	24,577	1,488	3,223	29,288

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2018 $'000	Consolidated 31 Dec 2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		20,400	18,322
Payments to suppliers and employees (inclusive of GST)		(12,931)	(10,739)
Interest received		222	74
Other revenue		3	-
Income taxes paid		(2,983)	(2,437)
Net cash from operating activities		4,711	5,220
Cash flows from investing activities			
Payments for property, plant and equipment		(176)	(69)
Payments for intangibles	4	(3,726)	(2,409)
Payments for investments		(60)	-
Proceeds from disposal of property, plant and equipment		3	-
Net cash used in investing activities		(3,959)	(2,478)
Cash flows from financing activities			
Proceeds from issue of shares		-	160
Payments for share purchase by employee share trust - treasury shares		(1,405)	-
Proceeds received on exercise of employee share options		193	-
Dividends paid	8	(2,942)	(2,350)
Net cash used in financing activities		(4,154)	(2,190)
Net increase/(decrease) in cash and cash equivalents		(3,402)	552
Cash and cash equivalents at the beginning of the financial half-year		22,657	19,413
Cash and cash equivalents at the end of the financial half-year		19,255	19,965

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Note 1. Significant accounting policies (continued)

The impact of adoption of AASB 15 on various revenue streams is as follows:
- Revenue from Software licence fees: No significant impact;
- Revenue from service fees: Customers can request to have the Group load data from their existing system onto one of the Group's products. Under the previous standards this revenue was recognised in the year the services were performed. Under AASB 15 the revenue for these services is bundled with other performance obligations, deferred and recognised over an estimated contract period which includes expectations on renewal periods beyond the initial term of the service contract. On 1 July 2018, the Group recognised a contract liability of $494,000, a deferred tax asset of $136,000 and a corresponding adjustment to opening retained earnings;
- Commission and partner fees: No significant impact;
- Customer acquisition costs: Under AASB 15, commission and transaction costs incurred will be capitalised as an asset where such costs are incremental to obtaining a contract with a customer and where such costs are expected to be recovered. They will be amortised over the estimated life of the related service contract, being 5 years. The previous accounting policy required commissions and transition costs to be expensed to the statement of profit or loss. On 1 July 2018, the Group recognised customer acquisition costs of $2,024,000, a deferred tax liability of $554,000 and a corresponding adjustment to opening retained earnings.

Impact of adoption
AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on the opening retained earnings as at 1 July 2018 was as follows:

	1 July 2018 $'000
Capitalised customer acquisition cost (AASB 15)	2,024
Deferred revenue (AASB 15)	(494)
Tax effect on the above adjustments	(418)
Impact on opening retained profits as at 1 July 2018	1,112

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Software licence fees
The Group recognises revenue pursuant to software licence agreements upon the provision of access to its customers of the Group’s intellectual property as it exists at any given time during the period of the license. Revenue is recognised over the duration of the agreement or for as long as the customer has been provided access, when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.

Note 1. Significant accounting policies (continued)

Service fees
Fees for the provision of services are recognised as revenue as the services are rendered, in accordance with the terms and conditions of the service agreement. Services that are bundled with other performance obligations are deferred and recognised over an estimated contract period which includes expectations on renewal periods beyond the initial term of the service contract.

Commission and partner fees
The Group recognises commission and partner fees pursuant to an agreement when it sells a third party's products to customers which provides these customers with access to products and services.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 and 90 days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Customer acquisition costs
Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the estimated contract life of 5 years.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year are immediately expensed to profit or loss.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 2. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Directors have determined that there is one operating segment identified and located in Australia. The information reported to the CODM is the consolidated results of the Group.

The segment results are as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for segment assets and liabilities.

Note 3. Operating revenue

	Consolidated 31 Dec 2018 $'000	Consolidated 31 Dec 2017 $'000
Revenue from contracts with customers		
Software licence fees	17,922	16,088
Service fees	99	94
Commission and partner fees	749	580
	18,770	16,762
Other revenue		
Other revenue	259	248
Operating revenue	19,029	17,010

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 31 Dec 2018	Software licence fees $'000	Service fees $'000	Commission and partner fees $'000	Total $'000
Major product lines				
Class Super	17,471	99	749	18,319
Class Portfolio	391	-	-	391
Portfolio Engine	60	-	-	60
	17,922	99	749	18,770
Timing of revenue recognition				
Services transferred at a point in time	-	-	749	749
Services transferred over time	17,922	99	-	18,021
	17,922	99	749	18,770

Note 4. Non-current assets - intangibles

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Trademark and domain names - at cost	47	48
Software development - at cost	23,707	20,246
Less: Accumulated amortisation	(15,950)	(14,009)
	7,757	6,237
Computer software - at cost	198	198
Less: Accumulated amortisation	(123)	(99)
	75	99
Contractual rights - at cost	516	252
Less: Accumulated amortisation	(340)	(209)
	176	43
	8,055	6,427

Note 4. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Trademark and domain names $'000	Software development $'000	Computer software $'000	Contractual rights $'000	Total $'000
Balance at 1 July 2018	48	6,237	99	43	6,427
Additions	-	3,462	-	264	3,726
Write off of assets	(1)	-	-	-	(1)
Amortisation expense	-	(1,942)	(24)	(131)	(2,097)
Balance at 31 December 2018	47	7,757	75	176	8,055

Note 5. Non-current assets - Customer acquisition costs

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Customer acquisition costs	2,000	-

Reconciliations:
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Consolidated 31 Dec 2018 $'000
Balance at 1 July 2018 (on adoption of AASB 15)	2,024
Additions	358
Amortisation expense	(382)
Balance at 31 December 2018	2,000

Note 6. Equity - issued capital

	Consolidated 31 Dec 2018 Shares	Consolidated 30 Jun 2018 Shares	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Ordinary shares - fully paid	117,662,056	117,662,056	25,154	25,154
Less: Treasury shares	(304,120)	-	(577)	-
	117,357,936	117,662,056	24,577	25,154

Movements in treasury shares

Details	Date	Shares	$'000
Purchase of shares by Employee Share Trust	Various dates	(736,198)	(1,405)
Payments from option holders on exercise of options		-	193
Less: allocation of shares on exercise of options (Note 7)	Various dates	432,078	635
Balance	31 December 2018	(304,120)	(577)

Note 6. Equity - issued capital (continued)

Treasury shares
Treasury shares relate to purchase of shares by the Employee Share Trust in the open market. The shares acquired by the Employee Share Trust are used to settle share options/awards on satisfaction of vesting conditions. The cost of purchase is funded by the Company. Un-allocated shares held by the trust are controlled by the Company and are recorded as treasury shares representing a deduction against issued capital.

Note 7. Equity - reserves

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Share-based payments reserve	2,002	1,759
Share option purchase reserve	(461)	-
Acquisition reserve	(53)	(53)
	1,488	1,706

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Share option purchase reserve
The reserve is used to recognise net cost of acquisition of shares allocated by the Employee Share Trust on exercise of options. Net cost of acquisition comprise of cost of purchasing the shares in the open market less exercise price payable.

Acquisition reserve
The reserve resulted from the acquisition of non-controlling interests in a subsidiary. The acquisition of non-controlling interest is not a business combination but is an equity transaction between owners. Accordingly, the difference between consideration paid and fair value of identifiable net assets of the non-controlling interest has been accounted for in the acquisition reserve.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payment reserve $'000	Share option purchase reserve $'000	Acquisition reserve $'000	Total $'000
Balance at 1 July 2018	1,759	-	(53)	1,706
Transfer from treasury shares	-	(635)	-	(635)
Tax effect on settlement	-	174	-	174
Share-based payment	243	-	-	243
Balance at 31 December 2018	2,002	(461)	(53)	1,488

Note 8. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Final dividend for the year ended 30 June 2018 of 2.5 cents per ordinary share (2017: 2 cent)	2,942	2,350

On 14 February 2019, the Directors declared a fully franked interim dividend for the year ending 30 June 2019 of 2.5 cents per ordinary share, to be paid on 19 March 2019 to eligible shareholders on the register as at 21 February 2019. This equates to a total estimated distribution of $2,942,000, based on the number of ordinary shares on issue as at 31 December 2018.

Note 9. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 10. Earnings per share

	Consolidated	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Profit after income tax attributable to the owners of Class Limited	4,364	4,297
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,553,560	117,603,135
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,155,097	1,690,643
Weighted average number of ordinary shares used in calculating diluted earnings per share	118,708,657	119,293,778
	Cents	Cents
Basic earnings per share	3.71	3.65
Diluted earnings per share	3.68	3.60

Note 11. Events after the reporting period

Apart from the dividend declared as disclosed in note 8, no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

M. Q

Matthew Quinn
Chairman

14 February 2019
Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of Class Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Class Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Class Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that 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 Group's financial position as at 31 December 2018 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 Class 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M R Leivesley

Partner – Audit & Assurance

Sydney, 14 February 2019