Infocus Wealth Management Limited

ABN 28 103 551 015

Interim consolidated financial statements for the half-year ended 31 December 2019

Infocus Wealth Management Limited
Directors' report
For the half-year ended 31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Infocus Wealth Management Limited (referred to hereafter as the 'company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The names of the directors of the company during or since the end of the half-year are:

Roy McKelvie (Chairman)
Darren Steinhardt (Managing Director)
David Hasib
Jonathan Hubbard
Karen Smith-Pomeroy

Review of operations and results

The profit for the Group for the half-year after providing for income tax amounted to $261k (31 December 2018: $290k).

Advice and services revenue increased by 13% over the prior period as a result of the recruitment of new advisers over the past twelve months. However, a change in the mix of this revenue has seen an overall decrease of 5% in net revenue retained by the Group.

Corporate expenses have been carefully managed with a 11% decrease in employee benefits expense, whilst other operating expenses excluding occupancy costs increased by 2.5% compared to the prior period.

Occupancy costs are not comparable to the prior period as a result of the adoption of AASB 16 *Leases* (refer to note 9 for further details)

On the statement of financial position, net assets have increased by $155k over the half-year, with reduction in borrowings of $922k.

Rounding of amounts

The company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the half-year financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Events after the reporting period

The company intends to issue an Information Memorandum on 9 March 2020 seeking to raise approximately $300k in convertible notes on similar terms to those already in issue.

Legal action was commenced by the Company against a former adviser for recovery of losses incurred as a result of advice provided by the latter. On 4 March, a commercial decision was made to accept a lesser sum in order to resolve the issue in a timely manner without further court action. As a result there will be a bad debt write-off of approximately $144k that will be reflected in the financial statements for the year ended 30 June 2020.

Except in relation to the above, no matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page of this half-year financial report and forms part of this Directors' Report.

This report is made in accordance with a resolution of the Directors:

Roy McKelvie
Chairman

Maroochydore
6 March 2020

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GPO Box 457 Brisbane QLD 4001
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DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF INFOCUS WEALTH MANAGEMENT LIMITED

As lead auditor for the review of Infocus Wealth Management 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 Infocus Wealth Management Limited and the entities it controlled during the period.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 6 March 2020

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General information

Infocus Wealth Management Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 2 Cnr Maroochydore Rd & Evans St Maroochydore QLD 4558	Level 2 Cnr Maroochydore Rd & Evans St Maroochydore QLD 4558

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Infocus Wealth Management Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019* $'000	Consolidated 31 Dec 2018 $'000
Advice and services revenue		32,884	29,137
Advice and services fees and commissions paid		(23,954)	(19,691)
Employee benefits expense		(4,845)	(5,472)
Professional fees		(809)	(688)
Occupancy costs		(229)	(699)
Marketing, advertising and conference costs		(329)	(297)
Technology costs		(243)	(295)
Other expenses		(847)	(893)
Operating profit	9	1,628	1,102
Depreciation and amortisation expenses	9	(911)	(588)
Finance costs	9	(451)	(466)
Other income		103	328
Profit before income tax expense		369	376
Income tax expense		(108)	(86)
Profit for the half-year		261	290
Total comprehensive income for the half-year		261	290
Profit for the half-year is attributable to:			
Non-controlling interest		38	58
Owners of Infocus Wealth Management Limited		223	232
		261	290
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		38	58
Owners of Infocus Wealth Management Limited		223	232
		261	290

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

* Reflects the adoption of AASB 16 Leases on 1 July 2019. As permitted by the standard, the Group has not restated the comparative information.

Infocus Wealth Management Limited
Statement of financial position
As at 31 December 2019

	Consolidated	
	31 Dec 2019*	**30 Jun 2019**
	$'000	**$'000**
Assets		
Current assets		
Cash and cash equivalents	966	1,118
Trade and other receivables and contract assets	6,973	7,670
Current tax assets	11	2
Total current assets	7,950	8,790
Non-current assets		
Other receivables and contract assets	1,215	1,150
Property, plant and equipment	540	513
Intangibles	22,740	22,495
Right-of-use lease assets	2,314	-
Deferred tax	904	920
Total non-current assets	27,713	25,078
Total assets	35,663	33,868
Liabilities		
Current liabilities		
Trade and other payables	5,565	5,284
Current tax liabilities	-	21
Borrowings	3,505	4,281
Provisions	18	191
Employee benefits	735	810
Lease liabilities	715	-
Total current liabilities	10,538	10,587
Non-current liabilities		
Trade and other payables	120	-
Borrowings	8,888	9,034
Employee benefits	114	106
Lease liabilities	1,661	-
Deferred tax	216	170
Total non-current liabilities	10,999	9,310
Total liabilities	21,537	19,897
Net assets	14,126	13,971
Equity		
Share capital	14,189	14,189
Reserves	(513)	(489)
Retained profits	446	262
Equity attributable to the owners of the parent	14,122	13,962
Non-controlling interest	4	9
Total equity	14,126	13,971

The above statement of financial position should be read in conjunction with the accompanying notes.

*Reflects the adoption of AASB 16 Leases on 1 July 2019. As permitted by the standard, the Group has not restated the comparative information.

Infocus Wealth Management Limited
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Issued capital $'000	Reserves $'000	Retained profits/ (accumulated losses) $'000	Total controlling interest $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2018	12,517	(489)	(1,498)	10,530	55	10,585
Effect of change in accounting policy – AASB 15	-	-	1,387	1,387	-	1,387
Balance at 1 July 2018 - restated	12,517	(489)	(111)	11,917	55	11,972
Total comprehensive income for the half-year	-	-	232	232	58	290
Issue of shares as consideration for a business combination	1,672	-	-	1,672	-	1,672
Transactions with owners in their capacity as owners:						
Dividends paid (note 7)	-	-	-	-	(84)	(84)
Balance at 31 December 2018	14,189	(489)	121	13,821	29	13,850

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total controlling interest $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019	14,189	(489)	262	13,962	9	13,971
Effect of change in accounting policy – AASB 16 (note 9)	-	-	(39)	(39)	-	(39)
Balance at 1 July 2019 - restated	14,189	(489)	223	13,923	9	13,932
Total comprehensive income for the half-year	-	-	223	223	38	261
Purchase of remaining shares in subsidiary (note 2)	-	(24)	-	(24)	(6)	(30)
Transactions with owners in their capacity as owners:						
Dividends paid (note 7)	-	-	-	-	(37)	(37)
Balance at 31 December 2019	14,189	(513)	446	14,122	4	14,126

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Infocus Wealth Management Limited
Statement of cash flows
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019* $'000	Consolidated 31 Dec 2018 $'000
Cash flows from operating activities			
Receipts from customers		33,012	28,738
Payments to suppliers and employees		(30,535)	(27,307)
Interest received		28	1
Interest and other finance costs paid		(451)	(466)
Dividends received		20	47
Income tax paid		(74)	(81)
Net cash from operating activities		2,000	932
Cash flows from investing activities			
Proceeds from sale of assets		-	1,162
Payments for purchase of subsidiary	2	(30)	-
Payments for property, plant and equipment		(130)	(9)
Payments for intangibles		(400)	(114)
Net cash (used in)/from investing activities		(560)	1,039
Cash flows from financing activities			
Proceeds from borrowings		558	-
Repayment of borrowings		(1,508)	(2,220)
Payments of lease liabilities		(491)	-
Dividends paid	7	(37)	(84)
Net cash (used in) financing activities		(1,478)	(2,304)
Net (decrease) in cash and cash equivalents		(38)	(333)
Cash and cash equivalents at the beginning of the half-year		(938)	(803)
Cash and cash equivalents at the end of the half-year	4	(976)	(1,136)

The above statement of cash flows should be read in conjunction with the accompanying notes.

*Reflects the adoption of AASB 16 Leases on 1 July 2019. As permitted by the standard, the Group has not restated the comparative information.

Note 1. Significant accounting policies

(a) Statement of compliance

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 shall be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The consolidated half-year financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and therefore the amounts contained in the half-year financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

The 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 company's 2019 annual consolidated financial report for the year ended 30 June 2019, except for the impact of any new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated half-year financial statements have been approved and authorised for issue by the Board of Directors on 6 March 2020.

(c) New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to their operations and effective for the current half-year. Disclosures required by these standards that are deemed material have been included in these consolidated half-year financial statements on the basis they represent a significant change in information from that previously available.

AASB16 *Leases* became effective for the Group on 1 July 2019 and as a result the Group changed its accounting policies and made adjustments to opening retained earnings at 1 July 2019. The impact of the adoption of AASB 16 Leases is disclosed in note 9 Changes in accounting policies.

(d) Use of judgement, estimates and assumptions

When preparing consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the consolidated interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the company's last annual consolidated financial report for the year ended 30 June 2019.

(e) Going concern

The half-year financial report has been prepared on a 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.

The Group has a profit after tax for the half-year ended 31 December 2019 of $261k (2018: $290k). The Group has an excess of current liabilities over current assets at balance date of $2,588k (June 2019 $1,797k). The Group remains in technical breach of its bank covenants at 31 December 2019. However, as the bank is aware of this, has confirmed its intention to continue to support the Group's operations, and has advised that it does not intend to take action as a result of the breach, the bank debt has been classified into current and non-current liabilities.

The ability of the Company to continue as a going concern including meeting operating cash requirements and paying debts as and when they fall due is dependent on:

- achieving profitability and generating sufficient operating cash inflows;
- continued financial support from its financiers; and
- securing additional capital investment where required.

These conditions give rise to a material uncertainty over the Group's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- the Group is generating profits and positive cash flows from operations;
- the Group continues to enjoy the support of its financiers;
- the Group is successfully achieving its growth strategies to increase profitability and increase cash inflows in future years in alignment with its forecasts; and
- the Group's cashflow projections show that it will continue to pay all of its debts as and when they fall due, including all interest and capital repayments to the Group financiers, over its projection period.

The directors are of the opinion the company will continue normal business activities and be able to realise its assets and liabilities in the ordinary course of business. The Group has taken appropriate action and steps to manage its cash flows and bank covenants.

Note 2. Acquisition of subsidiary

On 1 July 2019, the Group purchased the remaining 50% interest in Announcer Business Advisory Pty Ltd (name was changed to Infocus Tax & Business Advisory Pty Ltd) for $30k.

Note 3. Fair value of financial assets and financial liabilities

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

Financial instruments measured at fair value are categorised under a three-level hierarchy as outlined below:

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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has assessed its financial instruments recorded at fair value and these are categorised under fair value hierarchy. The carrying amount and fair value of financial assets and financial liabilities are held at amortised cost. The methodology and assumptions used in determining fair values are as follows:

Cash and cash equivalents

The carrying amount of cash and cash equivalents is an approximation of fair value as they are short term in nature or are receivable on demand.

Trade and other receivables

Trade and other receivables are recognised at amortised cost net of any impairment losses. The estimated fair value of trade and other receivables represents the discounted amount of estimated future cash flows expected to be received.

Trade and other payables

Trade and other payables are an approximation of fair values as they are short term in nature

Borrowings

The Group has borrowings which are not measured at fair value in the statement of financial position. The fair value of borrowings is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group. The Group is of the view that underlying assumptions and factors have not changed in this reporting period and the carrying amounts of borrowings is an approximation of fair values at reporting date.

Fair value hierarchy

Borrowings

These are classified as Level 2 as the inputs into the fair value models (being current market rates) used to determine fair value are observable.

Deferred and contingent consideration

This was classified as Level 3 and related to the business combination with issue of shares in the Company to the former shareholders of Announcer Group. The fair value at 30 June 2018 was dependent upon the share price of the Company at 30 June 2018. This financial liability was fully settled upon issue of fully paid ordinary shares on 27 September 2018.

	Consolidated	
	Half-year ended 31 Dec 2019 $'000	**Half-year ended 31 Dec 2018 $'000**
Opening balance 1 July	-	1,874
Gain recognised in profit or loss under other income	-	(202)
Issue of shares	-	(1,672)
Closing balance 31 December	-	-

Note 4. Reconciliation to cash and cash equivalents per statement of cash flows

	31 Dec 2019 $'000	**31 Dec 2018 $'000**
Cash and cash equivalents	966	1,042
Bank overdraft	(1,942)	(2,178)
Balance as per statement of cash flows	(976)	(1,136)

Note 5. Related party transactions

The Group has paid a director for his services; Mr D. Steinhardt and his spouse Mrs S. Steinhardt and an entity related to Mr D. Steinhardt and Mrs S. Steinhardt for executive and other activities, for rental premises in Maroochydore, and for providing financial guarantees to the Group's bankers:

	Half-year ended 31 Dec 2019 $	Half-year ended 31 Dec 2018 $
Payment for services	505,936	465,001

The Group has issued convertible notes payable to key management personnel as follows:

Convertible notes	525,000	400,000

The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 6 June 2021 with a coupon rate of 9% per annum paid semi-annually. The conversion rate is 2.38 shares for each note held and each conversion request from a noteholder must be for a minimum of $10k worth of notes.

Terms and conditions

All related party transactions were made on normal commercial terms and conditions and at market rates.

J. Hubbard and D. Steinhardt are clients of a controlled entity within the Group, this relationship is on normal commercial terms and conditions.

Note 6. Contingent liabilities and contingent assets

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.

The Group has received claims and is defending these claims, and is unable to assign a value to these claims with any certainty and has not provided for them.

Except as per above, there were no material contingent liabilities or contingent assets at the date of this report.

Note 7. Dividends

	Half year ended 31 Dec 2019 $'000	Half year ended 31 Dec 2018 $'000
Dividends paid during the half-year		
On ordinary shares to owners of Infocus Wealth Management Limited:		
Dividends paid during the half-year to owners of Infocus Wealth Management Limited	-	-
Dividends paid to non-controlling interests:		
Dividends provided for or paid during the half-year to non-controlling interests	37	84
Total dividends paid	37	84

Note 8. Events after the reporting period

The company intends to issue an Information Memorandum on 9 March 2020 seeking to raise approximately $300k in convertible notes on similar terms to those already in issue.

Legal action was commenced by the Company against a former adviser for recovery of losses incurred as a result of advice provided by the latter. On 4 March, a commercial decision was made to accept a lesser sum in order to resolve the issue in a timely manner without further court action. As a result there will be a bad debt write-off of approximately $144k that will be reflected in the financial statements for the year ended 30 June 2020.

Except in relation to the above, no matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 9. Changes in accounting policies

(i) AASB 16 *Leases*

This note explains the impact of the adoption of AASB 16 Leases on the Group’s financial statements and discloses the new accounting policies and changes in accounting estimates that have been applied from 1 July 2019.

Impact on Statement of financial position

The Group has adopted AASB 16 using the modified retrospective approach from 1 July 2019 and as such has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statements of financial position on 1 July 2019.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of the former AASB 17 *Leases.*

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as at 1 July 2019. The Group’s incremental borrowing rate applied to all lease liabilities was 5% at 1 July 2019. There were no leases previously recorded as finance leases.

Lease liabilities recognised in the statement of financial position at the date of initial application are reconciled as follows:

	1 July 2019 $’000
Operating lease commitments disclosed as at 30 June 2019	3,339
Less: leases with remaining term less than 12 months as expense	(122)
Add: other minor adjustments relating to commitments disclosure	56
Operating lease commitments before discounting	3,273
Discounted using the lessee’s incremental borrowing rate	(685)
Lease liabilities recognised as at 1 July 2019	2,588
Comprising:	
Current lease liabilities	725
Non-current lease liabilities	1,863
	2,588

Note 9. Changes in accounting policies (continued)

The associated right-of-use lease assets for leases were measured on a retrospective basis as if the new rules had always been applied. The recognised right-of-use lease assets relate to the following types of assets:

	1 July 2019
	$'000
Properties	2,473
Equipment	60
Total	2,533

The effect of these changes on the statement of financial position on 1 July 2019 was as follows:

	1 July 2019
	$'000
Right-of-use lease assets	2,533
Deferred tax assets	16
Total impact on assets	**2,549**
Lease liabilities	**2,588**
Net impact on retained earnings	**(39)**

(i) AASB 16 *Leases (continued)*

Impact on earnings

The impact on the consolidated profit and loss for the half year ended 31 December 2019 as a result of the adoption of the new leases standard is set out below. The 'Historical' profit and loss reflects the results of the Group in accordance with the previous leasing standard AASB 17.The 'Reported' profit and loss reflects the results of the Group as reported in the Statement of profit or loss and other comprehensive income, prepared in accordance with the new leasing standard AASB 16 *Leases*.

	Historical	**Impact**	**Reported**
	$'000	**$'000**	**$'000**
Operating profit	1,137	491	1,628
Other income	103	-	103
EBITDA	**1,240**	**491**	**1,731**
Depreciation and amortisation	(478)	(433)	(911)
Finance costs	(387)	(64)	(451)
Profit before income tax	**375**	**(6)**	**369**
Income tax expense	(110)	2	(108)
Profit for the half-year	**265**	**(4)**	**261**

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Note 9. Changes in accounting policies (continued)

The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and lease assets may not be used as security for borrowing purposes.

Until the end of the 2019 financial year, leases of property and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use lease asset and a corresponding liability, from the date the leased asset becomes available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of liability for each period. The right-of-use lease asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

(i) AASB 16 *Leases (continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of IT equipment.

Extension options

Extension options are included in some property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

Leases in holdover

Where a lease enters holdover, management estimate the expected lease term and rental based on the available information at the balance date. Any adjustments required due to changes in estimates or entering into a new lease agreement are recognised in profit or loss in the period the adjustments are made.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or remain in a leased location that has entered holdover. Extension options and holdover leases are only included in the lease term if the lease is reasonably certain to be extended.

Infocus Wealth Management Limited
Directors' declaration
For the half-year ended 31 December 2019

In the opinion of the Directors of Infocus Wealth Management Limited:

(a) The consolidated financial statements and notes of the Group are in accordance with the *Corporations Act 2001,* including:

  (i) Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

  (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting,* 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.

Signed in accordance with a resolution of the Directors:

Roy McKelvie
Chairman

Maroochydore
6 March 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Infocus Wealth Management Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Infocus Wealth Management 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, 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 *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1(e) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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.

BDO Audit Pty Ltd

BDO

Paul Gallagher

P A Gallagher
Director

Brisbane, 6 March 2020