

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 2020 Annual Financial Report

		Change			\$'000
		\$'000	%		
Revenue from continuing operations	Up	6,166	37%	to	22,998
Profit before tax from continuing operations	Up	5,896	133%	to	1,465
Profit after tax from continuing operations	Up	4,487	130%	to	1,033
Profit after tax attributable to members	Up	4,487	130%	to	1,033

Dividends

		Amount per security	Franked amount per security at 26% 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 2020	30 Jun 2020	31 Dec 2019
Net tangible asset backing per share	Cents	1.27	0.64	0.14

Details of Associates

Acumentis (WA) Holdings Pty Ltd

		31 Dec 2020	30 Jun 2020	31 Dec 2019
Shareholding	%	42.2%	42.2%	42.2%

		31 Dec 2020 6 months	30 Jun 2020 12 months	31 Dec 2019 6 months
Share of net profit / (loss) of associates	\$'000	174	(86)	(207)

Acumentis Group Limited

ACN 102 320 329

Half Year Financial Report

For the 6 months ended 31 December 2020

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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 2020.

Directors

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

	Appointed	Resigned
Bradley Piltz <i>Non-Executive Director</i>	26 September 2002	
Stephen Maitland OAM RFD <i>Non-Executive, Independent Director</i>	1 February 2018	28 October 2020
Keith Perrett <i>Non-Executive, Independent Director & Chair</i>	1 February 2018	
Andrea Staines OAM <i>Non-Executive, Independent Director</i>	26 September 2019	
Patrice Sherrie <i>Non-Executive, Independent Director</i>	1 November 2020	
Timothy Rabbitt <i>Executive Director & CEO</i>	10 December 2020	

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

Revenues, profits and cashflows continued to improve following the recovery of the business from the impacts of the cyber-attacks in early 2019.

Whilst the COVID-19 pandemic had some adverse impacts on trading, particularly in State border regions where travel restrictions affected our ability to deliver services on occasions, the business has largely returned to normal operations albeit with increased flexibility in staff working remotely.

Overall revenues from delivery of services were 31% up on the comparative period whilst non-employee expenses were reduced by approximately 7%. Together with the support of the first tranche of JobKeeper, this has enabled the business to return to profitability for the half year.

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 2019: 0.00 cents).

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

Outlook

With the continued investment in IT and information security evidenced by ISO27001 (the international standard for information security management systems) and IRAP (Information Security Registered Assessor Program administered by the Australian Cyber Security Centre) certifications, reinstatement on client panels, growth of the wholly owned commercial valuation business in Sydney and nationally, ongoing support from our Government clients and expansion of the regional and rural capabilities, the business is in a strong position to continue its new growth trajectory through FY2021 and beyond.

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 2020.

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.


An explanation of the rationale for the directors' assertion is included in Note 21 to the Financial Report.

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 2020, the 6 months to December 2019 and the 12 months to June 2020.
- Balance Sheet disclosures – as at 31 December 2020, 30 June 2020 and 31 December 2019.

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



Keith Perrett
Chair

11 February 2021

Acumentis Group Limited


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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2020 there have been:

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



William Buck
Accountants & Advisors
ABN: 16 021 300 521



L. E. Tutt
Partner

Sydney, 11 February 2021

ACCOUNTANTS & ADVISORS

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31 Dec 20 6 months \$'000	31 Dec 19 6 months \$'000	30 Jun 20 12 months \$'000
Revenue from operations	2	22,998	16,832	39,285
Expenses from operations				
Employment expenses		15,361	14,151	29,122
Software, printing and report delivery		1,307	1,353	2,694
Marketing		254	202	374
Communications		415	364	710
Insurance		1,215	1,179	2,271
Administration		523	830	1,418
Occupancy		261	424	771
Depreciation, amortisation & impairment		1,074	1,007	2,078
Impairment of right of use assets	11	131	182	497
Other operating expenses		980	1,104	1,817
		21,521	20,796	41,752
Results from operating activities		1,477	(3,964)	(2,467)
Financial income		2	-	18
Financial expenses		(188)	(260)	(494)
Net financing (expense) / income		(186)	(260)	(476)
Share of net profit / (loss) of associates accounted for using the equity method		174	(207)	(86)
Profit/ (Loss) before income tax		1,465	(4,431)	(3,029)
Income tax (Expense) / Benefit	5	(432)	977	474
Profit / (Loss) for the period attributable to members of the parent entity		1,033	(3,454)	(2,555)
Total other comprehensive income (net of tax)		-	-	-
Total comprehensive income / (loss) for the period attributable to members of the parent entity		1,033	(3,454)	(2,555)
Earnings per share	6			
Basic earnings per share		0.66 cents	(2.56 cents)	(1.76 cents)
Diluted earnings per share		0.65 cents	(2.56 cents)	(1.76 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 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Current assets				
Cash and cash equivalents		3,193	1,830	1,262
Term deposits		-	25	36
Trade and other receivables	7	4,058	4,673	3,039
Income tax receivable		-	-	54
Other current assets	8	2,107	895	2,059
Total current assets		9,358	7,423	6,450
Non-current assets				
Deferred tax assets	9	2,386	2,818	3,324
Term deposits		794	794	797
Plant & equipment	10	743	800	683
Right of use assets	11	2,948	2,580	3,425
Intangible assets	12	25,640	25,562	25,569
Investments in associated companies using the equity method	13	1,202	1,114	993
Total non-current assets		33,713	33,668	34,791
Total assets		43,071	41,091	41,241
Current liabilities				
Trade & other payables	14	3,456	2,196	2,308
Borrowings	15	1,300	1,300	2,578
Lease liabilities	16	1,362	1,158	1,224
Employee benefits	17	4,121	4,255	3,330
Total current liabilities		10,239	8,909	9,440
Non-current liabilities				
Borrowings	15	1,950	2,600	2,600
Lease liabilities	16	2,586	2,364	2,784
Deferred tax liabilities	9	-	-	4
Employee benefits	17	507	471	503
Provisions	18	182	182	128
Total non-current liabilities		5,225	5,617	6,019
Total liabilities		15,464	14,526	15,459
Net assets		27,607	26,565	25,782
Equity				
Issued capital	19	44,477	44,477	44,477
Accumulated deficit		(16,879)	(17,912)	(18,695)
Other reserves	20	9	-	-
Total equity		27,607	26,565	25,782

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	Accumulated deficit \$'000	Other reserves \$'000	Total \$'000
Balance as at 1 July 2019		39,293	(15,006)	-	24,287
Adjustment for change in accounting policy		-	(351)	-	(351)
Loss for the six months to 31 December 2019		-	(3,454)	-	(3,454)
Shares issued		5,644	-	-	5,644
Share issue costs (net of tax)		(460)	-	-	(460)
Profit for the six months to 30 June 2020		-	899	-	899
Balance as at 30 June 2020		44,477	(17,912)	-	26,565
Balance as at 1 July 2020		44,477	(17,912)	-	26,565
Profit for the period		-	1,033	-	1,033
Share based payments expense		-	-	9	9
Balance as at 31 December 2020		44,477	(16,879)	9	27,607

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 20 6 months \$'000	31 Dec 19 6 months \$'000	30 Jun 20 12 months \$'000
Cash flows from operating activities				
Cash receipts from customers		23,274	20,307	41,483
Government grants received		2,320	-	629
Cash paid to suppliers and employees		(22,348)	(24,218)	(42,826)
Interest received		2	-	18
Interest paid		(178)	(158)	(495)
Dividends received		86	-	-
Decrease in security deposits		25	85	98
Income taxes refunded		-	445	498
Net cash provided by / (used in) operating activities		3,181	(3,539)	(595)
Cash flows from investing activities				
Payments for property, plant & equipment	10	(147)	(13)	(324)
Payments for intangible assets	12	(323)	(644)	(870)
Payments for investments:				
Acquisition of associated entities	13	-	(629)	(628)
Net cash used in investing activities		(470)	(1,286)	(1,822)
Cash flows from financing activities				
Shares issued	19	-	5,010	5,010
Borrowings received		-	2,120	2,120
Repayment of borrowings		(650)	(2,190)	(3,469)
Repayment of lease liabilities		(698)	(669)	(1,230)
Dividends paid		-	-	-
Net cash (used in) / provided by financing activities		(1,348)	4,271	2,431
Net increase / (decrease) in cash and cash equivalents held		1,363	(554)	14
Cash and cash equivalents at the beginning of the period		1,830	1,816	1,816
Cash and cash equivalents at the end of the period		3,193	1,262	1,830

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

Notes to the Consolidated Financial Statements

1. Significant accounting policies

Reporting entity

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

The consolidated interim financial statements of the Company as at and for the six months ended 31 December 2020 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 2020, the 6 months to December 2019 and the 12 months to June 2020.
- Balance Sheet disclosures – as at 31 December 2020, 30 June 2020 and 31 December 2019.

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 2020.

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 2020.

The consolidated financial statements were authorised for issue by the directors on 11 February 2021.

2. Revenue from operations

	31 Dec 20 6 months \$'000	31 Dec 19 6 months \$'000	30 Jun 20 12 months \$'000
Revenue from rendering of services	20,675	15,718	36,666
Other income	2,323	1,114	2,619
	22,998	16,832	39,285

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 20 6 months \$'000	31 Dec 19 6 months \$'000	30 Jun 20 12 months \$'000
Revenue			
Government grants received	2,320	-	1,315
Insurance proceeds received	-	1,095	1,095
Licence termination fee	-	-	150
Expenses			
Consultants costs associated with cyber-attack response	-	716	791
Redundancy and termination costs	137	234	271
Impairment of right of use assets (note 11)	131	182	497

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

	31 Dec 20 6 months \$'000	31 Dec 19 6 months \$'000	30 Jun 20 12 months \$'000
Reconciliation of income tax expense / (benefit) to prima facie tax payable			
Profit / (Loss) from continuing operations before tax	1,465	(4,431)	(3,029)
Prima facie income tax expense / (benefit) calculated at 26% (Dec 19 & Jun 20: 27.5%) on profit / (loss)	381	(1,219)	(833)
Non-assessable income			
- Federal Government Cashflow Boost	(13)	-	(14)
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses			
- Entertainment	2	5	6
- Other expenses	11	4	1
Non-assessable share of (profit) / loss of associate	(45)	57	24
	336	(1,153)	(816)
Adjustments for prior years	(13)	(4)	179
Restatement of future tax benefit ¹	109	180	163
Income tax expense / (benefit)	432	(977)	(474)

Note 1: Impact of reduction in tax rates from 30% to 27.5% effective 1 July 2017 (taken up on 1 July 2019), from 27.5% to 26% effective 1 July 2020 (taken up on 30 June 2020) and from 26% to 25% effective 1 July 2021 (taken up on 31 December 2020) on deferred tax balances (Note 9).

6. Earnings per share

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

	31 Dec 20 6 months	31 Dec 19 6 months	30 Jun 20 12 months
Basic earnings per share	\$'000	\$'000	\$'000
Profit / (loss) attributable to ordinary shareholders of the company for the period	1,033	(3,454)	(2,555)
	Number	Number	Number
Issued ordinary shares at the start of the period	155,679,930	85,134,111	85,134,111
Shares issued during the period	-	70,545,819	70,545,819
Issued number of ordinary shares at end of the period	155,679,930	155,679,930	155,679,930
Weighted average number of ordinary shares during the period	155,679,930	134,976,266	145,271,530
Diluted earnings per share	\$'000	\$'000	\$'000
Profit / (loss) attributable to ordinary shareholders of the company for the period	1,033	(3,454)	(2,555)
	Number	Number	Number
Weighted average number of ordinary shares during the period	155,679,930	134,976,266	145,271,530
Options on issue at end of period	2,500,000	2,500,000	2,500,000
Antidilutive potential ordinary shares ¹	-	(2,500,000)	(2,500,000)
Performance rights on issue at end of period	1,000,000	-	-
Weighted average number of issued plus potential ordinary shares during the period	159,179,930	134,976,266	145,271,530

Note 1: For the 6 months ended 31 December 2019 and the 12 months ended 30 June 2020, the potential ordinary shares relating to options 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.

In the published financial reports for December 2019 and June 2020, the antidilutive potential shares were erroneously included in the diluted earnings per share calculation therefore understating the diluted loss per share.

7. Trade and other receivables

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Trade receivables	4,160	4,568	3,120
Provision for expected credit losses	(160)	(82)	(214)
Other receivables	58	187	133
	4,058	4,673	3,039

8. Other current assets

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Prepaid expenses	2,107	895	2,509

9. Deferred tax balances

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Deferred tax assets			
Employee provisions	1,055	1,000	911
Provision for expected credit losses	40	22	59
Accruals	24	35	60
Make good provisions	45	47	35
“Black hole” expenditure ¹	111	131	196
Right of use assets (lease liability minus NBV)	250	245	153
Other	-	1	2
	1,525	1,481	1,416
Tax losses	861	1,337	1,908
	2,386	2,818	3,324
Deferred tax liabilities			
NBV of make good asset	-	-	4

Note 1: This relates to share issue costs that, in accordance with s40-880 of the Income Tax Assessment Act 1936, are deductible for income tax over a five-year period.

10. Plant & equipment

	Office equipment \$'000	Furniture & fittings \$'000	Leasehold improvements \$'000	Total \$'000
Cost				
Balance at 1 Jul 2019	1,983	615	433	3,031
Additions – cash	13	-	-	13
Balance at 31 Dec 2019	1,996	615	433	3,044
Balance at 1 Jan 2020	1,996	615	433	3,044
Additions – cash	143	9	159	311
Additions – non-cash	-	-	54	54
Disposals	-	(3)	(84)	(87)
Balance at 30 Jun 2020	2,139	621	562	3,322
Balance at 1 Jul 2020	2,139	621	562	3,322
Acquisitions	106	29	12	147
Disposals	-	-	-	-
Balance at 31 Dec 2020	2,245	650	574	3,469
Accumulated depreciation				
Balance at 1 Jul 2019	1,539	387	225	2,151
Depreciation charge for the period	137	47	26	210
Balance at 31 Dec 2019	1,676	434	251	2,361
Balance at 1 Jan 2020	1,676	434	251	2,361
Depreciation charge for the period	130	36	82	248
Disposals	-	(3)	(84)	(87)
Balance at 30 Jun 2020	1,806	467	249	2,522
Balance at 1 Jul 2020	1,806	467	249	2,522
Depreciation charge for the period	127	34	43	204
Disposals	-	-	-	-
Balance at 31 Dec 2020	1,933	501	292	2,726
Carrying amounts				
31 Dec 2019	320	181	182	683
30 Jun 2020	333	154	313	800
31 Dec 2020	312	149	282	743

11. Right of Use Assets

	Buildings \$'000	Office equipment \$'000	Total \$'000
Cost			
Balance at 1 Jul 2019	-	-	-
Change of accounting policy	6,794	142	6,936
Balance at 31 Dec 2019	6,794	142	6,936
Balance at 1 Jan 2020	6,794	142	6,936
Acquisitions	62	-	62
Disposals	(402)	-	(402)
Balance at 30 Jun 2020	6,454	142	6,596
Balance at 1 Jul 2020	6,454	142	6,596
Acquisitions – non-cash	1,150	-	1,150
Disposals	(232)	-	(232)
Balance at 31 Dec 2020	7,432	142	7,514
Accumulated depreciation			
Balance at 1 Jul 2019	-	-	-
Change of accounting policy	2,719	61	2,780
Depreciation charge for the period	525	24	549
Impairment charge for the period ¹	182	-	182
Disposals	-	-	-
Balance at 31 Dec 2019	3,426	85	3,511
Balance at 1 Jan 2020	3,426	85	3,511
Depreciation charge for the period	566	24	590
Impairment charge for the period ¹	315	-	315
Disposals	(400)	-	(400)
Balance at 30 Jun 2020	3,907	109	4,016
Balance at 1 Jul 2020	3,907	109	4,016
Depreciation charge for the period	599	25	625
Impairment charge for the period ¹	131	-	131
Disposals	(205)	-	(204)
Balance at 31 Dec 2020	4,432	134	4,566
Carrying amounts			
31 Dec 2019	3,368	57	3,425
30 Jun 2020	2,547	33	2,580
31 Dec 2020	2,940	8	2,948

Note 1: The impairment charges relate to the right of use assets comprising office leases that are no longer used by the business and have been vacated by the business. There are two such leases which have now both been sub-let.

The impairment charges represents the difference between the net book value of the assets and the net present value of future expected sub-lease income.

12. Intangible assets

	Goodwill \$'000	Customer relationships \$'000	Computer software \$'000	Brands & Trademarks \$'000	Total \$'000
Balance at 1 Jul 2019	13,884	10,000	1,247	42	25,173
Acquisitions	-	-	402	242	644
Amortisation	-	-	(206)	-	(206)
Impairment charge	-	-	-	(42)	(42)
Balance at 31 Dec 2019	13,884	10,000	1,443	242	25,569
Balance at 1 Jan 2020	13,884	10,000	1,443	242	25,569
Acquisitions	-	-	215	-	215
Amortisation	-	-	(222)	-	(222)
Balance at 30 Jun 2020	13,884	10,000	1,436	242	25,562
Balance at 1 Jul 2020	13,884	10,000	1,436	242	25,562
Acquisitions	-	-	323	-	323
Amortisation	-	-	(245)	-	(245)
Balance at 31 Dec 2020	13,884	10,000	1,514	242	25,640

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 2020.

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

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

Assumption	How determined
Cash flows	<p>The forecast 5-year cash flows are based on forecast results for the year ended 30 June 2021.</p> <p>The 2021 forecast forms the basis of cash flows in subsequent financial years based on the following assumptions:</p> <ul style="list-style-type: none"> - retention of major client contracts and ongoing growth in revenues of 3-4% per annum - no increase in overhead expenses in the first year and 3% increase in the years thereafter - increase in employee expenses calculated as 50-60% of the increase in revenue since the prior year - terminal value at the end of year 5 based on year 5 cashflows
Discount rate	<p>The discount rate adopted was a pre-tax rate of 11.8% and was based on the current risk-free interest rate and business specific risk factors, market borrowing rates and investor expected returns.</p>

13. Investments in associated companies using the equity method

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Acumentis (WA) Holdings Pty Ltd	1,202	1,114	993
Carrying value			
Carrying value at start of period	1,114	571	571
Additional investment ¹	-	628	628
Share of comprehensive profit / (loss) for period	174	(85)	(206)
Dividends received	(86)	-	-
Impairment of investment	-	-	-
Carrying value at end of period	1,202	1,114	993
Reconciliation to carrying value			
Net assets of Acumentis (WA) Holdings Pty Ltd	5,122	4,913	4,659
Consolidated entities share of closing net assets	42.2%	42.2%	42.2%
Consolidated entities share of closing net assets	2,161	2,073	1,966
Unrecognised discount on acquisition	(206)	(206)	(220)
Impairment of investment	(753)	(753)	(753)
Carrying value of interest in associate	1,202	1,114	993

Note 1: Effective 26 August 2019, the Consolidated Entity acquired an additional 8.4% of the existing share capital of Acumentis (WA) Holdings Pty Ltd for consideration of \$221,076. Effective 13 September 2019, Acumentis (WA) Holdings Pty Ltd issued new shares to the Consolidated Entity taking its ownerships from 33.4% to 42.2% for consideration of \$407,254.

14. Trade and other payables

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Trade payables	1,412	994	1,227
Other payables and accrued expenses	2,044	1,202	1,081
	3,456	2,196	2,308

15. Borrowings

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Current			
Short term loan	-	-	1,278
Commercial bank bills	1,300	1,300	1,300
	1,300	1,300	2,578
Non-current			
Commercial bank bills	1,950	2,600	2,600
Total	3,250	3,900	5,178

The short-term loan related to insurance premium financing and is secured against the underlying insurance policy only. The loan carried a fixed interest rate of 5.1% and was fully repaid prior to 30 June 2020. The insurance premium was not financed in the current financial year.

The commercial bank bills are secured by fixed and floating charges over the assets of the Consolidated Entity. The bank bills carry floating interest rate of BBSY + 2.6% and have a 5-year term ending 12 April 2023 with six monthly repayments amortising the balance over the term.

	Short-term loan \$'000	Bank bills \$'000	Total \$'000
Balance as at 1 July 2019	249	5,000	5,249
Additions	2,120	-	2,120
Repayments	(1,091)	(1,100)	(2,191)
Balance as at 31 December 2019	<u>1,278</u>	<u>3,900</u>	<u>5,178</u>
Balance as at 1 January 2020	1,278	3,900	5,178
Repayments	(1,278)	-	(1,278)
Balance as at 30 June 2020	<u>-</u>	<u>3,900</u>	<u>3,900</u>
Balance as at 1 July 2020	-	3,900	3,900
Additions	-	-	-
Repayments	-	(650)	(650)
Balance as at 31 December 2020	-	3,250	3,250

16. Lease Liabilities

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Current			
Right of use assets	1,362	1,158	1,198
Other leases	-	-	26
	<u>1,362</u>	<u>1,158</u>	<u>1,224</u>
Non-current			
Right of use assets	2,586	2,364	2,784
	<u>3,948</u>	<u>3,522</u>	<u>4,008</u>
Total			

17. Employee Benefits

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Current			
Annual leave	1,880	1,747	1,292
Long services leave	1,600	1,628	1,516
Performance pay	641	880	522
	4,121	4,255	3,330
Non-current			
Long service leave	507	471	503

18. Provisions

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Non-current			
Make good	182	182	128

Movement in provisions

	Operating lease \$'000	Make good \$'000	Total \$'000
Balance as at 1 July 2019	64	128	192
Change in accounting policy	(64)	-	(64)
Balance as at 31 December 2019	-	128	128
Balance as at 1 January 2020	-	128	128
Utilised during period	-	(8)	(8)
Increase during period	-	62	62
Balance as at 30 June 2020	-	182	182
Balance as at 1 July 2020	-	182	182
Utilised during period	-	-	-
Increase during period	-	-	-
Balance as at 31 December 2020	-	182	182

19. 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 1 July 2019	85,134,111	39,293
Issued during the period ¹	70,545,819	5,184
Balance as at 31 December 2019	155,679,930	44,477
Issued during the period	-	-
Balance as at 30 June 2020	155,679,930	44,477
Issued during period	-	-
Balance as at 31 December 2020	155,679,930	44,477

Note 1: On 23 August 2019, the company undertook a partially underwritten, 4 for 5 entitlements issue at 8 cents a share which was fully subscribed and resulted in the issue of 68,045,819 ordinary shares and proceeds (net of offer and placement costs) of \$5,009,667 plus a future tax benefit of \$174,350 resulting in an increase in share capital of \$5,184,016.

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

Options

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

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

Performance Rights

On 15 October 2020, the Company issued 1,000,000 performance rights to the CEO as a long term incentive under the Acumentis Employee Share Plan.

The performance rights have the following vesting conditions:

- Service Condition – the CEO must remain employed for 3 years (to finalisation of FY23 audit of the financial statements). If the service condition is not met, none of the performance rights will vest.
- Market Condition – 50% or 500,000 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 July 2020 to 30 June 2023.
- Performance Condition – the remaining 500,000 performance rights will vest pro-rata based on the earnings per share of Acumentis Group Limited being between 2.4 cents and 3.2 cents for the year ended 30 June 2023.

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 a Monte Carlo simulation at \$118,250 and this will be provided for over the vesting period of the rights to 30 June 2023 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.

20. Other Reserves

	31 Dec 20 \$'000	30 Jun 20 \$'000	31 Dec 19 \$'000
Share based payments reserve	9	-	-
Movement in other reserves	\$'000		
Balance as at 1 July 2020	-		
Share based payment expense	9		
Balance as at 31 December 2020	9		

21. Going Concern

The Company was the subject of two cyber-attacks in the first half of calendar 2019 which resulted in a number of clients suspending utilisation of Company's services with a resulting reduction in revenues, profits and cashflows.

During the second half of calendar 2019 and through calendar 2020, the Company has invested heavily in improving its information security stance resulting in ISO27001 and IRAP certification and has been successful in being reinstated by the majority of its clients. The Company also undertook a successful capital raise of \$5.64M in August 2019.

The COVID-19 pandemic resulted in relatively small adverse impacts on revenues as a result of border restrictions and uncertainty in the economic future and hence asset values. The business had returned to largely normal trading by the third quarter of calendar 2020. The Company qualified for the first tranche of JobKeeper and this assisted in supporting the business through the period April to September 2020.

The business is now trading profitably again and has prepared detailed forecasts for the future confirming the longer term improvements to its trading performance.

Based on the improved trading, period end cash balances held and the strength of the current balance sheet, 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.

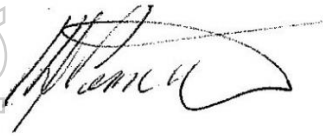
Directors' Declaration

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

- 1) The financial statements and notes set out on pages 6 to 22, 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 2020 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 11th day of February 2021.

Signed in accordance with a resolution of the directors:



Keith Perrett
Chair

Acumentis Group Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Acumentis Group Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant 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 Acumentis Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 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.

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

Responsibility of 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.

ACCOUNTANTS & ADVISORS

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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 Company's financial position as at 31 December 2020 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.

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

William Buck
Accountants & Advisors
ABN: 16 021 300 521

A handwritten signature in black ink that reads 'L.E. Tutt'.

L.E. Tutt
Partner

Sydney, 11 February 2021

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