CENTREPOINT ALLIANCE LIMITED

AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

Appendix 4D

Half year ended 31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

In thousands of Australian dollars	1H20		1H21		Variance
Revenues from ordinary activities	$61,325	to	$69,954	Up	14%
(Loss)/profit before tax and non-controlling interests	($1,228)	to	$1,244	Up	>100%
(Loss)/profit after tax attributable to members	($1,521)	to	$1,584	Up	>100%

Dividends (distributions)	Amount per security	Franked amount per security
Interim ordinary dividend	1.0 cent	1.0 cent
Previous corresponding period	0.0 cents	0.0 cents
Special dividend	3.0 cents	3.0 cents
Record date for determining entitlements to dividend	9 February 2021	
Payment date of interim dividend	26 February 2021	
Dividend Reinvestment Plan		
Plan active	No	
Discount	N/A	
Pricing period	N/A	
Last DRP election date	N/A	
Net tangible assets per share	31 Dec 2020	30 June 2020
	7.14 cents	5.86 cents

Results are extracted from the attached Half Year Financial Report for the six months ended 31 December 2020 which was subject to an independent review.

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

CENTREPOINT ALLIANCE LIMITED

AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Contents

The Directors present their report for the half year ended 31 December 2020.

Directors

The Directors of Centrepoint Alliance Limited (the Company) at any time during or since the end of the half year are:

Alan Fisher (Chair and Non-Executive Director)
Alexander Beard (Non-Executive Director)
Georg Chmiel (Non-Executive Director)
Martin Pretty (Non-Executive Director)

Company Secretary

Julian Rockett (resigned on 23 September 2020)
Kim Clark (appointed on 23 September 2020)
Marty Carne

Operating and Financial Review

Principal Activities

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

Operating Review

The Group continues to lead the evolution of financial advice licensees who are moving to scalable service providers enabled through data and technology. With the transition to a fee for service model for licensed advisers complete at 30 June 2020, and the significant growth in new advisers joining over the last two years, the Group is well positioned to take advantage of the disruption and consolidation opportunities presenting themselves across the financial advice industry. Over the last two and a half years, the Group has transformed itself to a subscription-like revenue model for financial advisers, providing services and solutions at scale. The success of this change is validated by the number of new advisers continuing to join the Group at a time when that the overall financial advice market is shrinking. The new business model provides transparency and revenue certainty, with the average licensed adviser tenure of 11 years providing consistent earnings resulting in a robust and healthy cash flow position at the end of the first half of the FY21 financial year.

In the first half of the FY21 financial year, the Group continued its focus on investing in technology to enhance its scalable service platform for advisers. This was done within existing operations, without drawing on capital investments, at the same time as reducing overall expenses compared to the prior comparable period. This investment now sees all adviser service and solutions teams within the Group operating on Salesforce, such that all adviser enquiries, tasks and projects are transparently managed on a single platform. This investment in a scalable service platform, specifically focused on financial advisers, is unique in the industry, providing the Group data and information to better meet the needs of the financial advisers it supports.

Despite the shrinking number of financial advisers in the industry, and a reduction in the number of advisers looking to move licensees, the Group continued to attract high quality financial advice firms and licensees. From 1 July 2020 to 15 February 2021 the Group attracted 15 new financial advice firms representing 20 new financial advisers, as well as 7 new financial advisers joining existing firms. This represents 27 new financial advisers on the Group's licences.

Operating Review (cont.)

On the new dealer-to-dealer wholesale offering, the Group has continued to benefit from its unique position as a scalable service provider, not just a licensee. This continues to be a new market opportunity and the Group is already realising some early success.

The financial advice market continues to be a disrupted market where scalable providers with disciplined business models and high quality compliance functions, will emerge as the leaders that financial advisers seek to join. The Group continues to see consolidation opportunities and will actively pursue growth inorganically to take advantage of its recent growth and technology investments.

Financial Performance

The Group delivered a net profit before tax of $1.2m for the half year period (net loss before tax of $1.2m for the prior comparative period). This is principally as a result of revenue increase due to the completion of the transition to a fee for service model for advisers, and the acquisition of Enzumo, as well as ongoing disciplined cost management.

	31 Dec 2020 $'000	31 Dec 2019 $'000
Gross profit from contracts with customers	14,865	13,899
Gross profit	15,513	14,147
Expenses	(14,269)	(15,375)
Profit/(loss) before tax	1,244	(1,228)
Net profit/(loss) for the period	1,584	(1,521)

Gross profit from contracts with customers increased by $1.0m compared to the prior comparable period. This is primarily due to the acquisition of Enzumo in June 2020, which has generated $1.3m in revenue YTD. The remaining movement is attributed to an increase in authorised representative fees from the contractual fee increases occurring on 1 January, 1 April and 1 July 2020 offset by the industry-wide run-off in platform rebates which ended on 31 December 2020. In response to the Coronavirus (COVID-19) pandemic, the Group provided special dispensation to not pass on the fee increase scheduled for 1 April, and instead was deferred to 1 July 2020.

Expenses for the half year ended 31 December 2020 decreased by $1.1m compared to the prior comparable period. The Group focused on specific expense reductions, delivering a total of $0.6m in savings in employment and professional fees, and travel reduced by $0.3m due to COVID-19 restrictions. There was a reduction of $0.6m in legacy claims attributable to the cessation of the Australian Financial Complaints Authority (AFCA) rules in June 2020, which allowed an extension of the period for which complaints can be lodged. Over the period a small number of new claims were received and historical open claims were either closed or settled for less than provisioned. Depreciation and amortisation increased by $0.3m due to the inclusion of the Enzumo business, and additional depreciation on the Melbourne and Queensland leases as a result of AASB 16.

Financial Performance (cont.)

The Group has net assets as at 31 December 2020 of $16.5m (30 June 2020: $14.9m) and net tangible assets of $10.3m (30 June 2020: $8.6m) representing net tangible assets per share of 7.14 cents (30 June 2020: 5.86 cents).

The Group's net assets increased by $1.7m during the period due to $0.5m reduction in platform rebates payable to dealer groups, resulting from the finalisation of conflicted platform remuneration, which ceased on 31 December 2020; $0.4m reduction in employee entitlement provision, primarily due to purchased COVID-19 leave taken during the period, with the remaining movement due to working capital timing benefits.

The Group held $14.7m in cash and cash equivalents as at 31 December 2020 (30 June 2020: $12.2m). Cash receipts during the period included $1.4m from operations (31 December 2019: $0.4m payments) and $2.4m from Australian Life Development Pty Ltd (ALD) for early repayment of the ALD loan (31 December 2019: $0.75m). July to August tax payments of $0.8m were deferred as a result of an Australian Taxation Office (ATO) concession relating to COVID-19, with a 12 month repayment plan of the total obligation of $2.2m which commenced in September 2020. The deferred tax payable balance as at 31 December 2020 is $1.5m.

Claim payments for the period were primarily driven by claim settlements of $0.9m (31 December 2019: $0.9m) and $0.9m in deferred tax obligations funded by cash reserves (30 June 2020: nil).

The Group's financial and non-financial assets continue to be assessed for impairment as a result of COVID-19, with an assessed overall immaterial impact on the Group. There have been no further adverse impacts on the financial performance or financial position of the Group from the impact of COVID-19.

Dividends

On 2 February 2021, the Directors of Centrepoint Alliance Limited declared fully franked dividends totalling 4.0 cents per share, comprising of 3.0 cents special dividend and 1.0 cent interim ordinary dividend in respect of the half year ended 31 December 2020. The total estimated dividend to be paid is $5,771,319, with 9 February 2021 as the record date and 26 February 2021 as the payment date.

Events Subsequent to the Balance Sheet Date

The impact of COVID-19 is ongoing and while the Group has not suffered any material adverse impacts up to 31 December 2020, it is not practicable to estimate the potential impact (positive or negative), after the reporting date. The situation continues to develop and is dependent on measures imposed by Federal and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Given the ongoing COVID-19 pandemic, the Group has entered into a new short-term sub-lease agreement in Sydney to consider the optimal workplace environment going forward. The official lease commencement will begin on 10 March 2021 for a term of 12 months. Head Office will be relocating to 28 O'Connell Street, Sydney. There are no other matters or events which have arisen subsequent to end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Other than the dividend declared as mentioned above, there are no other significant subsequent events.

Rounding

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

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.

Alan Fisher
Chair

25 February 2021

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Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF CENTREPOINT ALLIANCE LIMITED

As lead auditor for the review of Centrepoint Alliance Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Centrepoint Alliance Limited and the entities it controlled during the period.

Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 25 February 2021

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2020

	Note	31 Dec 2020 $'000	31 Dec 2019 $'000
Revenue			
Revenue from contracts with customers	4(a)	69,954	61,325
Contractual payments to advisers	4(a)	(55,089)	(47,426)
Gross profit from contracts with customers		14,865	13,899
Interest income	4(b)	111	245
Other revenue	4(c)	537	3
Gross Profit		**15,513**	**14,147**
Expenses			
Employee related expenses		(9,195)	(9,325)
Marketing and promotion		(302)	(300)
Travel and accommodation		(18)	(326)
Property costs		(2)	(19)
Low value and variable costs related to property and equipment		(441)	(359)
Subscriptions and licences		(636)	(748)
Professional services		(955)	(1,376)
Client claims		(17)	(686)
IT and communication expenses		(251)	(198)
Depreciation and amortisation		(904)	(633)
Impairment expenses		(344)	(203)
Finance costs		(51)	(22)
Other general and administrative expenses	5	(1,153)	(1,180)
		(14,269)	**(15,375)**
Profit/(loss) before tax		**1,244**	**(1,228)**
Income tax (benefit)/expense		(340)	293
Net profit/(loss) after tax		**1,584**	**(1,521)**
Total comprehensive profit/(loss) for the period		**1,584**	**(1,521)**
Net profit/(loss) attributable to:			
Owners of the parent		1,584	(1,521)
Non-controlling interests		-	-
Net profit/(loss) for the period		**1,584**	**(1,521)**
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		1,584	(1,521)
Non-controlling interests		-	-
Total comprehensive profit/(loss) for the period		**1,584**	**(1,521)**
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the parent		**Cents**	**Cents**
Basic earnings/(loss) per share	6	1.10	(1.02)
Diluted earnings/(loss) per share	6	1.01	(1.02)

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

Condensed Consolidated Statement of Financial Position
As at 31 December 2020

	Note	31 Dec 2020 $'000	30 June 2020 $'000
ASSETS			
Current			
Cash and cash equivalents		14,730	12,187
Trade and other receivables		7,108	7,835
Loan receivables	**7**	1,100	2,448
Other assets		1,964	1,272
Total current assets		**24,902**	**23,742**
Non-current			
Loan receivables	**7**	77	1,199
Investments		116	116
Other assets		115	-
Property, plant and equipment		376	424
Right-of-use assets		541	954
Intangible assets and goodwill	**8**	3,303	3,622
Deferred tax assets	**14**	2,919	2,578
Total non-current assets		**7,447**	**8,893**
TOTAL ASSETS		**32,349**	**32,635**
LIABILITIES			
Current			
Trade and other payables		9,713	9,960
Lease liabilities		421	708
Provisions		5,231	6,309
Total current liabilities		**15,365**	**16,977**
Non-current			
Lease liabilities		126	280
Provisions		333	527
Total non-current liabilities		**459**	**807**
TOTAL LIABILITIES		**15,824**	**17,784**
NET ASSETS		**16,525**	**14,851**
EQUITY			
Contributed equity	**9**	34,301	34,301
Reserves	**10**	11,828	12,918
Accumulated losses		(29,722)	(32,486)
Equity attributable to shareholders		**16,407**	**14,733**
Non-controlling interests		118	118
TOTAL EQUITY		**16,525**	**14,851**

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

Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2020

	Half year to 31 Dec 2020 $'000	Half year to 31 Dec 2019 $'000
Cash Flows from Operating Activities		
Cash receipts from customers	78,169	68,584
Cash paid to suppliers and employees	(76,756)	(68,988)
Cash provided by/(used in) operations	1,413	(404)
Claims and litigation settlements	(899)	(936)
Net cash flows provided by/(used in) operating activities	**514**	**(1,340)**
Cash Flows from Investing Activities		
Interest received	87	245
Proceeds from investments	-	750
Proceeds from interest-bearing loan	2,435	-
Acquisition of intangible assets	(12)	(173)
Acquisition of property, plant and equipment	(26)	(12)
Net cash flows provided by investing activities	**2,484**	**810**
Cash Flows from Financing Activities		
Repayment of lease liabilities	(440)	(260)
Finance costs	(15)	(12)
Net cash flows (used in) financing activities	**(455)**	**(272)**
Net increase/(decrease) in cash and cash equivalents	**2,543**	**(802)**
Cash and cash equivalents at the beginning of the period	12,187	7,917
Cash and cash equivalents for the period	**14,730**	**7,115**

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

CENTREPOINT ALLIANCE LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

	Ordinary shares $'000	Dividend reserve $'000	Other reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2020	**34,301**	**11,659**	**1,259**	**(32,486)**	**14,733**	**118**	**14,851**
Profit for the period	-	-	-	1,584	1,584	-	1,584
Total comprehensive profit for the period	**-**	**-**	**-**	**1,584**	**1,584**	**-**	**1,584**
Transfer of non-vested performance rights from reserves to retained earnings	-	-	(1,180)	1,180	-	-	-
Share-based payment	-	-	90	-	90	-	90
Balance at 31 Dec 2020	**34,301**	**11,659**	**169**	**(29,722)**	**16,407**	**118**	**16,525**
Balance at 1 July 2019	**34,673**	**11,659**	**951**	**(30,521)**	**16,762**	**118**	**16,880**
Loss for the period	-	-	-	(1,521)	(1,521)	-	(1,521)
Total comprehensive loss for the period	**-**	**-**	**-**	**(1,521)**	**(1,521)**	**-**	**(1,521)**
Share-based payment	-	-	143	-	143	-	143
Balance at 31 Dec 2019	**34,673**	**11,659**	**1,094**	**(32,042)**	**15,384**	**118**	**15,502**

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

1. Corporate information

The interim condensed consolidated financial statements of Centrepoint Alliance Limited (the Company or the Parent Entity) and its controlled entities (the Group) for the half year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 25 February 2021.

Centrepoint Alliance Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:CAF).

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

2. Summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the half year ended 31 December 2020 have been prepared in accordance with Australian Accounting Standards Board (AASB) 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2020.

It is recommended that the half year financial report be considered together with any public announcements made by the Group during the half year ended 31 December 2020 and up to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half year financial report has been prepared on a historical cost basis, except for certain financial assets that have been measured at fair value. Where necessary, comparative information has been updated to be consistent with the current reporting period.

For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity. This financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

AASB 101 *Presentation of Financial Statements* requires management to assess the entity's ability to continue as a going concern. In making the assessment, the standard requires that all available information about the future 12 months from the reporting period or date of issue of financial statements, needs to be taken into consideration. Any material uncertainties that cast significant doubt on the capability to continue as a going concern such as scope of the impact on future costs and revenues, need to be disclosed in the financial statements.

The Group considered the below factors when making the assessment:

- the extent of operational disruption;
- potential diminished demand for products or services;
- contractual obligations due or anticipated within one year;
- potential liquidity and working capital shortfalls;
- access to existing sources of capital (e.g. available line of credit, government aid); and
- any commercial or operational impact from COVID-19.

2. Summary of significant accounting policies (cont.)

Sufficient cash reserves are projected over the next 14 months. Apart from the COVID-19 stimulus benefit of the deferred taxation obligations requiring monthly payment through to August 2021 to the ATO, the outflows relate to general operational spend and the proposed dividends, which amount to a total of $5.7m. Inflows are projected to increase factoring Enzumo business and growth in advisers, which correlates to growth in adviser fees and subscriptions.

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

Leases

The leases accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the June 2020 annual financial report.

Compliance with International Financial Reporting Standards

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

Standards issued but not yet effective

The directors anticipate that the application of any new accounting standards not yet effective will have no material impact on the financial statements.

3. Segment information

Under AASB 8 *Operating Segments*, the Group determines and presents operating segments based on the nature of the products and services provided and the markets in which it operates.

Board, corporate finance, company secretarial and other administration functions of the Group not allocated to the above reportable segments are identified as Corporate and Unallocated.

The Group's reportable segments are:

Business segment	Operations
Licensee and advice services	This segment represents the business that provides Australian Financial Services Licensee services to financial advisers and their clients and mortgage broking services
Fund management and administration	This segment provides investor directed portfolio services and investment management services to financial advisers, accountants and their clients
Consulting services	This segment represents the business that provides consulting to both self-licensed advisers and licensees
Corporate and unallocated	This segment represents Board, corporate finance, company secretarial and other administration functions of the Group

The Group operated only in Australia during the half year. A detailed review of these segments is included in the Directors' report. The accounting policies of the reportable segments are the same as the Group's accounting policies. The Group does not currently manage its assets and liabilities on an individual segment basis.

3. Segment information (cont.)

Half year to 31 Dec 2020	Licensee & Advice Services $'000	Funds Management & Administration $'000	Consulting Services $'000	Corporate & Unallocated $'000	Total $'000
Segment revenue					
Revenue from contracts with customers					
- Authorised representative fees	5,655	-	-	-	**5,655**
- Advice revenue	55,017	-	-	-	**55,017**
- Product revenue	2,289	5,181	-	-	**7,470**
- Virtual services	612	-	93	-	**705**
- Licensing and managed services	776	-	-	(128)	**648**
- Consulting services	-	-	459	-	**459**
Contractual payments to advisers					
- Advice revenue paid to advisers	(53,275)	-	-	-	**(53,275)**
- Fees paid to advisers/fund managers	(262)	(1,465)	(87)	-	**(1,814)**
Gross profit from contracts with customers	**10,812**	**3,716**	**465**	**(128)**	**14,865**
Interest income	7	73	-	31	**111**
Other revenue	440	-	37	60	**537**
Total segment gross profit	**11,259**	**3,789**	**502**	**(37)**	**15,513**
Other material expenses					
- Interest charges and interest on lease liabilities	11	(27)	(8)	(27)	**(51)**
- Client claims	(17)	-	-	-	**(17)**
- Depreciation and amortisation	(103)	-	(120)	(681)	**(904)**
- Impairment expenses	(311)	-	(33)	-	**(344)**
- Inter-segment expenses*	(7,202)	(792)	-	7,994	**-**
Total other material expenses	**(7,622)**	**(819)**	**(161)**	**7,286**	**(1,316)**
Segment profit/(loss) before tax	**1,993**	**2,696**	**223**	**(3,668)**	**1,244**
Income tax (benefit)/expense	(353)	-	47	(34)	**(340)**
Segment profit/(loss)after tax	**2,346**	**2,696**	**176**	**(3,634)**	**1,584**
Total comprehensive income/(loss) for the period	**2,346**	**2,696**	**176**	**(3,634)**	**1,584**
Addback: Legacy claims expense	36	-	-	-	**36**
Segment profit/(loss) before tax (excl legacy claims)	**2,029**	**2,696**	**223**	**(3,668)**	**1,280**
Statement of Financial Position at 31 Dec 2020					
Total assets	13,989	20,737	1,777	(4,154)	32,349
Total liabilities	(8,652)	(87)	(173)	(6,912)	(15,824)
Net assets	**5,337**	**20,650**	**1,604**	**(11,066)**	**16,525**

* Inter-segment expenses represent employee related costs and other expenses paid centrally, which are allocated to the segments in which they are incurred. Year on year inter-segment expense reduction for Licensee and Advice Services, and Funds Management and Administration, is primarily due to headcount reduction as part of the overall Group expense saving initiative. The acquisition of Enzumo in June 2020 resulted in additional segment revenue stream, Consulting Services. Enzumo also generated Licensing and managed services revenue which is captured within the Licensee & Advice Services segment.

3. Segment information (cont.)

Half year to 31 Dec 2019	Licensee & Advice Services $'000	Funds Management & Administration $'000	Corporate & Unallocated $'000	Total $'000
Segment revenue				
Revenue from contracts with customers				
- Authorised representative fees	3,575	-	-	**3,575**
- Advice revenue	46,227	-	2	**46,229**
- Product revenue	5,082	5,993	-	**11,075**
- Virtual services	445	1	-	**446**
Contractual payments to advisers				
- Advice revenue paid to advisers	(44,337)	-	(2)	**(44,339)**
- Fees paid to advisers/fund managers	(1,062)	(2,025)	-	**(3,087)**
Gross profit from contracts with customers	**9,930**	**3,969**	-	**13,899**
Interest income	12	92	141	**245**
Other revenue	3	-	-	**3**
Total segment gross profit	**9,945**	**4,061**	**141**	**14,147**
Other material expenses				
- Interest charges and interest on lease liabilities	(4)	-	(18)	**(22)**
- Client claims	(686)	-	-	**(686)**
- Depreciation and amortisation	(495)	(33)	(105)	**(633)**
- Impairment expenses	(203)	-	-	**(203)**
- Inter-segment expenses*	(7,763)	(928)	8,691	**-**
Total other material expenses	**(9,151)**	**(961)**	**(8,568)**	**(1,544)**
Segment profit/(loss) before tax	**25**	**2,740**	**(3,993)**	**(1,228)**
Income tax (benefit)/expense	(38)	-	331	293
Segment profit/(loss) after tax	**63**	**2,740**	**(4,324)**	**(1,521)**
Total comprehensive income/(loss) for the period	**63**	**2,740**	**(4,324)**	**(1,521)**
Addback: Legacy claims expense	662	**-**	**-**	**662**
Segment profit/(loss) before tax (excluding legacy claims)	**687**	**2,740**	**(3,993)**	**(566)**
Statement of Financial Position at 31 Dec 2019				
Total assets	12,070	15,790	2,186	30,046
Total liabilities	(9,809)	(285)	(4,450)	(14,544)
Net assets	**2,261**	**15,505**	**(2,264)**	**15,502**

*Inter-segment expenses represent employee related costs and other expenses paid centrally, which are allocated to the segments in which they are incurred.

4. Revenue

(a) Revenue from contracts with customers (AASB 15 *Revenue from contracts with customers*)

Authorised representative fees: On a monthly basis, the financial advisers are billed for AFSL licensing fees in line with the contract between the Group and the adviser. The Group's obligation under this contract is to provide support to advisers and access to one of the Group's AFSLs to enable them to sell financial advice. The fees charged to the adviser are based on a fixed fee structure outlined in the contract with the adviser. Revenue is recognised on a monthly basis as services are provided to the advisers.

Advice revenue: Commission is received from product providers earned either at inception or renewal of products on the approved product list. Under the contract with the adviser, the Group receives the full commission from the product provider and subsequently pays this in full to the adviser unless there is a specific arrangement with the adviser to retain a proportion of commission to satisfy their authorised representative fee. Where the advisers are employed by the Group, the commission earned is retained within the Group.

Product revenue: The Group earns revenue from its customers through the provision of fund management services to its customers. Under this arrangement, the fee charged is calculated based on a fixed percentage of Funds Under Management and Administration (FUMA) as stated in the contract with the customer. Revenue is recognised as the service is provided, given the customer is receiving and consuming the benefits as they are provided by the Group. Included within investment products revenue are rebates paid to the Group by platform providers who offer the advisers insurance, superannuation and investment solutions. The Group performance obligation is to act as an agent for the platform providers, enabling them access to the adviser network. The rebate earned by the Group is dependent on the nature of the underlying product, either based on in-force policies or funds under management invested through the platform. Revenue is recognised monthly based on Management's best estimate using the most recent information provided by the platform provider and is trued up based on rebate receipts as and when they are received from the platform provider. As per the findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, all conflicted platform remuneration ceased on 31 December 2020.

Virtual services: As part of the authorised representative fee charged to the adviser, advisers may also add software packages to their monthly fee. The Group's obligation under this contract is to provide the adviser with the use of the software licenses of the Group. The fees charged are variable dependent on the volume of users that require access to the software. Revenue is recognised on a monthly basis as services are provided to the advisers.

Licensing and managed services: On a monthly basis, the Group charges fixed fees for admission to the customised platform (licence fees) and technological support provided to the client (managed services). Revenue is recognised on a monthly basis as services are provided.

4. Revenue (cont.)

Consulting services: The acquisition of Enzumo in June 2020 expanded the Group's revenue stream to include 'Consulting services' in Segment reporting. The Group now earns revenue from the provision of consulting and configuration services relating to the XPLAN software maintained by Enzumo. The XPLAN system is tailored to specific business needs by heavily modifying its capabilities. Revenue is recognised on an over time basis when the performance obligations are met.

(b) Interest Income (AASB 9 *Financial instruments*)

Per AASB 9 *Financial Instruments*, interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Other revenue

Other revenue represents other sundry income received by the Group.

		Half year to 31 Dec 2020 $'000	Half year to 31 Dec 2019 $'000
Revenue			
Revenue from contracts with customers	**4(a)**		
- Authorised representative fees		5,655	3,575
- Advice revenue		55,017	46,229
- Products revenue		7,470	11,075
- Virtual services		705	446
- Licensing and managed services		648	-
- Consulting services		459	-
Total revenue from contracts with customers		69,954	61,325
Contractual payments to advisers			
- Advice revenue paid to advisers		(53,275)	(44,339)
- Fees paid to advisers/fund managers		(1,814)	(3,087)
Total contractual payments to advisers		(55,089)	(47,426)
Gross profit from contracts with customers		**14,865**	**13,899**
Interest income	**4(b)**	**111**	**245**
Other revenue	**4(c)**		
- Cost recoveries from advisers		435	-
- Other		102	3
Total other revenue		**537**	**3**
Gross profit		**15,513**	**14,147**

5. Other general and administrative expenses

	Half year to 31 Dec 2020 $'000	Half year to 31 Dec 2019 $'000
Audit fees	222	326
Directors' fees and expenses	195	152
Insurances	641	535
Entertainment	14	27
Printing and stationery	13	30
Other expenses	68	110
Total other general and administrative expenses	**1,153**	**1,180**

6. Earnings per share (EPS)

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

	Half year to 31 Dec 2020	Half year to 31 Dec 2019
a) Profit used in calculating profit per share		
Net profit/(loss) attributable to ordinary equity holders of the Company ($'000)	1,584	(1,521)
b) Weighted average number of shares	**No. of shares**	**No. of shares**
Weighted average number of ordinary shares	144,282,969	148,882,969
Effect of dilution:		
Performance rights and Long-term incentive shares	12,177,174	9,396,467
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	**156,460,143**	**158,279,436**
Basic earnings/(loss) per share (cents)	1.10	(1.02)
Diluted earnings/(loss) per share (cents)	1.01	(1.02)

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

7. Loan Receivables

	31 Dec 2020 $'000	30 June 2020 $'000
Current		
Loan receivables	1,076	2,419
Loan receivables - financial advisers	24	29
Total current loans	**1,100**	**2,448**
Non-current		
Loan receivables	-	1,132
Loan receivables - financial advisers	901	915
Expected credit losses	(824)	(848)
Total non-current loans	**77**	**1,199**
Total loans	**1,177**	**3,647**

The Group has $1.1m loan receivable in ALD (30 June 2020: $3.6m). The ALD loan consists of an interest-bearing loan of $1.0m to Astle Capital Limited (Astle), a related company of ALD. In addition, a $5.0m ALD interest-bearing loan with semi-annual repayments was repaid in full on 23 December 2020, ahead of the scheduled final loan repayment date of 30 June 2021 for $2.4m with an agreement to waive interest of $16k from October 2020 to December 2020.

8. Intangible assets and goodwill

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

	Goodwill $'000	Software $'000	Network & Client Lists $'000	Trade Name $'000	Total $'000
Half year ended 31 December 2020					
At 1 July 2020 net of accumulated amortisation and impairment	1,095	1,275	1,151	101	**3,622**
Additions	-	12	-	-	**12**
Amortisation	-	(158)	(168)	(5)	**(331)**
At 31 December 2020 net of accumulated amortisation and impairment	**1,095**	**1,129**	**983**	**96**	**3,303**
At 31 December 2020					
Cost	1,348	5,295	11,568	101	**18,312**
Accumulated amortisation and impairment	(253)	(4,166)	(10,585)	(5)	**(15,009)**
Net carrying value	**1,095**	**1,129**	**983**	**96**	**3,303**

8. Intangible assets and goodwill (cont.)

	Goodwill $'000	Software $'000	Network & Client Lists $'000	Trade Name $'000	Total $'000
Half year ended 31 December 2019					
At 1 July 2019 net of accumulated amortisation and impairment	956	1,371	348	-	**2,675**
Additions	-	173	-	-	**173**
Amortisation	-	(109)	(142)	-	**(251)**
At 31 December 2019 net of accumulated amortisation and impairment	**956**	**1,435**	**206**	-	**2,597**
At 30 June 2020					
Cost	1,348	5,283	11,568	101	**18,300**
Accumulated amortisation and impairment	(253)	(4,008)	(10,417)	-	**(14,678)**
Net carrying value	**1,095**	**1,275**	**1,151**	**101**	**3,622**

9. Contributed equity

	Reference	31 Dec 2020 $'000	30 June 2020 $'000
Paid up capital			
Ordinary shares	(i)	34,301	34,301
		34,301	**34,301**

	31 Dec 2020 Number of shares	31 Dec 2020 $'000	30 Jun 2020 Number of shares	30 Jun 2020 $'000
i) Ordinary shares (issued & fully paid)				
Balance at start of year	144,282,969	34,301	148,882,969	34,673
Movements during the period:				
- share buy-back	-	-	(4,600,000)	(372)
On issue at the end of the period	**144,282,969**	**34,301**	**144,282,969**	**34,301**
Total contributed equity	**144,282,969**	**34,301**	**144,282,969**	**34,301**

10. Reserves

	31 Dec 2020 $'000	30 June 2020 $'000
Employee equity benefits reserve	169	1,259
Dividend reserve	11,659	11,659
Total	**11,828**	**12,918**

a) Employee equity benefits reserve	31 Dec 2020 $'000	30 June 2020 $'000
Balance at start of year	1,259	951
Value of share based payments provided or which vested during the period	90	308
Transfer of non-vested performance rights from reserves to retained earnings	(1,180)	-
Balance at the end of the period	**169**	**1,259**

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

Performance rights shares totalling 2,450,000 ($1.2m) that did not meet market conditions has been reclassified from the employee equity benefits reserve to retained earnings in the period with no change to total equity.

b) Dividend reserve	31 Dec 2020 $'000	30 June 2020 $'000
Balance at start of year	11,659	11,659
Balance at the end of the period	**11,659**	**11,659**

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

11. Dividends

Dividends payable are recognised when declared by the Company. The Company has not declared any dividends in the period (31 December 2019: nil).

On 2 February 2021, the directors declared a fully franked interim dividend of 1.0 cent per share and special dividend of 3.0 cents per share to the holders of fully paid ordinary shares in respect of the half year ended 31 December 2020, to be paid to shareholders on 26 February 2021. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $5,771,319.

12. Share based payment plans

11,850,000 performance rights issued in previous financial years have not yet vested. The fair value of the performance rights issued are calculated as at the date of grant using the Monte Carlo Model. This model takes into account the terms and conditions upon which the performance rights were granted and market-based inputs as at the grant date.

13. Contingent liabilities

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

On 18 June 2019, the Australian Securities and Investments Commission (ASIC) announced that it had approved a change to AFCA rules to allow it to investigate certain complaints dating back to 1 January 2008. It was noted in the 2019 accounts that the Group was unable to reliably estimate the quantum of such claims, and accordingly no specific provision was made for them. The AFCA extension period ended in June 2020, and reported open claims as at 30 June 2020 have decreased over the 6-month period as a result of closure or settlement. The Group continues to fully provide for known obligations based on historical information at 31 December 2020.

Adviser Service Fees
Under the service arrangements with authorised representatives, customers generally pay an adviser service fee to receive an annual review, together with other services. The Group is assessing whether customers who have paid for these services have been provided with the agreed services.

An assessment of financial advisers employed by the Group (xseedwealth salaried advisers) has been completed, and where customer compensation is probable and can be reliably estimated, a provision has been taken at 30 June 2018. As at 31 December 2020 the provision balance is $80k.

The assessment process of identifying customers associated with authorised representatives licensed by the Group's wholly owned subsidiaries, Professional Investment Services (PIS) and Alliance Wealth (AW), commenced in February 2019.

The assessment process is well progressed. As no current potential obligation for the Group exists and the review is on-going, it is not practicable to provide an estimate of final remediation costs.

14. Deferred tax assets

The Group has deferred tax assets of $2.9m as at 31 December 2020 (30 June 2020: $2.6m). There has been an increase in the deferred tax assets of the Group in the half year period, which has resulted in a tax benefit of $0.3m. The primary driver of the increase in deferred tax assets is the recognition of the increase in the provision for claims during the 2020 financial year. The Group has significant unrecognised tax losses available to utilise against taxable profits generated by the Group.

15. Events subsequent to the balance sheet date

The impact of COVID-19 is ongoing and while the Group has not suffered any material adverse impacts up to 31 December 2020, it is not practicable to estimate the potential impact (positive or negative), after the reporting date. The situation continues to develop and is dependent on measures imposed by Federal and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Given the ongoing COVID-19 pandemic, the Group has entered into a new short-term sub-lease agreement to consider the optimal workplace environment going forward. Official lease commencement will be on 10 March 2021. The Head Office will be relocating to 28 O'Connell Street Sydney. There are no other matters or events which have arisen subsequent to end of the half year, which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Other than the dividend declared as mentioned in note 11, there are no other significant subsequent events.

Directors' Declaration

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

1. In the opinion of the Directors:
   (a) The interim condensed consolidated financial statements and notes of Centrepoint Alliance Limited for the half year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
      i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 303(5)(a) of the Corporations Act 2001 for the half year ended 31 December 2020.

On behalf of the Directors:

Alan Fisher
Chair

25 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Centrepoint Alliance Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Centrepoint Alliance Limited (the 'Company') and the its controlled entities (collectively the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the directors for the 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 for the review of the 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 Group's financial position as at 31 December 2020 and its financial 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.

BDO Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 25 February 2021