



Infocus Wealth Management Limited

ACN 103 551 015

**Interim condensed consolidated financial statements for the
half-year ended 31 December 2023**

Infocus Wealth Management Limited
Directors' report
For the half-year ended 31 December 2023

The directors present their report, together with the interim 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 2023.

Directors

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

Roy McKelvie (Chairman)
Darren Steinhardt (Managing Director)
Craig Holland
David Hasib
Jonathan Hubbard

Review of operations and results

The loss of the Group for the half-year after providing for income tax amounted to \$993k (31 December 2022: \$1,332k).

The half-year to 31 December 2023 was a period of consolidation and restructuring for the business as it readies itself for future growth.

During the period the Group sold its 50% stake in Capalaba Financial Planning Pty Ltd to existing B2B advisory business Wealth Connexion, and also sold the Infocus Advisory "B2C" Brisbane client book to Wealth Connexion. The Group now holds a 20% equity stake in Wealth Connexion and believes a better return can be generated from the combined business. The advisory staff have transferred employment to Wealth Connexion and the Group has exited the lease on the former office in Creek Street, Brisbane.

The Group has also exited the lease on the former office in Pitt Street, Sydney. A number of staff were made redundant as the business operations of that office were reorganised/relocated.

The full annual benefits from this reorganisation will be reflected in the results for the year to 30 June 2025.

The half-year also saw continued progress in the Group's strategy to rebuild the platform and investment revenues that were decimated following the Hayne Royal Commission. During the 6 months to 31 December 2023 revenue from infrastructure services was up 12% on the corresponding prior period to \$1,056k, and revenue from investment services up 127% to \$1,286k.

Funds under Administration on the Group's proprietary Platformplus WRAP platform grew by 75% from \$167m to \$292m in the 6 months to 31 December 2023. Funds under management by the Alpha investment team grew by 46% from \$1,052m to \$1,536m during the same period.

Total revenue for the half-year of \$36,631k was down 3% on the previous corresponding period as a result of lower advisory services revenue from both B2B and B2C offices. Advice and services revenue net of fees and commissions paid was up 7% to \$7,007k.

Total operating expenses for the half-year of \$36,396k were down 3.5% from the previous corresponding period. Operating profit for the period was \$311k (31 December 2022: \$10k).

The business generated operating cash flows of \$1,056k (31 December 2022: \$1,594k). On the statement of financial position, net assets have decreased by \$996k (11%) over the half-year, with a net increase in borrowings of \$840k (6%).

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

No matter or circumstance has arisen since 31 December 2023 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.

Infocus Wealth Management Limited
Directors' report
For the half-year ended 31 December 2023

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:

A handwritten signature in black ink, appearing to read 'Roy McKelvie', with a long horizontal flourish extending to the right.

Roy McKelvie
Chairman
Maroochydore
5 April 2024



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

To the Directors of Infocus Wealth Management Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Infocus Wealth Management Limited for the half-year ended 31 December 2023 there have been:

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

KPMG

KPMG

B E Lovell
Partner

Brisbane
5 April 2024

Infocus Wealth Management Limited
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For the half-year ended 31 December 2023

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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

Level 2, 37 Primary School Court
Maroochydore QLD 4558

Principal place of business

Level 2, 37 Primary School Court
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
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

| | Note | 31 Dec 2023 | 31 Dec 2022 |
|--|------|--------------|----------------|
| | | \$'000 | \$'000 |
| Advice and services revenue | 2 | 36,631 | 37,665 |
| Rental and dividend income | | 61 | 61 |
| Interest income | | 15 | 11 |
| Advice and services fees and commissions paid | | (29,624) | (31,104) |
| Bad and doubtful debts | | (11) | - |
| Employee benefits | | (4,657) | (4,752) |
| Marketing, advertising and conference costs | | (105) | (395) |
| Occupancy costs | | (281) | (233) |
| Professional fees | | (536) | (309) |
| Re-assessment of the net present value of mortgage trail commissions | | (78) | (115) |
| Technology costs | | (243) | (235) |
| Other expenses | | (861) | (584) |
| Operating profit from continuing operations | | <u>311</u> | <u>10</u> |
| Depreciation and amortisation expenses | | (823) | (976) |
| Finance costs | | (744) | (418) |
| Gain on sale of assets | | 315 | - |
| Share of profit from associates | 3 | <u>32</u> | <u>-</u> |
| (Loss) before income tax (expense)/benefit | | <u>(909)</u> | <u>(1,384)</u> |
| Income tax (expense)/benefit | | (72) | 4 |
| (Loss) for the half-year from continuing operations | | <u>(981)</u> | <u>(1,380)</u> |
| Discontinued operations | | | |
| (Loss)/profit from discontinued operations, net of tax | 11 | (12) | 48 |
| Total comprehensive (loss) for the half-year | | <u>(993)</u> | <u>(1,332)</u> |
| (Loss) for the half-year is attributable to: | | | |
| Non-controlling interest | | (6) | 24 |
| Owners of Infocus Wealth Management Limited | | <u>(987)</u> | <u>(1,356)</u> |
| | | <u>(993)</u> | <u>(1,332)</u> |
| Total comprehensive (loss) for the half-year is attributable to: | | | |
| Non-controlling interest | | (6) | 24 |
| Owners of Infocus Wealth Management Limited | | <u>(987)</u> | <u>(1,356)</u> |
| | | <u>(993)</u> | <u>(1,332)</u> |

*The comparative information has been restated in relation to discontinued operations as discussed in Note 11.

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

Infocus Wealth Management Limited
Condensed consolidated statement of financial position
As at 31 December 2023

| | Note | 31 Dec 2023 \$'000 | 30 June 2023 \$'000 |
|--|------|-----------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 1,913 | 635 |
| Term deposits | | 23 | 386 |
| Trade and other receivables | | 6,574 | 8,740 |
| Current tax assets | | - | 12 |
| Assets held for sale | | - | 2,101 |
| Total current assets | | <u>8,510</u> | <u>11,874</u> |
| Non-current assets | | | |
| Other receivables | | 1,154 | 477 |
| Investments | | 33 | 32 |
| Investments accounted for using the equity method | 3 | 1,688 | - |
| Property, plant and equipment | | 381 | 432 |
| Intangibles | | 20,428 | 20,511 |
| Right-of-use assets | | 378 | 722 |
| Deferred tax | | 765 | 867 |
| Total non-current assets | | <u>24,827</u> | <u>23,041</u> |
| Total assets | | <u>33,337</u> | <u>34,915</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 8,366 | 9,303 |
| Current tax liabilities | | 20 | - |
| Liabilities associated with assets classified as held for sale | | - | 25 |
| Borrowings | 5 | 11,066 | 10,436 |
| Lease liabilities | | 320 | 532 |
| Provisions | | 701 | 801 |
| Total current liabilities | | <u>20,473</u> | <u>21,097</u> |
| Non-current liabilities | | | |
| Trade and other payables | | 250 | 250 |
| Borrowings | 5 | 3,475 | 3,265 |
| Lease liabilities | | 93 | 255 |
| Provisions | | 208 | 185 |
| Deferred tax | | 758 | 787 |
| Total non-current liabilities | | <u>4,784</u> | <u>4,742</u> |
| Total liabilities | | <u>25,257</u> | <u>25,839</u> |
| Net assets | | <u>8,080</u> | <u>9,076</u> |
| Equity | | | |
| Share capital | | 16,240 | 16,240 |
| Reserves | | (513) | (513) |
| Accumulated losses | | (7,647) | (6,660) |
| Equity attributable to the owners of the parent | | <u>8,080</u> | <u>9,067</u> |
| Non-controlling interest | | - | 9 |
| Total equity | | <u>8,080</u> | <u>9,076</u> |

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

Infocus Wealth Management Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2023

| | Issued capital \$'000 | Reserves \$'000 | (Accumulated losses) \$'000 | Total controlling interest \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|---|--------------------------------------|----------------------------|--|--|---|------------------------------------|
| Balance at 1 July 2022 | 16,240 | (513) | (4,298) | 11,429 | 4 | 11,433 |
| Total comprehensive (loss) for the half-year | - | - | (1,356) | (1,356) | 24 | (1,332) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Dividends paid (note 10) | - | - | - | - | (24) | (24) |
| Balance at 31 December 2022 | 16,240 | (513) | (5,654) | 10,073 | 4 | 10,077 |

| | Issued capital \$'000 | Reserves \$'000 | (Accumulated losses) \$'000 | Total controlling interest \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|---|--------------------------------------|----------------------------|--|--|---|------------------------------------|
| Balance at 1 July 2023 | 16,240 | (513) | (6,660) | 9,067 | 9 | 9,076 |
| Total comprehensive (loss) for the half-year | - | - | (987) | (987) | (6) | (993) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Dividends paid (note 10) | - | - | - | - | (1) | (1) |
| Non-controlling interest disposed | - | - | - | - | (2) | (2) |
| Balance at 31 December 2023 | 16,240 | (513) | (7,647) | 8,080 | - | 8,080 |

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

Infocus Wealth Management Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2023

| | Note | 31 Dec 2023 | 31 Dec 2022 |
|---|------|-------------|-------------|
| | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 42,747 | 42,231 |
| Payments to suppliers and employees | | (41,031) | (40,244) |
| Interest received | | 15 | 11 |
| Interest and other finance costs paid | | (711) | (381) |
| Dividends received | | 11 | - |
| Income taxes received/(paid) | | 25 | (23) |
| | | <hr/> | <hr/> |
| Net cash provided by operating activities | | 1,056 | 1,594 |
| Cash flows from investing activities | | | |
| Distributions received from associate | 3 | 30 | - |
| Proceeds from sale of interest in controlled entity | 11 | 722 | - |
| Proceeds from sale of client portfolios | | - | 253 |
| Payments for investments | | (636) | (2) |
| Payments for property, plant and equipment | | (42) | (67) |
| Payments for intangibles | | (302) | (311) |
| | | <hr/> | <hr/> |
| Net cash (used in) investing activities | | (228) | (127) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 2,460 | 810 |
| Repayment of borrowings | | (1,620) | (1,300) |
| Payments of lease liabilities | | (387) | (464) |
| Dividends paid | 10 | (1) | (24) |
| | | <hr/> | <hr/> |
| Net cash provided by/(used in) financing activities | | 452 | (978) |
| Net increase in cash and cash equivalents | | 1,280 | 489 |
| Cash and cash equivalents at the beginning of the half-year | | <hr/> | <hr/> |
| | | (1,027) | (1,440) |
| Cash and cash equivalents at the end of the half-year | 4 | <hr/> | <hr/> |
| | | 253 | (951) |

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

Infocus Wealth Management Limited
Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2023

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 2023 annual consolidated financial report for the year ended 30 June 2023, 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 5 April 2024.

(c) New or amended accounting standards and interpretations

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are mandatory for the current reporting period and these standards do not have any impact on the Group's accounting policies.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(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 annual consolidated financial report for the year ended 30 June 2023.

(e) Investments in associates

Investments in associates are accounted for using the equity method.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Infocus Wealth Management Limited
Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2023

Note 1. Significant accounting policies (continued)

(f) 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 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.

The Group has a loss after tax for the half-year ended 31 December 2023 of \$993k (2022: \$1,332k). The Group has an excess of current liabilities over current assets at reporting date of \$11,963k (30 June 2023: \$9,223k).

It should be noted that the Group had undrawn borrowing facilities at reporting date of \$2,764k (30 June 2023: \$5,209k), and bank borrowings of \$10,883k (30 June 2023: \$9,213k). As per the treatment applied at 30 June 2023 all bank borrowings have been included as current liabilities at 31 December 2023, including the \$4,905k owing under the Australian government supported Small and Medium Enterprise Recovery Loan Scheme ("SMERLS") which is due to run through to 28 March 2032. Ordinarily, \$864k of this loan would be treated as current, with the remaining \$4,041k being non-current.

The financial performance of the Group for the half-year ended 31 December 2023 was not in compliance with all of the covenants required under the loan facilities with Westpac and as such the bank has the right to call in the debt if it so chooses. However, the bank has indicated willingness to continue to extend these facilities. The directors consider this should provide the Company the necessary ongoing funding to enable it to implement its growth strategies.

Included in bank borrowings at 31 December 2023 are two term loans which at balance date had maturity dates in February 2024. These facilities totalling \$4,970k at 31 December 2023, and drawn down to \$4,318k at balance date, have subsequent to year end through the receipt and acceptance of a finance offer, had their maturity dates extended to 30 September 2024 and will be reviewed again by the bank in August 2024 with a view to renegotiating these facilities.

The Company continues to take the necessary steps to manage its cash position as demonstrated by the following:

- The raising of \$3,475k in convertible notes (refer to Note 5); and
- Forecasts show net positive operating cash flows for calendar 2024 and the 2024/25 and 2025/26 financial years;

The directors are of the opinion the Group will continue normal business activities and be able to realise its assets and settle its liabilities in the ordinary course of business. The Group has taken appropriate action and steps to manage its cash flows and bank covenants going forwards and continues to receive the support of Westpac. However, in view of the fact that the bank is legally entitled to call in the debts owing to it if the Group continues to trade outside of the requirements of the covenants, and that the Group's bank borrowings at 31 December 2023 (including drawn overdraft balance) totalled \$10,883k (30 June 2023: \$9,213k), there is a material uncertainty surrounding the Group's ability to continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in this financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities, nor other appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Infocus Wealth Management Limited
Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2023

Note 2. Advice and services revenue

| | Consolidated | |
|-----------------------------------|---------------------|--------------------|
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | Restated* |
| | \$'000 | \$'000 |
| Financial advisory services | 34,289 | 36,154 |
| Infrastructure services | 1,056 | 945 |
| Investment management services | 1,286 | 566 |
| | <hr/> | <hr/> |
| Total advice and services revenue | 36,631 | 37,665 |
| | <hr/> | <hr/> |

*The comparative information has been restated in relation to discontinued operations as discussed in Note 11.

Note 3. Investments accounted for using the equity method

Investment in associate

The Group acquired a 20% equity interest in Wealth Connexion Unit Trust on 31 October 2023 in exchange for selling its Brisbane client portfolios to this entity which were classified as held for sale as at 30 June 2023.

Summary of the financial information regarding the Group's share in this associate is as follows:

| | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------------|--------------------|
| | \$'000 | \$'000 |
| Share of profit for the period | 32 | - |
| | <hr/> | <hr/> |
| Carrying amount of investment | 1,688 | - |
| | <hr/> | <hr/> |
| Changes in carrying amount of investment | | |
| At 1 July | - | - |
| Investment in associate | 1,686 | - |
| Share in net result for the period | 32 | - |
| Distributions received | (30) | - |
| At 31 December | <hr/> | <hr/> |
| | 1,688 | - |
| | <hr/> | <hr/> |

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

| | 31 Dec 2023 | 31 Dec 2022 |
|---|--------------------|--------------------|
| | \$'000 | \$'000 |
| Cash and cash equivalents | 1,913 | 929 |
| Bank overdraft (included in borrowings, refer Note 5) | (1,660) | (1,880) |
| | <hr/> | <hr/> |
| Balance as per statement of cash flows | 253 | (951) |
| | <hr/> | <hr/> |

Infocus Wealth Management Limited
Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2023

Note 5. Borrowings

| | Consolidated | |
|--|---------------------|---------------------|
| | 31 Dec 2023 | 30 June 2023 |
| | \$'000 | \$'000 |
| Current | | |
| Bank overdraft | 1,660 | 1,662 |
| Secured bank term loans ^(a) | 4,318 | 2,488 |
| Secured bank- SMERLS ^(b) | 4,905 | 5,063 |
| Unsecured corporate loans | 183 | 1,223 |
| | <hr/> | <hr/> |
| Total current borrowings | 11,066 | 10,436 |
| Non-current | | |
| Convertible notes ^(c) | 3,475 | 3,265 |
| Total non-current borrowings | 3,475 | 3,265 |
| | <hr/> | <hr/> |
| Total borrowings | 14,541 | 13,701 |

- (a) The Group has classified its bank loans as current liabilities as it was not in compliance with all of the covenants required under the term loan facilities with the Bank. For further information refer to the Going concern note 1(f).
- (b) The Group has a ten-year, loan facility offered by the Bank under the Australian Government's SME Recovery Loan Scheme (SMERLS). The Group has classified this loan facility as a current liability as it forms an integral part of the total Westpac facilities for the purpose of calculating covenant compliance, and as such is technically at call whilst covenants are not being fully met.
- (c) The Company issued 3,475,000 12.5% convertible notes for \$3,475k (\$3,265k at 30 June 2023) on a three-year term. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 20 June 2026. 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.

Assets pledged as security

The bank facilities are secured by a fixed and floating charge over the Group's assets and a guarantee from a major shareholder and director.

| | Consolidated | |
|--|---------------------|---------------------|
| | 31 Dec 2023 | 30 June 2023 |
| | \$'000 | \$'000 |
| <i>Financing arrangements</i> | | |
| Total facilities available from the bank | 13,702 | 14,422 |
| Facilities used at balance date | (10,938) | (9,213) |
| | <hr/> | <hr/> |
| Facilities available from bank at balance date | 2,764 | 5,209 |

Note 6. 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 the 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:

Infocus Wealth Management Limited
Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2023

Note 6. Fair value of financial assets and financial liabilities(continued)

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.

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.

Note 7. Related party transactions

Key management personnel compensation

Remuneration arrangements of key management personnel are disclosed in the company's annual consolidated financial report for the year ended 30 June 2023.

Transactions with related parties

Balances and transactions between the Company and its subsidiaries and controlled entities, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Group has paid employment costs to a director, Mr D. Steinhardt and his spouse Mrs S. Steinhardt, and rented premises in Maroochydore from a company related to Mr and Mrs Steinhardt.

| | Half-year ended 31 Dec 2023 | Half-year ended 31 Dec 2022 |
|---|--|--|
| | \$ | \$ |
| Employment costs – D Steinhardt | 228,699 | 227,646 |
| Employment costs – S Steinhardt | 42,126 | 36,234 |
| Payment for services – related entity for rental premises | 276,163 | 262,409 |
| Total | <u>546,988</u> | <u>526,289</u> |
| | 31 Dec 2023 | 30 June 2023 |
| | \$ | \$ |

Key management personnel held the following investments in debt securities of the Company at balance date:

| | | |
|-------------------|----------------|----------------|
| Convertible notes | <u>485,000</u> | <u>485,000</u> |
|-------------------|----------------|----------------|

Infocus Wealth Management Limited
Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2023

Note 7. Related party transactions (continued)

Terms and conditions

All related party transactions were made on normal commercial terms and conditions and at market rates. Directors J. Hubbard and D. Steinhardt are clients of a controlled entity within the Group, this relationship is on normal commercial terms and conditions. The Group has earned income from J. Hubbard of \$3,500 for half-year ended 31 December 2023 (31 December 2022 \$3,500). The Group has earned income from D. Steinhardt of \$2,223 for half-year ended 31 December 2023 (31 December 2022 \$1,640).

Note 8. 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 is unaware of any material contingent liabilities or contingent assets at the date of this report.

Note 9. Capital commitments

There were no material capital commitments at 31 December 2023.

Note 10. Dividends

| | Half year ended 31 Dec 2023 \$'000 | Half year ended 31 Dec 2022 \$'000 |
|--|---|---|
| Dividends paid during the half-year | | |
| <i>On ordinary shares to owners of Infocus Wealth Management Limited:</i> | | |
| Dividends paid during the half-year to owners of Infocus Wealth Management Limited | - | - |
| <i>Dividends paid to non-controlling interests:</i> | | |
| Dividends provided for or paid during the half-year to non-controlling interests | 1 | 24 |
| Total dividends paid | <u>1</u> | <u>24</u> |

Note 11. Discontinued operations and Assets held for sale

Discontinued operations and Assets held for sale – Capalaba Financial Planning Pty Ltd (CFP)

During the last financial year, the Group commenced a sales process of its interest in CFP to prospective buyers. Consequently, the assets and liabilities were classified as discontinued operations and assets held for sale in the 2023 consolidated financial statements. Revenue and expenses relating to the discontinuation of this entity have been eliminated from profit or loss from the Group's continuing operations and are shown as a single item in the consolidated profit or loss.

On 30 September 2023, the Group disposed its 50% interest in CFP in cash for \$722k.

Infocus Wealth Management Limited
Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2023

Note 11. Discontinued operations and Assets held for sale (continued)

For financial reporting purposes, the results of CFP are presented as discontinued operations.

Results for the half-year from discontinued operations until their disposal are as follows:

| | Half-year ended 31 Dec 2023 \$'000 | Half-year ended 31 Dec 2022 \$'000 |
|---|---|---|
| Revenue | 92 | 241 |
| Expenses | (104) | (177) |
| (Loss)/profit before tax from discontinued operations | (12) | 64 |
| Income tax expense | - | (16) |
| (Loss)/profit for the year from discontinued operations | (12) | 48 |
| (Loss)/profit from discontinued operations attributable to: | | |
| Owners of Infocus Wealth Management Limited | (6) | 24 |
| Non-controlling interest | (6) | 24 |
| Profit for the year from discontinued operations | (12) | 48 |
| Cash flows from discontinued operations | | |
| Net cash (used in)/provided by operating activities | (13) | 70 |
| Net cash (used in)/provided by discontinued operations | (13) | 70 |

Assets and liabilities of discontinued operations

At the date of disposal, the carrying amount of CFP's net assets were as follows:

| | 30 Sept 2023 | 30 June 2023 |
|--------------------------|---------------------|---------------------|
| | \$'000 | |
| Assets | | |
| Cash | 18 | 2 |
| Receivables | 4 | 41 |
| Current tax assets | - | 1 |
| Goodwill | 722 | 722 |
| Assets | 744 | 766 |
| Liabilities | | |
| Payables | 19 | 16 |
| Deferred tax liabilities | - | 9 |
| Liabilities | 19 | 25 |
| Net assets | 725 | 741 |

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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.

Infocus Wealth Management Limited
Directors' declaration
For the half-year ended 31 December 2023

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

- (a) The interim condensed 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 2023 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
5 April 2024



Independent Auditor's Review Report

To the shareholders of Infocus Wealth Management Limited

Conclusion

We have reviewed the accompanying **Condensed Half-year Financial Report** of Infocus Wealth Management Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Half-year Financial Report of Infocus Wealth Management Limited does not comply with the *Corporations Act 2001*, including:

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

The **Condensed Half-year Financial Report** comprises:

- Condensed Consolidated statement of financial position as at 31 December 2023
- Condensed Consolidated statement of profit or loss and other comprehensive income, Condensed Consolidated statement of changes in equity and Condensed Consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 12 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Infocus Wealth Management Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

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

Material uncertainty related to going concern

We draw attention to Note 1(f), "Going Concern" in the Condensed Half-year Financial Report. The events or conditions disclosed in Note 1(f), indicate material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Condensed Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Condensed Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Half-year Financial Report

Our responsibility is to express a conclusion on the Condensed 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 Condensed Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed 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.

KPMG

KPMG



B E Lovell
Partner

Brisbane
5 April 2024