

Appendix 4D - Half Year Report

Given in accordance with ASX Listing Rule 4.2A

Acumentis Group Limited (ASX: ACU)

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 2023 Annual Financial Report

		Change			
		\$'000	%		
Revenue from continuing operations	Up	1,260	5%	to	28,027
Profit before tax from continuing operations	Up	1,719	223%	to	948
Profit after tax from continuing operations	Up	1,247	209%	to	650
Profit after tax attributable to members	Up	1,247	209%	to	650

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			n/a
Payment date for dividends			n/a

		31 Dec 2023	30 Jun 2023	31 Dec 2022
Net tangible asset backing per share	Cents	1.30	0.88	(1.15)



Acumentis Group Limited

ACN 102 320 329

Half Year Financial Report

For the 6 months ended 31 December 2023

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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 2023.

Directors

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

Appointed

Keith Perrett <i>Non-Executive, Independent Director & Chair</i>	1 February 2018
Andrea Staines OAM <i>Non-Executive, Independent Director</i>	26 September 2019
Jo Mikleus <i>Non-Executive, Independent Director</i>	1 December 2023
Timothy Rabbitt <i>Executive Director & CEO</i>	10 December 2020
Les Wozniczka <i>Non-Executive, Non-Independent Director</i>	13 April 2021

Principal Activities

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

Review of Operations Financial results

Acumentis is pleased to announce a 5% increase in revenues versus the comparable period last financial year, which has been achieved despite challenging conditions across the real estate industry. Profit levels have also increased for the business.

Whilst mortgage related volumes from financial institutions remained subdued, other sources of our diversified revenue streams increased to offset this and grow revenues overall. The company will continue its strategy of revenue growth through geographical and product diversity, organic growth and targeted investments to assist our strategy.

Business overview

The business operates across 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 2022: 0.00 cents).

Outlook

With a fall in interest rates not anticipated until late 2024, we expect the continuation of current market conditions through most of calendar 2024. The anticipated decrease in interest rates may stimulate activity in the mortgage market, which would then provide additional opportunities for growth in that sector.

Our strategic focus will remain on diversifying our revenue streams into areas demonstrating higher activity, greater earnings potential and more resilient to economic fluctuations. The potential increase in mortgage-related activity and the success in growing non-mortgage related revenues should see the business continue to achieve growth in revenues and profitability beyond FY24.

Events subsequent to the end of the reporting period

There are no significant 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 2023.

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.

Comparative Numbers

The Half Year Report includes 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 2023, the 6 months to December 2022 and the 12 months to June 2023.
- Balance Sheet disclosures – as at 31 December 2023, 30 June 2023 and 31 December 2022.

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



Keith Perrett
Chair

24 January 2024

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

To the directors of Acrementis Group Limited

As lead auditor for the review of Acrementis Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, 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.

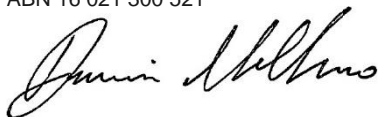
This declaration is in respect of Acrementis Group Limited and the entities it controlled during the period.



William Buck

Accountants & Advisors

ABN 16 021 300 521



Domenic Molluso

Partner

Sydney, 24 January 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31 Dec 23 6 months \$'000	31 Dec 22 6 months \$'000	30 Jun 23 12 months \$'000
Revenue from operations	2	28,027	26,767	53,700
Expenses from operations				
Employment expenses		20,187	20,311	39,022
Software, printing and report delivery		809	1,320	2,657
Marketing		495	479	824
Communications		445	200	311
Insurance		1,069	1,362	2,490
Administration		525	527	1,021
Occupancy		361	315	699
Depreciation, amortisation & impairment		1,172	1,139	2,287
Other operating expenses		1,933	1,711	3,309
		26,996	27,364	52,620
Results from operating activities		1,031	(597)	1,080
Financial income		28	18	35
Financial expenses		(111)	(192)	(388)
Net financing expense		(83)	(174)	(353)
Profit / (loss) before income tax		948	(771)	727
Income tax (expense) / benefit	5	(298)	174	(298)
Profit / (loss) for the period attributable to members of the parent entity		650	(597)	429
Total other comprehensive income (net of tax)		-	-	-
Total comprehensive income / (loss) for the period attributable to members of the parent entity		650	(597)	429
Earnings per share	6			
Basic earnings per share		0.30 cents	(0.34) cents	0.23 cents
Diluted earnings per share		0.28 cents	(0.34) cents	0.22 cents

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

	Notes	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Current assets				
Cash and cash equivalents		2,899	1,697	788
Term deposits		261	1	4
Trade and other receivables	7	5,319	5,916	5,195
Other financial assets	8	284	371	360
Other current assets	9	2,244	1,064	2,293
Total current assets		11,007	9,049	8,640
Non-current assets				
Term deposits		681	913	945
Other financial assets	8	195	284	472
Deferred tax assets	10	2,248	2,545	3,009
Plant & equipment	11	650	737	848
Right of use assets	12	2,099	2,505	2,807
Intangible assets	13	21,925	22,140	22,296
Total non-current assets		27,798	29,124	30,377
Total assets		38,805	38,173	39,017
Current liabilities				
Trade & other payables	14	4,549	3,834	5,871
Tax payable	15	-	-	17
Borrowings	16	8	8	1,858
Lease liabilities	17	1,554	1,765	1,656
Deferred consideration	18	-	143	346
Employee benefits	19	4,860	4,897	4,865
Total current liabilities		10,971	10,647	14,613
Non-current liabilities				
Borrowings	16	35	39	43
Lease liabilities	17	1,125	1,566	2,223
Deferred consideration	18	1,263	1,263	1,263
Employee benefits	19	500	446	413
Provisions	20	142	142	172
Total non-current liabilities		3,065	3,456	4,114
Total liabilities		14,036	14,103	18,727
Net assets		24,769	24,070	20,290
Equity				
Issued capital	21	22,208	22,208	19,433
Retained earnings		2,347	1,697	671
Other reserves	22	214	165	186
Total equity		24,769	24,070	20,290

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

	Notes	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Total \$'000
Balance as at 1 July 2022		19,433	1,268	127	20,828
Share based payments expense	22	-	-	59	59
Loss for the period		-	(597)	-	(597)
Balance as at 31 December 2022		19,433	671	186	20,290
Balance as at 1 January 2023		19,433	671	186	20,290
Shares issued	21	2,775	-	-	2,775
Share based payments expense	22	-	-	(21)	(21)
Profit for the period		-	1,026	-	1,026
Balance as at 30 June 2023		22,208	1,697	165	24,070
Balance as at 1 July 2023		22,208	1,697	165	24,070
Share based payments expense	22	-	-	49	49
Profit for the period		-	650	-	650
Balance as at 31 December 2023		22,208	2,347	214	24,769

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

	Notes	31 Dec 23 6 months \$'000	31 Dec 22 6 months \$'000	30 Jun 23 12 months \$'000
Cash flows from operating activities				
Cash receipts from customers		31,362	30,667	59,591
Lease receipts		182	183	350
Cash paid to suppliers and employees		(28,969)	(28,638)	(56,228)
Interest received		22	5	32
Interest paid		(111)	(178)	(388)
Income taxes paid		-	(11)	(36)
Net cash provided by operating activities		2,486	2,028	3,321
Cash flows from investing activities				
Payments for property, plant & equipment	11	(127)	(200)	(331)
Payments for intangible assets	13	(76)	(318)	(450)
Payments for investments:				
Deferred consideration paid		(143)	(203)	(406)
(Increase) / Decrease in security deposits		(28)	(20)	15
Net cash used in investing activities		(374)	(741)	(1,172)
Cash flows from financing activities				
Shares issued (net of costs)		-	-	2,775
Repayment of borrowings		(4)	(455)	(2,309)
Repayment of lease liabilities		(906)	(900)	(1,774)
Dividends paid	21	-	-	-
Net cash used in financing activities		(910)	(1,355)	(1,308)
Net (decrease) / increase in cash and cash equivalents held		1,202	(68)	841
Cash and cash equivalents at the beginning of the period		1,697	856	856
Cash and cash equivalents at the end of the period		2,899	788	1,697

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. Material Accounting Policy Information

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 2023 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”).

Comparative Numbers

The Half Year Report has been formatted 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 2023, the 6 months to December 2022 and the 12 months to June 2023.
- Balance Sheet disclosures – as at 31 December 2023, 30 June 2023 and 31 December 2022.

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 2023.

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 2023.

The consolidated financial statements were authorised for issue by the directors on 24 January 2024.

2. Revenue from operations

	31 Dec 23 6 months \$'000	31 Dec 22 6 months \$'000	30 Jun 23 12 months \$'000
Revenue from rendering of services	28,018	26,753	53,519
Other income	9	14	181
	28,027	26,767	53,700

3. Significant revenue and expense items

The Consolidated Entity has identified several 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 23 6 months \$'000	31 Dec 22 6 months \$'000	30 Jun 23 12 months \$'000
Expenses			
Redundancy and termination costs	41	136	225
IT&T MSP migration non-recurring costs	-	45	-

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 & advice.

5. Income tax

Reconciliation of income tax expense / (benefit) to prima facie tax payable	31 Dec 23 6 months \$'000	31 Dec 22 6 months \$'000	30 Jun 23 12 months \$'000
Profit / (loss) from continuing operations before tax	948	(771)	727
Prima facie income tax expense / (benefit) calculated at 30% on profit / (loss)	284	(231)	218
Increase in income tax expense due to:			
Non-deductible expenses			
- Entertainment	14	10	21
- Other expenses	-	-	-
	298	(221)	239
Adjustments for prior years	-	47	59
Income tax expense / (benefit)	298	(174)	298

6. Earnings per share

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

	31 Dec 23 6 months	31 Dec 22 6 months	30 Jun 23 12 months
Basic earnings per share	\$'000	\$'000	\$'000
Profit / (loss) attributable to ordinary shareholders of the company for the period	650	(597)	429
	Number	Number	Number
Issued ordinary shares at the start of the period	218,174,605	175,317,445	175,317,445
Shares issued during the period	-	-	42,857,160
Issued number of ordinary shares at end of the period	218,174,605	175,317,445	218,174,605
Weighted average number of ordinary shares during the period	218,174,605	175,317,445	189,605,747
Diluted earnings per share	\$'000	\$'000	\$'000
Profit / (loss) attributable to ordinary shareholders of the company for the period	650	(597)	429
	Number	Number	Number
Weighted average number of ordinary shares during the period	218,174,605	175,317,445	189,605,747
Options on issue at end of period	-	2,500,000	2,500,000
Performance rights on issue at end of period	11,316,000	3,556,000	2,316,000
Weighted average number of issued plus potential ordinary shares during the period	229,490,605	181,373,445	194,421,747

Note 1: For the 6 months ended 31 December 2022 the potential ordinary shares relating to options & performance rights on issue were antidilutive (decreasing the loss per share disclosed) and accordingly the diluted earnings per share for these periods do not assume conversion of the options on issue.

7. Trade and other receivables

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Current			
Trade receivables	5,094	5,931	5,373
Provision for expected credit losses	(201)	(152)	(178)
Other receivables	426	137	-
	5,319	5,916	5,195

8. Other financial Assets

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Current			
Lease receivable – right of use assets	284	371	360
Loans to employees ¹	-	-	-
	284	371	360
Non-current			
Lease receivable – right of use assets	-	95	284
Loans to employees ¹	195	189	188
	195	284	472

Note 1: The employee loan was advanced to a vendor shareholder of Acumentis (WA) Holdings Pty Ltd to enable retirement of debt secured against that shareholder's investment in Acumentis (WA) Holdings Pty Ltd when Acumentis Group Limited acquired Acumentis (WA) Holdings Pty Ltd. The loan carries interest at market rates, equal to the 6 monthly bank bill swap rate plus 2.6% and is repayable in full on the date of payment of any contingent consideration for the acquisition being August 2025. Prior to this date discretionary repayments may be made and the current portion represents planned discretionary repayments to be made in the 12 months ended 31 December 2024. The loan is secured by the 2,606,565 ordinary shares in Acumentis Group Limited issued to the vendor as part consideration for the acquisition.

9. Other current assets

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Prepaid expenses	2,244	1,064	2,293

10. Deferred tax balances

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Deferred tax assets			
Right of use assets	174	248	322
Employee provisions	1,319	1,309	1,342
Provision for expected credit losses	61	45	53
Accruals	151	151	216
Make good provisions	42	42	52
s40-880 ITAA 1936 “black hole” expenditure	68	95	61
Income tax losses carried forward	464	757	1,114
Finance lease receivable	(85)	(140)	(193)
Plant and equipment	(10)	(12)	(13)
Other	64	50	55
	2,248	2,545	3,009

11. Plant & equipment

	Office equipment \$'000	Furniture & fittings \$'000	Leasehold improvements \$'000	Motor Vehicles \$'000	Total \$'000
Cost					
Balance at 1 Jul 2022	2,005	661	611	68	3,345
Additions	143	39	18	-	200
Disposals	(52)	(155)	(207)	-	(414)
Balance at 31 Dec 2022	2,096	545	422	68	3,131
Balance at 1 Jan 2023	2,096	545	422	68	3,131
Additions	103	28	-	-	131
Disposals	(1)	-	(1)	-	(2)
Balance at 30 Jun 2023	2,198	573	421	68	3,260
Balance at 1 Jul 2023	2,198	573	421	68	3,260
Additions	110	17	-	-	127
Disposals	-	-	-	-	-
Balance at 31 Dec 2023	2,308	590	421	68	3,387
Accumulated depreciation					
Balance at 1 Jul 2022	1,399	565	431	16	2,411
Depreciation charge for the period	164	27	44	8	243
Disposals	(52)	(147)	(172)	-	(371)
Balance at 31 Dec 2022	1,511	445	303	24	2,283
Balance at 1 Jan 2023	1,511	445	313	24	2,293
Depreciation charge for the period	181	21	25	5	232
Disposals	(1)	-	(1)	-	(2)
Balance at 30 Jun 2023	1,691	466	337	29	2,523
Balance at 1 Jul 2023	1,691	466	337	29	2,523
Depreciation charge for the period	167	20	21	6	214
Disposals	-	-	-	-	-
Balance at 31 Dec 2023	1,858	486	358	35	2,737
Carrying amounts					
31 Dec 2022	585	100	119	44	848
30 Jun 2023	507	107	84	39	737
31 Dec 2023	450	104	63	33	650

12. Right of Use Assets

	Buildings \$'000	Office equipment \$'000	Total \$'000
Cost			
Balance at 1 Jul 2022	4,916	208	5,124
Additions – non-cash	947	-	947
Disposals	(1,462)	-	(1,462)
Balance at 31 Dec 2022	4,401	208	4,609
Balance at 1 Jan 2023	4,401	208	4,609
Additions – non-cash	326	-	326
Disposals	(462)	-	(462)
Balance at 30 Jun 2023	4,265	208	4,473
Balance at 1 Jul 2023	4,265	208	4,473
Additions – non-cash	282	1	283
Disposals	(56)	-	(56)
Balance at 31 Dec 2023	4,491	209	4,700
Accumulated depreciation			
Balance at 1 Jul 2022	2,566	69	2,635
Depreciation charge for the period	594	35	629
Disposals	(1,462)	-	(1,462)
Balance at 31 Dec 2022	1,698	104	1,802
Balance at 1 Jan 2023	1,698	104	1,802
Depreciation charge for the period	594	34	628
Disposals	(462)	-	(462)
Balance at 30 Jun 2023	1,830	138	1,968
Balance at 1 Jul 2023	1,830	138	1,968
Depreciation charge for the period	626	41	667
Disposals	(34)	-	(34)
Balance at 31 Dec 2023	2,422	179	2,601
Carrying amounts			
31 Dec 2022	2,703	104	2,807
30 Jun 2023	2,435	70	2,505
31 Dec 2023	2,069	30	2,099

13. Intangible assets

	Goodwill \$'000	Computer software \$'000	Brands & Trademarks \$'000	Total \$'000
Balance at 1 Jul 2022	20,324	1,680	241	22,245
Acquisitions	-	318	-	318
Amortisation	-	(267)	-	(267)
Balance at 31 Dec 2022	20,324	1,731	241	22,296
Balance at 1 Jan 2023	20,324	1,731	241	22,296
Acquisitions	-	132	-	132
Amortisation	-	(288)	-	(288)
Balance at 30 Jun 2023	20,324	1,575	241	22,140
Balance at 1 Jul 2023	20,324	1,575	241	22,140
Acquisitions	-	76	-	76
Amortisation	-	(291)	-	(291)
Balance at 31 Dec 2023	20,324	1,360	241	21,925

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 2023.

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.

Goodwill is monitored by management based on the cash generating units to which the goodwill relates.

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Residential business	3,016	3,016	3,016
Regional business	9,486	9,486	9,486
WA business	6,393	6,393	6,393
SA Business	1,429	1,429	1,429
	20,324	20,324	20,324

The Company tests whether goodwill has suffered any impairment on a six monthly basis. The recoverable amount of cash generating units is determined based on value in use calculations which require the use of assumptions.

The calculations use cash flow projections based on financial forecasts approved by management covering the 12 months post reporting date. Cash flows beyond the 12 month period are extrapolated using the estimated growth rates stated below.

	Residential Business	Regional Business	WA Business	SA Business
31 December 2023				
Annual increase in revenues	3.0%	3.0%	3.0%	5.0%
Increase in employee expenses as a % of increased revenues	55.0%	55.0%	55.0%	55.0%
Annual increase in overheads	3.0%	3.0%	3.0%	3.0%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate	15.3%	15.3%	15.3%	15.3%
30 June 2023				
Annual increase in revenues	3.0%	3.0%	3.0%	5.0%
Increase in employee expenses as a % of increased revenues	55.0%	55.0%	55.0%	55.0%
Annual increase in overheads	3.0%	3.0%	3.0%	3.0%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate	14.6%	14.6%	14.6%	14.6%
31 December 2022				
Annual increase in revenues	3.0%	3.0%	3.0%	5.0%
Increase in employee expenses as a % of increased revenues	55.0%	55.0%	55.0%	55.0%
Annual increase in overheads	3.0%	3.0%	3.0%	3.0%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate	14.6%	14.6%	14.6%	14.6%

Management has determined the values assigned to each of the key assumptions as follows:

Assumption	Approach used to determine values
Revenues	Annual growth rate based on past performance, current and expected market conditions and management's expectations of business development opportunities and likelihood of success.
Employee expenses	Based on past performance and management's expectations for the future.
Overheads	Fixed and semi-variable costs of the cash generating units, which do not vary significantly with revenue. Management forecasts these costs based on the current structure of the business, adjusting for anticipated inflationary increases and known restructuring and cost-saving measures.
Terminal growth rate	This is conservatively set at a level below the long term inflation rate in Australia. The Company operates in a mature market sector and accordingly long term growth will be achieved via diversification in services, client base and geographies rather than long term growth of existing business lines.

Assumption	Approach used to determine values
Discount rate	The pre-tax rate discount rate adopted is based on the risk-free interest rate and business specific risk factors, market borrowing rates and investor expected returns.

Impact of reasonably possible changes in key assumptions

The recoverable amount of the Regional business cash generating unit is estimated to exceed the carrying amount of the cash generating unit at 31 December 2023 by \$1,294,000 (30 June 23: \$5,380,000).

The recoverable amount at 31 December 2023 would equal its carrying amount if the key assumptions were to change as follows:

	From	To
Annual increase in revenues	3.0%	2.4%
Increase in employee expenses as a % of increased revenues	55.0%	63.6%
Annual increase in overheads	3.0%	3.9%
Terminal growth rate	2.0%	(0.5%)
Discount rate	15.3%	16.6%

14. Trade and other payables

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Trade payables	626	705	1,145
Other payables and accrued expenses	3,923	3,129	4,726
	4,549	3,834	5,871

15. Tax Payable

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Tax payable	-	-	17

16. Borrowings

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Current			
Commercial bank loan	-	-	1,850
Motor vehicle loan	8	8	8
	8	8	1,858
Non-current			
Motor vehicle loan	35	39	43
	35	39	43
Total	43	47	1,901

The motor vehicle loan is secured against the financed vehicle, it carries a fixed interest rate of 3.8%

Movements in borrowings:

	Bank loan \$'000	Motor vehicle loan \$'000	Total \$'000
Balance as at 1 July 2022	2,300	56	2,356
Repayments	(450)	(5)	(455)
Balance as at 31 December 2022	1,850	51	1,901
Balance as at 1 January 2023	1,850	51	1,901
Repayments	(1,850)	(4)	(1,854)
Balance as at 30 June 2023	-	47	47
Balance as at 1 July 2023	-	47	47
Repayments	-	(4)	(4)
Balance as at 31 December 2023	-	43	43

17. Lease Liabilities

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Current			
Right of use assets	1,554	1,765	1,656
Non-current			
Right of use assets	1,125	1,566	2,223
Total	2,679	3,331	3,879

18. Deferred Consideration

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Current			
Fixed consideration			
Acumentis (WA) Holdings Pty Ltd (acquired 1 July 2021) Payable 23 January 2023	-	-	61
	-	-	61
Acumentis (SA) Pty Ltd (acquired 1 February 2022) Payable 10 February 2023	-	-	142
Payable 10 August 2023	-	143	143
	-	143	285
	-	143	346
Contingent consideration			
Acumentis (WA) Holdings Pty Ltd	797	797	797
Acumentis (SA) Pty Ltd	466	466	466
	1,263	1,263	1,263
Total	1,263	1,406	1,609

The fair value of the contingent consideration is based upon estimates of average profits before tax of the acquired entities for the three years ended 30 June 2025. These estimates are based on current profit levels, revenue growth of between 3% and 5%, overheads maintained at current levels with a 3% annual increase for FY2025 and increase in employment expenses calculated as 55% of the increase in revenue.

Contingent consideration has not been discounted to its present value as the effect is not material.

The deferred contingent consideration liability represents the fair value of amounts which may become payable in August 2025 in connection with the acquisition of subsidiaries.

The deferred consideration was measured as at 30 June 2023 and again at 31 December 2023 and no adjustment was required to be recorded in total comprehensive income.

19. Employee Benefits

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Current			
Annual leave	2,040	2,062	2,127
Long service leave	1,857	1,856	1,935
Performance pay	963	979	803
	4,860	4,897	4,865
Non-current			
Long service leave	500	446	413

20. Provisions

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Non-current			
Make good	142	142	172
Movement in provision			
Balance at start of period	142	182	182
Utilised during period	-	(27)	(10)
Decrease during period	-	(13)	-
Balance at end of period	142	142	172

21. Issued Capital

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 30 June 2022	175,317,445	19,433
Balance as at 31 December 2022	175,317,445	19,433
Balance as at 31 January 2023	175,317,445	19,433
Capital raise		
Placement of shares	21,928,571	1,535
Placement of shares to directors	6,642,857	465
Share Placement Plan (SPP)	3,685,732	258
Placement of SPP Shortfall shares	10,600,000	742
Costs of capital raise	-	(225)
Balance as at 30 June 2023	218,174,605	22,208
Balance as at 1 July 2023	218,174,605	22,208
Balance as at 31 December 2023	218,174,605	22,208

Options

	31 Dec 23 Number	30 Jun 23 Number	31 Dec 22 Number
Number on issue	-	2,500,000	2,500,000

On 23 August 2019, 2,500,000 options were issued to the underwriter and lead manager of a share offer undertaken by the Company in part consideration for services provided. These options had an exercise price of \$0.12 and expired on 23 August 2023 without being exercised.

Performance Rights

	31 Dec 23 Number	30 Jun 23 Number	31 Dec 22 Number
Number on issue	11,316,000	2,316,000	3,556,000
Balance at start of period	2,316,000	2,416,000	2,416,000
Issued during period	9,000,000	1,140,000	1,140,000
Forfeited during period (failure to meet service condition)			
Failure to meet service condition	-	(240,000)	-
Failure to meet performance and market conditions	-	(1,000,000)	-
Balance at end of period	11,316,000	2,316,000	3,556,000

Basis of vesting

Summary of key terms and conditions relating to performance rights:

Grant date	15 Oct 20	20 Sep 21 & 28 Oct 21	25 Oct 22	25 Oct 23	25 Oct 23	25 Oct 23
Number of rights						
Originally issued	1,000,000	1,416,000	1,140,000	1,500,000	1,500,000	6,000,000
Forfeited	(1,000,000)	(240,000)	-	-	-	-
Vested & exercised	-	-	-	-	-	-
On issue	-	1,176,000	1,140,000	1,500,000	1,500,000	6,000,000
Weighted average fair value at grant date¹ (cents)	11.83	13.25	6.92	6.05	5.76	5.48
Service Condition						
The executive must remain employed from grant date until the finalisation of the statutory audit for the financial year ended	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 24	30 Jun 25	30 Jun 26
If the service condition is not met none of the performance rights will vest.						
Market Condition						
Applicable to (% of rights)	50%	50%	50%	N/A	N/A	N/A
The performance rights will vest if the total shareholder return ("TSR") for Acumentis is at least equal to the TSR for the ASX300 for the period	1 Jul 20 – 30 Jun 23	1 Jul 21 – 30 Jun 24	1 Jul 22 – 30 Jun 25			
Performance Condition						
Applicable to (% of rights)	50%	50%	50%	N/A	N/A	100%
The performance rights will vest pro-rata based on the earnings per share of Acumentis Group Limited being between	2.4 & 3.2 cents for FY23	2.5 & 3.4 cents for FY24	2.6 & 3.5 cents for FY25			1.0 & 2.0 cents for FY26

Note 1: Rights granted subject to TSR condition are valued using Monte Carlo Simulation. Rights granted subject to EPS condition are valued using the Black-Scholes model or a Binomial Approximation Model. Expected dividends were not incorporated into these measurements prior to 2023. For rights issued in 2023 a dividend yield of 5% has been assumed.

The Board has the discretion to adjust the number of rights that ultimately vest and/or the service condition period if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the measurement period.

The Board has discretion to determine that some or all unvested rights held lapse on a specified date if allowing the rights to vest would, in the opinion of the Board, result in an inappropriate benefit to the rights holder. Such circumstances would include joining a competitor or actions that harm the Company's stakeholders.

In the case of fraud or misconduct, all unvested rights will be forfeited.

The performance rights have been valued using Monte Carlo simulations and the value will be provided for over the vesting period of the rights with adjustments made where appropriate for the likelihood of non-vesting of those rights subject to a performance condition.

Dividends

No dividends were paid by the company during the period.

22. Other Reserves

	31 Dec 23 \$'000	30 Jun 23 \$'000	31 Dec 22 \$'000
Share based payments reserve	214	165	186
Movement in reserve			
Balance at start of period	165	127	127
Share based payment expense	49	38	59
Balance at end of period	214	165	186

23. Contingent Liabilities

In 2019, the Company was the victim of two cyber-attacks which resulted in significant losses. The Company's cyber insurance policy responded and paid \$1.1M to external consultants and \$2.0M to the Company.

On 17 December 2021, the Company's cyber insurers notified the Company that they now consider that the two cyber-attacks should be aggregated as a single claim and accordingly have requested repayment of \$1.1M.

Based on insurance specialist legal advice the Directors have rejected the repayment request, however the Company continues to engage with underwriters to resolve this matter.

The Directors believe that the Company will be successful in rebutting the insurers proposition and accordingly do not expect to repay any portion of the insurance benefits received and therefore no amounts have been provided for in the accounts as at 31 December 2023.

The Directors do not believe that legal costs that may be incurred in relation to this matter will have a material impact on the financial result for the FY24 and these will continue to be expensed as incurred.

The Consolidated Entity, from time to time, is involved in matters of litigation in the normal course of business in undertaking valuation services.

At 31 December 2023 there are no open litigated claims that are expected to have a material impact on the results of the Consolidated Entity.

The Consolidated Entity has professional indemnity insurance, and under the terms of the insurance policy, each claim has an excess which is required to be paid by the Consolidated Entity. It was not practical to estimate the maximum contingent liability arising from litigation; however, in a worst-case situation there could be a material adverse effect on the Consolidated Entity's financial position.

In the directors' opinion, disclosures of any further information in relation to litigation would be prejudicial to the interests of the Consolidated Entity.

24. 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.

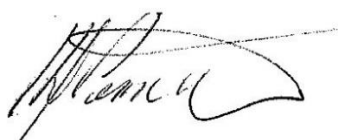
Directors' Declaration

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

- 1) The financial statements and notes set out on pages 6 to 24, 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 2023 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 24th day of January 2024.

Signed in accordance with a resolution of the directors:



Keith Perrett
Chair

Independent auditor's review report to the members of Acumentis Group Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Acumentis Group Limited (the Company), and its subsidiaries (the Consolidated Entity) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Consolidated Entity, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Consolidated Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

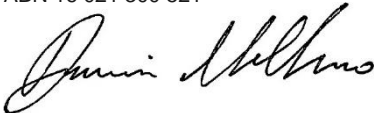
Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2023 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*.

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.



William Buck
Accountants & Advisors
ABN 16 021 300 521



Domenic Molluso
Partner

Sydney, 24 January 2024