

25 February 2020

Attention: Company Announcements  
ASX Limited

By E-Lodgement

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Appendix 4D - Half-year report for period ended 31 December 2019

<b>Name of Entity</b>	<b>InvestSMART Group Limited</b>
<b>ABN</b>	62 111 772 359
<b>Period Ended</b>	31 December 2019
<b>Previous Corresponding Reporting Period</b>	31 December 2018

This information should be read in conjunction with the attached Interim Financial Report, the Annual Report for the year ended 30 June 2019 and quarterly business update for the period ended 31 December 2019.

	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>Increase/decrease over previous corresponding period</b>
Revenues from ordinary activities (\$'000)	5,560	5,856	-5%
Profit/(loss) from ordinary activities (\$'000)	(652)	(974)	33%
Net profit/(loss) attributable to members (\$'000)	(652)	(974)	33%
Net tangible assets (cents per ordinary share)	3.72	2.93	

### Dividend

It is not proposed to pay a dividend.

### Details of associate entities

	Ownership interest as at	
	31/12/2019	31/12/2018
Professionally Managed Accounts	0.2%	5%

### Other

Additional Appendix 4D disclosure requirements and further information including commentary on operating performance factors affecting the results for the current period are contained in the attached Interim Financial Report and the quarterly business update (released separately).

The consolidated financial statements contained within the Interim Financial Report 2019, of which this report is based upon, have been reviewed by BDO.

**InvestSMART Group Limited**

**ABN 62 111 772 359**

**Interim Financial Report**

**Half-year ended 31 December 2019**

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## Directors' Report

The Directors present their report on InvestSMART Group Limited (the Company) and its subsidiaries (collectively the Group) for the half-year ended 31 December 2019.

### Directors

The following persons were directors of the company during the whole of the half-year and up to the date of this report:

Paul Clitheroe AM	Chairman and Non-executive Director
Michael Shepherd AO	Non-executive Director
Ron Hodge	Managing Director
Kevin Moore	Non-executive Director

### Review and Results of Operations

Operating profit for the Group for the past two first half periods is shown below:

	31-Dec-19 \$	31-Dec-18 \$
<b>Income</b>		
Commissions income - funds	2,103,797	2,428,668
Commissions income - insurance	840,665	941,727
Funds management fees	464,910	380,679
Subscription income	2,154,865	2,114,764
Other income <sup>^</sup>	22,957	(20,710)
<b>Total Income</b>	<u>5,587,194</u>	<u>5,845,128</u>
<b>Total operating expenses</b>	5,144,506	6,339,775
<b>Operating profit/(loss)</b>	<u><b>442,688</b></u>	<u><b>(494,647)</b></u>
Unrealised (gain)/loss on ventures Investments	27,375	(10,950)
Amortisation of intangibles	1,014,883	725,081
Impairment of intangibles	283,464	-
Employee benefit expense	38,434	64,178
Amortisation and payment of contingent payments	86,686	-
Loss before income tax	(1,008,154)	(1,272,956)
Income tax benefit	356,343	298,783
<b>Loss for the year</b>	<u><b>(651,811)</b></u>	<u><b>(974,173)</b></u>

<sup>^</sup> Other Income includes interest earned on cash-at-bank and gains on investments (excluding unrealised gains/losses on ventures investments)

The Group continues to provide financial services under general advice to retail clients and self-managed superfunds.

Commission income decreased compared to the prior half-year in line with management's expectations adjusted for market movements. The Treasury Laws Amendment (Ending Grandfather Conflicted Remuneration Remuneration) Bill 2019 received assent on 28 October 2019. The Bill effectively removes grandfathering arrangements for commissions on funds management products from 1 January 2021.

Subscription income increased compared to the prior half year. During the current period retention rates have further improved and acquisition of new members has increased. The Group acquired 100% of the shares in Kohler and Company Pty Ltd t/a The Constant Investor ("TCI") on 4 December 2018. The acquisition resulted in Alan Kohler, the original founder of Eureka Report, joining the Group.

Funds management fees increased compared to the prior period as total funds under management increased from \$110m at 31 December 2018 to \$163m on 31 December 2019. Investments in capped fee passive portfolios within Professionally Managed Accounts recorded the largest inflows for the period.

Operating expenses decreased compared to the prior period as the Group decreased its expenditure on marketing.

The value of the AWI Ventures Investments are based on Director's Valuations and there were no material transactions or changes in circumstances during the period under review.

Amortisation of intangibles increased due to a change in accounting estimate on 30 April 2019 which resulted in a reduction in the useful life of fund distribution contracts, due to regulatory developments on grandfathered funds management commissions.

At the end of the period the Group assessed that there were indications that intangible assets within Fund Distribution Contracts were impaired. Recoverable amount was assessed as lower than the carrying value for these assets resulting in an impairment charge. Estimates of future cash flows were used to calculate the recoverable amount of intangible assets using management's estimates of future cash flows.

#### **Matters subsequent to the end of the half-year**

The Company did not exercise an option to renew the lease at Level 9, 37 York St, Sydney. The Company signed an assignment of lease for premises at Level 2, 66 Clarence St, Sydney on 6 February 2019. The assignment commences on 1 March 2020 with a lease end date of 28 February 2022.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

#### **Auditor's Independence Declaration**

The auditor's independence declaration required under section 307C of the Corporations Act 2001 is included on page 5 of the half-year report. This report is made in accordance with a resolution of the Directors.



**Paul Clitheroe AM**  
**Chairman**

Sydney  
25 February 2020

**DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF INVESTSMART GROUP LIMITED**

As lead auditor for the review of InvestSMART Group Limited for the half-year ended 31 December 2019, 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 InvestSMART Group Limited and the entities it controlled during the period.

Yours sincerely



Tim Aman  
Director

**BDO Audit Pty Ltd**

Sydney, 25 February 2020

## Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2019

	2019	2018
Note	\$	\$
Commissions income - funds	2,103,797	2,428,668
Commissions income - insurance	840,665	941,727
Subscription income	2,154,865	2,114,764
Funds management fees	464,910	380,679
Net gain/(loss) on financial instruments at fair value through profit and loss	(20,326)	4,463
Share of net profit/(loss) of associate	1,731	(42,250)
Other income	14,177	28,027
<b>Total Income</b>	<b>5,559,819</b>	<b>5,856,078</b>
Accounting and administrative costs	245,592	147,390
Audit fees	82,981	88,972
Business insurance	98,309	84,937
Commission rebates	843,733	936,436
Directors' fees	120,000	120,000
Employee costs	2,732,958	2,908,104
Legal and statutory expenses	14,723	45,857
Marketing and advertising	165,831	1,152,807
Other expenses	275,100	235,858
Rent	106,982	163,030
Software and website costs	442,960	411,068
Depreciation and amortisation	1,116,906	770,397
Employee benefit expense	38,434	64,178
Impairment of intangibles	3 283,464	-
<b>Total expenses</b>	<b>6,567,973</b>	<b>7,129,034</b>
<b>Profit/(loss) before income tax</b>	<b>(1,008,154)</b>	<b>(1,272,956)</b>
Income tax benefit/(expense)	356,343	298,783
<b>Profit/(loss) for the year</b>	<b>(651,811)</b>	<b>(974,173)</b>
Other comprehensive income, net of income tax	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(651,811)</b>	<b>(974,173)</b>
Basic earnings per share (cents per share)	(0.59)	(0.88)
Diluted earnings per share (cents per share)	(0.59)	(0.88)

*The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes*

## Consolidated Statement of Financial Position as at 31 December 2019

	Note	31-Dec-19 \$	30-Jun-19 \$
<b>ASSETS</b>			
Cash and cash equivalents		4,912,003	4,400,457
Trade and other receivables		541,199	750,168
Prepayments and deposits		232,535	262,493
Financial assets at fair value through profit and loss	2	2,193,879	2,196,893
Fixed assets, including software less accumulated depreciation		140,467	176,046
Right of use asset	1	168,034	-
Deferred tax asset		165,737	200,241
Intangible assets	3	3,728,002	5,026,349
<b>Total assets</b>		<b>12,081,856</b>	<b>13,012,647</b>
<b>LIABILITIES</b>			
Trade and other payables		1,234,647	1,224,820
Subscriptions received in advance		1,767,656	1,708,725
Trail commissions to rebate		894,650	1,061,209
Lease liability	1	171,233	-
Deferred tax liability		1,025,201	1,416,047
<b>Total liabilities</b>		<b>5,093,387</b>	<b>5,410,801</b>
<b>Net assets</b>		<b>6,988,469</b>	<b>7,601,846</b>
<b>Equity</b>			
Issued capital		58,522,440	58,522,440
Employee Benefit reserve		1,787,373	1,748,939
Retained losses		(53,321,344)	(52,669,533)
<b>Total equity</b>		<b>6,988,469</b>	<b>7,601,846</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes*



## Consolidated Statement of Changes in Equity for the half-year ended 31 December 2019

	Issued Capital	Retained losses	Employee Benefit Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	58,522,440	(50,898,681)	1,443,339	9,067,098
Comprehensive income for the period	-	(974,173)	-	(974,173)
Employee benefit share reserve	-	-	64,178	64,178
<b>Balance at 31 December 2018</b>	<u>58,522,440</u>	<u>(51,872,854)</u>	<u>1,507,517</u>	<u>8,157,103</u>
<b>Balance at 1 July 2019</b>	58,522,440	(52,669,533)	1,748,939	7,601,846
Comprehensive loss for the period	-	(651,811)	-	(651,811)
Employee benefit share reserve	-	-	38,434	38,434
<b>Balance at 31 December 2019</b>	<u>58,522,440</u>	<u>(53,321,344)</u>	<u>1,787,373</u>	<u>6,988,469</u>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes*

## Consolidated Statement of Cash Flows for the half-year ended 31 December 2019

	2019	2018
<b>Cash flows from operating activities</b>	<b>\$</b>	<b>\$</b>
Receipts from customers	5,773,207	5,873,171
Payments to suppliers and employees	(5,253,119)	(6,447,355)
Interest received	14,177	26,046
Income tax received	-	9,979
<b>Net cash flows from/(used in) operating activities</b>	<b>534,265</b>	<b>(538,159)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(7,138)	(26,318)
Acquisition of subsidiary, net of cash acquired	-	(542,326)
Purchase of investment	(15,581)	(23,589)
Sale of investments	-	101,414
<b>Net cash flows used in investing activities</b>	<b>(22,719)</b>	<b>(490,819)</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>511,546</b>	<b>(1,028,978)</b>
Cash and cash equivalents at beginning of the period	4,400,457	4,565,772
<b>Cash and cash equivalents at the end of the period</b>	<b>4,912,003</b>	<b>3,536,794</b>

*This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes*

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

### 1. Significant accounting policies

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2019.

Except as noted below, the accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the annual financial report of the Group for the year ended 30 June 2019.

#### Leases

At the commencement of a contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For identified leases the Group recognises a right-of-use asset and a lease liability at the lease commencement date. No assets or liabilities are recognised if the lease is short term (less than 12 months) or of low value.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease. Interest expense on the lease liability and depreciation expense (using the straight-line method) on the right-of-use asset is recognised in the statement of profit or loss.

#### New and amended standards and interpretations adopted in the reporting period

*AASB 16 Leases* was adopted from 1 July 2019.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. The Group has chosen the modified retrospective application with the cumulative effect of initially applying the standard recognised at the date of initial application (1 July 2019). The Group recognised a right-of-use asset of \$227,340 and a corresponding lease liability of \$227,340 on application date. Depreciation on right-of-use asset of \$59,306 (disclosed as Rent before application of AASB16) and interest expense of \$5,051 (disclosed as Rent before application of AASB16) was recognised for the period. The application of the standard did not have a material impact on total comprehensive income/(loss) for the year.

Except as disclosed in the 30 June 2019 annual financial report, there are no new accounting standards, amendments or interpretations issued that are not yet effective that are expected to have a material impact on the Group in current or future reporting periods.

#### Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

At the end of the period the Group assessed that there were indications that separately identified intangible assets within Fund Distribution Contracts were impaired. Estimates of future cash flows were used to calculate the fair value of intangible assets using management's estimates of future cash flows. The Group bases its assumptions used to test the impairment of intangibles on budgets and forecasts. These budgets and forecasts generally cover a five-year period.

Level 3 investments in financial assets are based on Director's estimates of the fair value of those investments, where reliable third-party sources of valuation are not available.

The Group has not recognised deferred tax assets relating to carried forward realised capital and revenue losses on the basis that it does not expect to derive sufficient future gains to utilise the current losses within a 3 to 5 year time period. The potential deferred tax asset that could be realised at 31 December 2019 is \$5,090,360, of which \$4,997,542 is realised capital losses.

## 2. Financial assets and liabilities held at fair value

AASB 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There has been no change in the Level 2 and Level 3 valuation techniques used for this report from previous reports. The table below sets out the Group's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>At 31 December 2019</b>				
Financial assets at fair value through profit and loss:				
Investments in Separately Managed Accounts	37,876	212,015	-	249,891
AWI Ventures investee companies	-	-	1,693,988	1,693,988
Call option	-	-	250,000	250,000
	<u>37,876</u>	<u>212,015</u>	<u>1,943,988</u>	<u>2,193,879</u>
<b>At 30 June 2019</b>				
Financial assets at fair value through profit and loss:				
Investments in Separately Managed Accounts	20,564	204,966	-	225,530
AWI Ventures investee companies	-	-	1,721,363	1,721,363
Call option	-	-	250,000	250,000
	<u>20,564</u>	<u>204,966</u>	<u>1,971,363</u>	<u>2,196,893</u>

During the reporting period ended 31 December 2019 there were no transfers between Level 1 and Level 2 fair value measurements.

Listed equities have inputs based on quoted market prices in active markets and are classified within level 1.

Financial instruments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts and exchange traded derivatives.

Investments classified within level 2 have inputs based on quoted and unquoted prices. The level 2 investments held by the Group relate to investments in Separately Managed Accounts issued by Praemium Australia Limited. The accounts hold primarily listed securities which are valued at the last closing price on the Australian Securities Exchange.

### Description of significant unobservable inputs to valuation of Level 3 assets

Through AWI Ventures Pty Ltd, the Group has investments in 3 start-up companies in the financial technology sector. These companies have little or no revenue and therefore cannot be valued using Discounted Cash Flow. The fair value of the investee companies has been assessed as the price at which each investee company raised a material amount of new capital, or historic cost if they have not raised a material amount of new capital, adjusted for the Director's view of the likely success of the business.

The Group purchased a call option over an unlisted business on 14 June 2018. Fair value has been determined using a binomial model.

Financial instruments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Unlisted equities and options are classified within level 3.

The table below shows the assumptions used by management in assessing fair value of its investments in level 3 financial instruments:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to fair value
AWI Ventures investee companies	Market approach	Last issue price & date of new equity, last traded price of equity, Capital structure, Directors' qualitative assessment of investee business model success	N/A	An issue of new equity, or trade in existing equity, at a higher or lower price may have significant effect on fair value
Call option over The Term Deposit Shop	Binomial option pricing model	Volatility rate, Last traded price of derivative	N/A	An issue of new equity, trade in existing equity, changes in interest rates, volatility rate, dividends at a higher or lower amount may have significant effect on fair value under option pricing models

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period:

Balance at 1 July 2019	1,721,363
Unrealised loss through profit and loss	27,375
Balance at 31 December 2019	<u>1,693,988</u>

### 3. Intangibles

	Goodwill	Fund distribution contracts	Subscriber lists	Content	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2019	-	4,683,207	343,142	-	5,026,349
Amortisation	-	866,429	148,454	-	1,014,883
Impairment	-	283,464	-	-	283,464
Balance at 31 December 2019	<u>-</u>	<u>3,533,314</u>	<u>194,688</u>	<u>-</u>	<u>3,728,002</u>
Balance at 30 June 2018	-	5,703,100	552,350	-	6,255,450
Additions through business combinations	277,319	-	248,538	112,828	638,685
Amortisation	-	438,700	248,772	37,609	725,081
Balance at 31 December 2018	<u>277,319</u>	<u>5,264,400</u>	<u>552,116</u>	<u>75,219</u>	<u>6,169,054</u>

**Fund distribution contracts** were acquired as intangible assets under a business combination as at 1 January 2015. Whilst they have no expiry date, it is expected that customers on which the distribution fees are earned will leave over 6 - 10 years.

The Group assesses at the end of each reporting period whether there are any indications that an asset may be impaired. At the end of the current reporting period the Group received communication from a product provider that commissions from certain funds management products would end sooner than the mandated deadline of 1 January 2021 and that commissions on other products may end sooner than the mandated deadline.

The recoverable amount of the assets has been determined based on a value in use calculation using cash flow projections from financial forecasts and budgets approved by senior management covering a five-year period. It was concluded that the value in use did not exceed the carrying value less costs of disposal. As a result of this analysis, management has recognised an impairment charge of \$283,464 in the current year against fund distribution contracts.

The calculation of value in use for the cash generating unit is most sensitive to the assumptions italicised below:

*Future revenue growth* – Future revenue growth is based on past experience (attrition rates), communications received from product providers and movements in the Australian share market. The cash flow projections assume a growth rate of 0% in the Australian share market. Future cash flow projections exclude estimated future cash inflows expected to arise from future restructurings or from improving or enhancing the asset's performance.

*Discount rates* - Discount rates represent the current market assessment of the risks specific to the assets, taking into consideration the time value of money and the risks incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors.

The cost of debt is based on the expected cost of interest-bearing borrowings the Group may be obliged to service. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

The Group considers no other assets to be impaired.

**Subscriber lists** were acquired as intangible assets on acquisition of Intelligent Investor and The Constant Investor. Amortisation rates are based on the Group's historical experience and are amortised on a straight-line basis over a 5 year period.

#### 4. Earnings per share

	31-Dec-19	31-Dec-18
	cents	cents
Earnings as per Consolidated Statement of Comprehensive Income	(651,811)	(974,173)
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	110,885,360	110,885,360
Basic loss per share (cents per share)	<u>(0.59)</u>	<u>(0.88)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share if all LTIP & ESOP shares vest and non-recourse loans are repaid	136,190,358	132,160,358
Diluted loss per share (cents per share)	<u>(0.59)</u>	<u>(0.88)</u>

As the Group was in a loss position for the half-year ended 31 December 2019, share based incentive plans did not affect the diluted earnings per share calculation as potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

#### 5. Segment information

The Group is currently organised into one business segment. The Group is engaged solely in financial services conducted in Australia, deriving revenue primarily from commission income and subscription income from its activities.

#### 6. Contingent liabilities and commitments

At 31 December 2019, InvestSMART Group Limited had commitments for an office lease at Level 9, 37 York Street, Sydney. The lease is not accounted for as a lease liability under AASB16 as it is short term. The comparative figures include commitments for Level 4, 356 Collins St, Melbourne which has been accounted for as a lease liability under AASB16 from 1 July 2019.

	31-Dec-19	30-Jun-19
	\$	\$
Within one year	42,718	314,547
After one year but less than five years	-	116,173
Total	<u>42,718</u>	<u>430,720</u>
At 31 December 2019 InvestSMART Group Ltd has the following contingent liabilities:		
Guarantees for office rentals	187,778	187,778
Guarantee for intermediary facilities	401,000	651,000
	<u>588,778</u>	<u>838,778</u>

#### 7. Events occurring after reporting date

The Company did not exercise an option to renew the lease at Level 9, 37 York St, Sydney. The Company signed an assignment of lease for premises at Level 2, 66 Clarence St, Sydney on 6 February 2019. The assignment commences on 1 March 2020 with a lease end date of 28 February 2022.

No other matters or circumstances have occurred after the period end that have significantly affected, or may affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

## Directors' Declaration

In the opinion of the Directors:

- (a) the Consolidated Financial Statements and notes of InvestSMART Group Limited for the half-year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) 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) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Paul Clitheroe AM**  
**Chairman**

Sydney  
25 February 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of InvestSMART Group Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of InvestSMART Group Limited. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a 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 half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 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*.

#### Directors' responsibility for the Half-Year Financial Report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 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*. As the auditor of the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Yours sincerely

**BDO Audit Pty Ltd.**

*BDO*

A handwritten signature in black ink, appearing to read 'Tim Aman', is written over a horizontal line.

**Tim Aman**

**Director**

Sydney, 25 February 2020