

Appendix 4D

Half Year Report

Given in accordance with ASX Listing Rule 4.2A

Acumentis Group Limited (ASX: ACU)

(Formerly LandMark White Limited (ASX: LMW))

ACN 102 320 329

Results for announcement to the market

The information provided in the Half-Yearly Report should be read in conjunction with the Company's 2019 Annual Financial Report

		Change			
		\$'000	%		\$'000
Revenue from continuing operations	Down	7,012	29%	to	16,832
Loss before tax from continuing operations	Down	4,953	949%	to	4,431
Loss after tax from continuing operations	Down	3,616	2,232%	to	3,454
Loss after tax attributable to members	Down	3,616	2,232%	to	3,454

Dividends		Amount per security	Franked amount per security at 30% tax	
Interim dividend – Ordinary	Cents	0.00	0.00	
Previous corresponding period				
Interim dividend – Ordinary	Cents	0.00	0.00	
Record date for determining entitlements to dividends				
Payment date for dividends				
		31 Dec 2019	30 Jun 2019	31 Dec 2018
Net tangible asset / (liability) backing per share	Cents	0.14	(1.04)	3.09

Acumentis Group Limited

(Formerly LandMark White Limited)

ACN 102 320 329

Half Year Financial Report

For the 6 months ended 31 December 2019

Contents

Directors Report.....	2
Auditor's Independence Declaration	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cashflows	9
Notes to the Consolidated Financial Statements.....	10
1. Significant accounting policies	10
2. Revenue from operations	12
3. Significant revenue and expense items.....	12
4. Segment reporting	12
5. Income tax	13
6. Earnings per share	13
7. Trade and other receivables	14
8. Other current assets	14
9. Deferred tax balances	14
10. Plant & equipment	15
11. Intangible assets	16
12. Investments in associated companies using the equity method.....	17
13. Trade and other payables	17
14. Borrowings.....	17
15. Provisions	18
16. Capital and reserves	19
17. Going Concern	20
Directors' Declaration.....	21
Independent Auditors Review Report to the members of Acumentis Group Limited.....	22

Directors Report

The directors submit the financial report of the Consolidated Entity (comprising Acumentis Group Limited and its controlled entities) for the half year ended 31 December 2019.

Directors

The Directors of the company in office at any time during or since the end of the half year are:

Appointed

Bradley Piltz <i>Non-Executive Director</i>	26 September 2002
Stephen Maitland OAM RFD <i>Non-Executive, Independent Director</i>	1 February 2018
Keith Perrett <i>Non-Executive, Independent Director & Chair</i>	1 February 2018
Andrea Staines OAM <i>Non-Executive, Independent Director</i>	26 September 2019

Principal Activities

The principal activities of the Consolidated Entity during the period were property valuation services. There were no significant changes in the nature of the activities of the Consolidated Entity during the period.

Review of Operations

Financial results

First half FY2020 revenues and profits continued to be adversely impacted by the flow-on from the criminal cyber-attacks occurring in February and May 2019.

Year on year revenues fell 29% to \$16.8M as a result of mortgage panel suspensions following the cyber-attacks. Government work was maintained at similar levels to the comparable period.

Whilst revenues are now returning to more sustainable levels, the impact of lower revenues, once-off incident response costs as well as redundancy costs and provision for exiting onerous leases on office space no longer appropriate for the business has meant that the company recorded a loss after tax of \$3.45M for the six months to 31 December 2019.

The financial results were also impacted by the change in accounting for leases under the new accounting standard AASB16 – Leases. This standard requires all leases in excess of 12 months duration and with a value exceeding \$5,000 to be reflected on the balance sheet as “right of use” assets with an offsetting liability booked within lease liabilities.

Under the new standard, the total expense over the period of the lease remains unchanged, however as rental expenses are replaced with straight line depreciation plus implicit finance costs within each lease, the expenditure is higher at the start of the lease and reduces towards the end of the lease.

The impact of the new standard on the current period result is to increase the loss by \$136,000.

Business overview

The criminal cyber-attacks resulted in the temporary suspension of the business from the panels of many of the Consolidated Entity's clients with a significant negative impact on its revenues and profitability throughout calendar year 2019.

Following the attacks, the business has invested heavily in upgrading its IT and security platforms culminating in achieving certification under International Security Information Standard ISO 27001 on 18 October 2019.

The business terminated, by mutual agreement, its franchise arrangements with commercial valuation businesses in Sydney and the Sunshine Coast and has replaced this capability with directly employed teams of valuers.

Following the acquisitions of "MVS" (Metropolitan Valuation Services) in May 2017 and "TB" (Taylor Byrne) in October 2018, the business has been working on integrating "LMW" (LandMark White), "MVS" and "TB" in a single unified structure under a new brand "Acumentis" which was launched on 6 December 2019.

On 31 January 2020, the company held an extraordinary general meeting at which its shareholders approved the name change from LandMark White Limited to Acumentis Group Limited and following this the ASX ticker was changed from LMW to ACU.

Under the Acumentis name, the business operates in the following key sectors:

- Metropolitan residential mortgage and non-mortgage valuations
- Metropolitan commercial mortgage and non-mortgage valuations
- Regional & rural mortgage and non-mortgage valuations
- Government valuations
- Property advisory

The business continues to expand its services in related property professional sectors and geographies throughout Australia.

Interim dividend

The directors do not recommend payment of an interim dividend (31 December 2018: 0.00 cents).

The directors do not anticipate payment of a full year dividend, however, will evaluate this when the full year results are known.

Outlook

With the investment in IT and security, reinstatement on client panels, growth of the wholly owned commercial valuation business in Sydney and nationally, ongoing support from our Government clients and expansion of the regional and rural capabilities, the business is in a strong position to regrow its market share and return to profitability in FY2021.

Events subsequent to the end of the reporting period

On 31 January 2020, the company held an extraordinary general meeting at which a special resolution was passed to change the company's name from LandMark White Limited to Acumentis Group Limited. There are no other subsequent events.

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

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 2019.

Rounding of amounts to the nearest thousand dollars

The Consolidated Entity has applied the relief available under ASIC Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Going Concern

The directors are satisfied that the going concern basis of preparation is appropriate and therefore the financial information does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

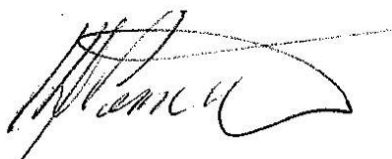
A detailed explanation of the rationale for the directors assertion is included in Note 17 to the Financial Report.

Comparative Numbers

The Half Year Report has been reformatted to include comparative numbers for both the corresponding half year as well as for the previous full year. Values are presented as follows:

- Profit & Loss disclosures – for the 6 months to December 2019, the 6 months to December 2018 and the 12 months to June 2019.
- Balance Sheet disclosures – as at 31 December 2019, 30 June 2019 and 31 December 2018.

Signed in accordance with a resolution of the Board of Directors.



Keith Perrett
Chair

20 February 2020

Acumentis Group Limited

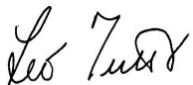
Auditor's independence declaration under section 307c of the Corporations Act 2001

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.



William Buck
Accountants & Advisors
ABN 16 021 300 521



L. E. Tutt
Partner

Sydney 20 February 2020

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2019

	Notes	31 Dec 19 6 months \$'000	31 Dec 18 6 months \$'000	30 Jun 19 12 months \$'000
Revenue from operations	2	16,832	23,844	42,995
Expenses from operations				
Employment expenses		14,151	17,560	33,376
Software, printing and report delivery		1,353	1,543	2,576
Marketing		202	329	514
Communications		364	298	663
Insurance		1,179	841	1,716
Administration		830	784	1,533
Occupancy		424	907	2,053
Depreciation, amortisation & impairment		1,007	361	808
Impairment of right of use assets	10	182	-	-
Impairment of intangible assets	11	-	-	12,284
Impairment of investments in associated entity	12	-	-	753
Other operating expenses		1,104	708	2,147
		20,796	23,331	58,423
Results from operating activities		(3,964)	513	(15,428)
Financial income		-	23	44
Financial expenses		(260)	(60)	(204)
Net financing (expense) / income		(260)	(37)	(160)
Share of net (loss) / profit of associates accounted for using the equity method		(207)	46	(29)
(Loss) / Profit before income tax		(4,431)	522	(15,617)
Income tax Benefit / (expense)	5	977	(360)	469
(Loss) / Profit for the period attributable to members of the parent entity		(3,454)	162	(15,148)
Total other comprehensive income (net of tax)		-	-	-
Total comprehensive (loss) / income for the period attributable to members of the parent entity		(3,454)	162	(15,148)
Earnings per share	6			
Basic earnings per share		(\$0.026)	\$0.002	(\$18.36)
Diluted earnings per share		(\$0.026)	\$0.002	(\$18.36)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Current assets				
Cash and cash equivalents		1,262	1,816	3,821
Term deposits		36	72	83
Trade and other receivables	7	3,039	3,832	6,004
Income tax receivable		54	480	-
Other current assets	8	2,059	1,019	1,703
Total current assets		6,450	7,219	11,611
Non-current assets				
Deferred tax assets	9	3,324	2,172	1,631
Term deposits		797	846	829
Plant & equipment	10	4,108	880	1,164
Intangible assets	11	25,569	25,173	36,966
Investments in associated companies using the equity method	12	993	571	1,419
Total non-current assets		34,791	29,642	42,009
Total assets		41,241	36,861	53,620
Current liabilities				
Trade & other payables	13	2,308	2,568	1,985
Borrowings	14	3,802	2,055	2,001
Deferred consideration		-	-	752
Current tax liability		-	46	-
Employee benefits		3,330	3,939	4,758
Total current liabilities		9,440	8,608	9,496
Non-current liabilities				
Borrowings	14	5,384	3,250	4,042
Deferred tax liabilities	9	4	7	27
Employee benefits		503	517	230
Provisions	15	128	192	227
Total non-current liabilities		6,019	3,966	4,526
Total liabilities		15,459	12,574	14,022
Net assets		25,782	24,287	39,598
Equity				
Issued capital	16	44,477	39,293	39,293
(Accumulated deficit) / retained earnings		(18,695)	(15,006)	305
Total equity		25,782	24,287	39,598

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2019

	Notes	Share capital \$'000	Retained earnings / accumulated deficit \$'000	Total \$'000
Balance as at 1 July 2018		33,893	1,732	35,625
Adjustment for change in accounting policy		-	(68)	(68)
(Loss) / Profit for the period		-	162	162
Shares issued		5,415	-	5,415
Share issue costs (net of tax)		(15)	-	(15)
Dividends to shareholders		-	(1,522)	(1,522)
Balance as at 31 December 2018		39,293	304	39,597
Balance as at 1 January 2019		39,293	304	39,597
Adjustment for change in accounting policy		-	-	-
(Loss) / Profit for the period		-	(15,310)	(15,310)
Shares issued		-	-	-
Share issue costs (net of tax)		-	-	-
Dividends to shareholders		-	-	-
Balance as at 30 June 2019		39,293	(15,006)	24,287
Balance as at 1 July 2019		39,293	(15,006)	24,287
Adjustment for change in accounting policy	1	-	(235)	(235)
(Loss) / Profit for the period		-	(3,454)	(3,454)
Shares issued		5,644	-	5,644
Share issue costs (net of tax)		(460)	-	(460)
Dividends to shareholders		-	-	-
Balance as at 31 December 2019		44,477	(18,695)	25,782

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements

Consolidated Statement of Cashflows

For the half year ended 31 December 2019

	Notes	31 Dec 19 6 months \$'000	31 Dec 18 6 months \$'000	30 Jun 19 12 months \$'000
Cash flows from operating activities				
Cash receipts from customers		20,307	27,977	51,166
Cash paid to suppliers and employees		(24,218)	(28,080)	(50,309)
Interest received		-	23	44
Interest paid		(158)	(60)	(204)
Dividends received		-	44	64
Decrease / (increase) in security deposits		85	70	64
Income taxes refunded / (paid)		445	(103)	(769)
Net cash (used in) / provided by operating activities		(3,539)	(129)	56
Cash flows from investing activities				
Payments for property, plant & equipment	10	(13)	(264)	(260)
Payments for intangible assets	11	(644)	(18)	(679)
Payments for investments:				
Acquisition of controlled entities		-	(2,943)	(3,695)
Acquisition of unincorporated businesses		-	-	(42)
Acquisition of associated entities	12	(629)	-	-
Decrease / (increase) in term deposits		-	-	-
Net cash used in investing activities		(1,286)	(3,225)	(4,676)
Cash flows from financing activities				
Shares issued	16	5,010	-	-
Borrowings received		2,120	6,588	7,152
Repayment of borrowings		(2,190)	(631)	(1,903)
Repayment of lease liabilities		(669)	(33)	(63)
Dividends paid		-	(1,521)	(1,522)
Net cash (used) / provided by financing activities		4,271	4,403	3,664
Net (decrease) / increase in cash and cash equivalents held		(554)	1,049	(956)
Cash and cash equivalents at the beginning of the period		1,816	2,772	2,772
Cash and cash equivalents at the end of the period		1,262	3,821	1,816

The Consolidated Statement of Cashflows is to be read in conjunction with the notes to and forming part of the financial statements

Notes to the Consolidated Financial Statements

1. Significant accounting policies

Reporting entity

Acumentis Group Limited (the “Company” or “Acumentis”) is a company domiciled in Australia.

The consolidated interim financial statements of the Company as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”).

Comparative Numbers

The Half Year Report has been reformatted to include comparative numbers for both the corresponding half year as well as for the previous full year. Values are presented as follows:

- Profit & Loss disclosures – for the 6 months to December 2019, the 6 months to December 2018 and the 12 months to June 2019.
- Balance Sheet disclosures – as at 31 December 2019, 30 June 2019 and 31 December 2018.

Accounting Policies

The accounting policies applied by the Consolidated Entity in these consolidated financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 30 June 2019 except for new and revised pronouncements as follows:

AASB 16 – Leases (applicable for reporting periods commencing on or after 1 January 2019)

AASB 16 introduces a single lessee accounting model that requires all leases to be accounted for on balance sheet. A lessee is required to recognise an asset representing the right to use the underlying asset during the lease term (i.e. right-of-use asset) and a liability to make lease payments (i.e. lease liability). Two exemptions are available for leases with a term less than 12 months or if the underlying asset is of low value.

The lessor accounting requirements are substantially the same as in AASB 117. Lessors continue to classify leases as either operating or finance leases.

AASB 16 replaces AASB 117 *Leases*, Interpretation 4 *Determining Whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the substance of Transactions Involving the Legal Form of a Lease*.

New Accounting Policy

When a new lease is entered into, the net present value of the contracted rental payments is calculated using the interest rate implicit in the lease, or if this is not able to be reliably estimated, the Consolidated Entity’s incremental borrowing rate. This amount is capitalised as a right of use asset and depreciated on a straight line basis over the term of the lease. An offsetting lease liability is recorded.

Over the term of the lease, interest costs are expensed and added to the lease liability and lease payments are deducted from the liability.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated.

The impact of adoption of AASB 16 on opening retained profits as at 1 July 2019 was as follows:

	1 Jul 19 \$'000
Deferred tax assets	69
Property, plant & equipment (right of use assets) – cost	6,936
Property, plant & equipment (right of use assets) – accumulated depreciation	(2,780)
Lease liabilities – current	(1,344)
Lease liabilities – non-current	(3,174)
De-recognise operating lease provision	58
Reduction in retained earnings	(235)

When measuring lease liabilities for leases that were classified as operating leases, the Consolidated Entity discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate was 6.3%.

The impact on lease commitments disclosed in the 30 June 2019 financial statements was as follows:

	1 Jul 19 \$'000
Operating lease commitments at 30 June 2019 as disclosed under AASB 117 in the Consolidated Entity's financial statements	9,419
Discounted using the incremental borrowing rate as at 1 July 2019	8,034
Finance leases liabilities recognised at 30 June 2019	56
Recognition exemption for:	
- Low value assets	(1,804)
- Leases with less than 12 months of term at transition	(1,712)
Lease liabilities recognised at 1 July 2019	4,574
Finance leases liabilities recognised at 30 June 2019	56
Lease liabilities recognised on adoption of AASB 16	4,518
	4,574

Statement of compliance

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. They should be read in conjunction with the annual report for the year ended 30 June 2019.

The consolidated financial statements were authorised for issue by the directors on 20 February 2020.

2. Revenue from operations

	31 Dec 19 6 months \$'000	31 Dec 18 6 months \$'000	30 Jun 19 12 months \$'000
Revenue from rendering of services	15,718	23,544	41,493
Other income	1,114	300	1,502
	16,832	23,844	42,995

3. Significant revenue and expense items

The Consolidated Entity has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Consolidated Entity.

	31 Dec 19 6 months \$'000	31 Dec 18 6 months \$'000	30 Jun 19 12 months \$'000
Revenue			
Insurance proceeds received	1,095	-	995
Expenses			
Impairment of intangible assets (note 11)	-	-	12,284
Impairment of investment in associated entity	-	-	753
Consultants costs associated with cyber-attack response	716	-	402
Redundancy and termination costs	234	144	245
Impairment of right of use assets (note 10)	182	-	-

4. Segment reporting

The Consolidated Entity's operations and clients are located entirely in Australia and comprise only one segment being the provision of property valuations.

5. Income tax

	31 Dec 19 6 months \$'000	31 Dec 18 6 months \$'000	30 Jun 19 12 months \$'000
Reconciliation of income tax (benefit) / expense to prima facie tax payable			
(Loss) / profit from continuing operations before tax	(4,431)	522	(15,617)
Prima facie income tax (benefit) / expense calculated at 27.5% (Jun 19: 30%) on (loss) / profit	(1,219)	157	(4,685)
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses			
- Intangible asset impairment	-	-	3,685
- Investment impairment	-	-	226
- Acquisition costs	-	158	158
- Entertainment	5	13	22
- Other expenses	4	16	30
Non-assessable share of loss / (profit) of associate	57	(14)	8
	(1,153)	330	(556)
Adjustments for prior years ¹	176	30	87
Income tax (benefit) / expense	(977)	360	(469)

Note 1: The adjustments for prior years include \$180,000 expense arising from the impact of the reduction in income tax rate from 30% to 27.5% on deferred tax balances (Note 9).

6. Earnings per share

The calculation of earnings per share for the period was calculated using the following factors:

	31 Dec 19 6 months \$'000	31 Dec 18 6 months \$'000	30 Jun 19 12 months \$'000
Basic earnings per share			
(Loss) / profit attributable to ordinary shareholders of the company for the period	(3,454)	162	(15,148)
Number	Number	Number	
Issued number of ordinary shares at end of the period	155,679,930	85,134,111	85,134,111
Weighted average number of ordinary shares during the period	134,976,266	79,935,406	82,513,394
Diluted earnings per share			
(Loss) / profit attributable to ordinary shareholders of the company for the period	(3,454)	162	(15,148)
Number	Number	Number	
Issued plus potential ordinary shares at end of the period	158,179,930	85,134,111	85,134,111
Weighted average number of issued plus potential ordinary shares during the period	135,476,266	79,935,406	82,513,394

7. Trade and other receivables

	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Trade receivables	3,120	3,919	6,253
Provision for expected credit losses	(214)	(250)	(262)
Other receivables	133	163	13
	3,039	3,832	6,004

8. Other current assets

	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Prepaid expenses	2,059	1,019	1,703

9. Deferred tax balances

	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Deferred tax assets			
Employee provisions	911	1,063	1,181
Doubtful debts	59	75	79
Accruals	60	97	83
Operating lease provisions	-	19	30
Make good provisions	35	38	38
S40-880 "black hole" expenditure ^{Note 1}	196	172	216
Right of use assets (lease liability minus NBV)	153	-	-
Other	2	3	4
	1,416	1,467	1,631
Tax losses	1,908	705	-
	3,324	2,172	1,631
Deferred tax liabilities			
NBV of make good asset	4	7	27

Note 1: This relates to share issue costs that are deductible for income tax over a five-year period.

10. Plant & equipment

	Office equipment \$'000	Furniture & fittings \$'000	Leasehold improvements \$'000	Right of use assets ^{Note 1} \$'000	Total \$'000
Cost					
Balance at 1 Jul 2018	868	58	550	-	1,476
Acquisition of controlled entities	1,359	523	218	-	2,100
Acquisitions	173	32	13	-	218
Disposals	(392)	(10)	(20)	-	(422)
Balance at 31 Dec 2018	2,008	603	761	-	3,372
Balance at 1 Jan 2019	2,008	603	761	-	3,372
Acquisitions	30	12	-	-	42
Disposals	(55)	-	(328)	-	(383)
Balance at 30 Jun 2019	1,983	615	433	-	3,031
Balance at 1 Jul 2019	1,983	615	433	-	3,031
Change of accounting policy	-	-	-	6,936	6,936
Acquisitions	13	-	-	-	13
Disposals	-	-	-	-	-
Balance at 31 Dec 2019	1,996	615	433	6,936	9,980
Accumulated depreciation					
Balance at 1 Jul 2018	483	24	276	-	783
Acquisition of controlled entities	1,225	308	154	-	1,687
Depreciation charge for the period	113	10	37	-	160
Disposals	(392)	(10)	(20)	-	(422)
Balance at 31 Dec 2018	1,429	332	447	-	2,208
Balance at 1 Jan 2019	1,429	332	447	-	2,208
Depreciation charge for the period	165	55	47	-	267
Disposals	(55)	-	(269)	-	(324)
Balance at 30 Jun 2019	1,539	387	225	-	2,151
Balance at 1 Jul 2019	1,539	387	225	-	2,151
Change of accounting policy	-	-	-	2,780	2,780
Depreciation charge for the period	137	47	26	549	759
Impairment charge for the period ^{Note 2}	-	-	-	182	182
Disposals	-	-	-	-	-
Balance at 31 Dec 2019	1,676	434	251	3,511	5,872
Carrying amounts					
31 Dec 2018	579	271	314	-	1,164
30 Jun 2019	444	228	208	-	880
31 Dec 2019	320	181	182	3,425	4,108

Note 1: The right of use assets comprise \$3,368,000 relating to office leases plus \$57,000 relating to printer/scanner/copiers. The office leases have terms from 3 to 5 years and are normal commercial leases. The printer/scanner/copiers are rented under a 3 year lease.

Note 2: The impairment charge relates to the right of use assets comprising office leases that are no longer used by the business or will shortly be vacated by the business. There are two such leases which are expected to be sub-let and assigned respectively.

For the sub-lease, the impairment charge represents the difference between the net book value of the assets and the net present value of future expected sub-lease income.

For the assignment, the impairment charge represents the difference between the net book value of the assets and the net present value of incentives expected to be provided to the assignee in order to exit the lease less future liabilities that will be avoided via the assignment.

11. Intangible assets

	Goodwill \$'000	Customer relationships \$'000	Computer software \$'000	Brands & Trademarks \$'000	Total \$'000
Balance at 1 Jul 2018	17,205	10,000	973	42	28,220
Acquisitions	8,921	-	18	-	8,939
Amortisation	-	-	(193)	-	(193)
Balance at 31 Dec 2018	26,126	10,000	798	42	36,966
Balance at 1 Jan 2019	26,126	10,000	798	42	36,966
Acquisitions	42	-	661	-	703
Amortisation	-	-	(212)	-	(212)
Impairment charge	(12,284)	-	-	-	(12,284)
Balance at 30 Jun 2019	13,884	10,000	1,247	42	25,173
Balance at 1 Jul 2019	13,884	10,000	1,247	42	25,173
Acquisitions	-	-	403	241	644
Amortisation	-	-	(206)	-	(206)
Impairment charge	-	-	-	(42)	(42)
Balance at 31 Dec 2019	13,884	10,000	1,444	241	25,569

Intangible asset carrying values are reviewed annually or whenever there are indications that they may be impaired. An impairment review was conducted effective 31 December 2019.

The estimated recoverable amount of intangibles is determined by way of estimating the net present values of cashflows expected to be generated by the cash generating units associated with the intangible assets.

The key assumptions and the approach to determine the value in use when estimating the recoverable amount of a cash generating unit are:

Assumption	How determined
Cash flows	<p>The forecast 5-year cash flows are based on forecast results for the year ended 30 June 2020.</p> <p>The 2020 forecast forms the basis of cash flows in subsequent financial years based on the following assumptions:</p> <ul style="list-style-type: none"> - no increase in revenues and overhead expenses in the first year and 3% increase in the years thereafter - increase in employee expenses calculated as 50-60% of the increase in revenue since the prior year - terminal value at the end of year 5 based on year 5 cashflows
Discount rate	The discount rate adopted was a pre-tax rate of 13% and was based on the current risk-free interest rate and business specific risk factors, market borrowing rates and investor expected returns.

12. Investments in associated companies using the equity method

	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Acumentis (WA) Holdings Pty Ltd <i>(formerly LMW (WA) Holdings Pty Ltd)</i>	993	571	1,419
Consolidated entities share of closing net assets	42.2%	25.0%	25.0%
Consolidated entities share of closing net assets	1,966	1,194	1,289
Unrecognised (discount on acquisition) / goodwill included in carrying amount	(220)	130	130
Impairment of investment	(753)	(753)	-
Carrying value of interest in associate	993	571	1,419

Effective 26 August 2019, the Consolidated Entity acquired an additional 8.4% of the existing share capital of Acumentis (WA) Holdings Pty Ltd for consideration of \$221,076.

Effective 13 September 2019, Acumentis (WA) Holdings Pty Ltd issued new shares to the Consolidated Entity taking its ownerships from 33.4% to 42.2% for consideration of \$407,254.

13. Trade and other payables

	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Trade payables	1,227	1,407	1,505
Other payables and accrued expenses	1,081	1,161	480
	2,308	2,568	1,985

14. Borrowings

	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Current			
Short term loan	1,278	249	957
Commercial bank bills	1,300	1,750	1,000
Lease liabilities	1,224	56	44
	3,802	2,055	2,001
Non-current			
Commercial bank bills	2,600	3,250	4,000
Lease liabilities	2,784	-	42
	5,384	3,250	4,042
Total	9,186	5,305	6,043

The short-term loan relates to insurance premium financing and is secured against the underlying insurance policy only. The loan carries a fixed interest rate of 5.1% and is fully repayable by 30 June 2020.

The commercial bank bills are secured by fixed and floating charges over the assets of the Consolidated Entity. The bank bills carry floating interest rate of BBSY + 2.6% and have a 5-year term ending 15 October 2022 with six monthly repayments amortising the balance over the term.

	Short-term loan \$'000	Bank bills \$'000	Lease liabilities – ROU assets \$'000	Lease liabilities – Other \$'000	Total \$'000
Balance as at 1 July 2018	-	-	-	119	119
Additions	1,588	5,000	-	-	6,588
Repayments	(631)	-	-	(33)	(664)
Balance as at 31 December 2018	957	5,000	-	86	6,043
Balance as at 1 January 2019	957	5,000	-	86	6,043
Additions	-	-	-	-	-
Repayments	(708)	-	-	(30)	(738)
Balance as at 30 June 2019	249	5,000	-	56	5,305
Balance as at 1 July 2019	249	5,000	-	56	5,305
Change in accounting policy	-	-	4,518	-	4,518
Additions	2,120	-	-	-	2,120
Repayments	(1,091)	(1,100)	(536)	(30)	(2,757)
Balance as at 31 December 2019	1,278	3,900	3,982	26	9,186

15. Provisions

Non-current

Operating lease
Make good

	31 Dec 19 \$'000	30 Jun 19 \$'000	31 Dec 18 \$'000
Operating lease	-	64	99
Make good	128	128	128
	128	192	227

Movement in provisions

	Operating lease \$'000	Make good \$'000	Total \$'000
Balance as at 1 July 2018	84	88	172
Reversal during period	-	-	-
Increase during period	15	40	54
Balance as at 31 December 2018	99	128	227
Balance as at 1 January 2019	99	128	227
Reversal during period	(35)	-	(35)
Increase during period	-	-	-
Balance as at 30 June 2019	64	128	192

	Operating lease \$'000	Make good \$'000	Total \$'000
Balance as at 1 July 2019	64	128	192
Change in accounting policy	(64)	-	(64)
Reversal during period	-	-	-
Increase during period	-	-	-
Balance as at 31 December 2019	-	128	128

16. Capital and reserves

Share capital

The company recorded the following amounts within shareholders' equity as a result of the issue of ordinary shares:

	Number of shares	\$'000
Balance as at 1 July 2018	76,109,944	33,893
Issued during the period	9,024,167	5,400
Balance as at 31 December 2018	85,134,111	39,293
Issued during the period	-	-
Balance as at 30 June 2019	85,134,111	39,293
Issued during period	70,545,819	5,184
Balance as at 31 December 2019	155,679,930	44,477

On 23 August 2019, the company undertook a partially underwritten, 4 for 5 entitlements issue at 8 cents a share which was fully subscribed and resulted in the issue of 68,045,819 ordinary shares and proceeds (net of offer and placement costs) of \$5,184,016.

A further 2,500,000 ordinary shares were issued to the underwriter and lead manager of the share offer in part consideration of the services provided.

Options

On 23 August 2019, 2,500,000 options were issued to the underwriter and lead manager of the share offer in part consideration of the services provided.

These options have an exercise price of \$0.12 and an expiry date of 23 August 2023.

Dividends

The following dividends were paid by the company during the period:

	Date	Cents per share	Franked	31 Dec 19 6 months \$'000	31 Dec 18 6 months \$'000	30 Jun 19 12 months \$'000
Final 2018 ordinary	19 Sep 18	2.00	Yes	-	1,522	1,522

17. Going Concern

The Company has been the subject of two cyber-attacks in the first half of calendar 2019 which resulted in a number of clients suspending utilisation of LMW's services with a resulting reduction in revenues and cashflows which prima facie may impact the ability of the Company to pay its debts as and when they fall due. As a result of the reduction in revenues, the Company incurred a net loss of \$3.45M for the six months ended 31 December 2019.

The directors have prepared the financial information contained within this report on a going concern basis for the following reasons:

- The Company was trading profitability prior to the cyber-attacks.
- The cyber-attacks were the result of criminal activity and are not ongoing. NSW Cyber Police successfully investigated the attacks resulting in an arrest in October 2019.
- The Company has substantially enhanced its cyber security measures to minimise the chance of recurrence.
- Whilst many mortgage lending clients temporarily suspended trading with the Company, the large majority have since recommenced trading with the Company.
- The Company has secured additional short-term overdraft facilities from its corporate banker which will allow it to trade through the period whilst its cashflows return.
- By the end of the current calendar year, the Company expects its revenues, profitability and operating cashflows to be at levels that allow it to provide appropriate returns to shareholders and therefore to continue to trade.
- The Company has concluded a successful capital raise of \$5.64M that allowed it to restructure its business and continue profitable and cashflow positive trading into the future.
- The Company has prepared detailed cashflow forecasts through to June 2021 which confirm its ability to continue to pay its debts as and when they fall due.

The directors are satisfied that the going concern basis of preparation is appropriate and therefore the financial information does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

Directors' Declaration

In the opinion of the Directors of Acumentis Group Limited (the company"):

- 1) The financial statements and notes set out on pages 6 to 19, are 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 2019 and its performance for the half-year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and the Corporations Act 2001
- 2) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 20th day of February 2020.

Signed in accordance with a resolution of the directors:



Keith Perrett
Chair

Acumentis Group Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Acumentis Group Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 6 to 21, which comprises the consolidated statement of financial position as at 31 December 2019, 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, notes comprising a summary of significant accounting of policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Acumentis Group Limited on pages 6 to 20 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 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 17 in the half-year financial report which refers to the two cyber-attacks which resulted in a reduction in revenues and cashflows. Note 17 indicates that the consolidated entity incurred a net loss of \$3,454,000 during the half year ended 31 December 2019. As of that date, the consolidated entity's net current liabilities total \$2,990,000.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors 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 Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
williambuck.com

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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 Acumentis Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

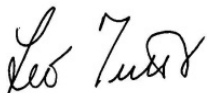
Independence

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

Your faithfully,

A handwritten signature in black ink that reads "William Buck".

William Buck
Accountants & Advisors
ABN: 16 021 300 521

A handwritten signature in black ink that appears to read "L. E. Tutt".

L. E. Tutt
Partner

Sydney, 20 February 2020