ASX Announcement
23 August 2016

Appendix 4E and Annual Report for Year Ended 30 June 2016

- **FY16 statutory NPBT of $4.6m, up 79% on the prior year**
- **FY16 EBITDA of $6.4m, up 56% on the prior year**
- **FY16 NPAT of $4.3m, down 28% on prior year**
- **Fully franked final FY16 dividend of 1.2 cents per share**

Centrepoint Alliance Limited (ASX:CAF) ('Centrepoint') has made significant progress during the year to become Australia's most trusted and respected financial services business and at the same time record a net profit before tax of $4.6m, up 79% on prior year, and EBITDA of $6.4m, up 56% on prior year.

Centrepoint also announced a final dividend of 1.2 cps fully franked to be paid on 19 October 2016. Total dividends for FY16 of 2.2 cps consistent with the prior year.

The Wealth business is benefitting from its transformation over the last three years into a client centric contemporary wealth business, focussing on the needs of our client financial advice firms, with profit before tax up 75% to $5.4m compared to the prior year. The business significantly increased the number of quality financial advice firms and grew funds under management and administration.

The Lending business contributed a 22% increase in profit before tax to $2.5m driven by improved efficiencies in a challenging market.

The Group's net profit after tax of $4.3m included a $1.3m ($4.3m FY15) benefit from the recognition of deferred tax.

Operating cashflow has improved by $6.9m to $4.3m and cash and cash equivalents were $10.2m at 30 June 2016. This leaves the Group in a strong financial position from which to deliver on its strategy of organic and inorganic growth.

The Chairman, Alan Fisher, noted, "The team have done a fabulous job executing on the strategy over the last three years and this is beginning to be recognised in our results and by the market. The focus on quality client outcomes has differentiated Centrepoint from traditional, and typically institutional, competitors and is increasingly attracting like-minded client centric non-aligned advisers and brokers. We look forward to continuing to drive improvements across all areas of our business and improve the experience for our clients."

The Mortgage business has improved its position with a 13% increase in brokers and the successful outsourcing of its back office functions. The fundamentals of the premium funding business are strong with increased brokers and loans written, with $377 million written in FY16.

Managing Director, John de Zwart, said "The strategy to create a truly differentiated financial advice business in a rapidly evolving sector is leading to solid growth in an exciting market. The Lending team, who have achieved positive results over the past few years in a sector challenged by premium rate reductions, did a superb job to lift profit and maintain volumes.

“Only organisations that focus on their clients will succeed as the pace of change and the options available for client’s increases. Our business is well positioned as the non-aligned leader in our market. Our goal to be the most trusted and respected financial services organisation in Australia is delivering long term sustainable growth.

“We have developed an innovative range of solutions to help non-institutional advisers and brokers thrive. This has been driven by several years of investment in our team, technology and client solutions in both the Wealth and Lending businesses. We recently re-launched the Centrepoint Alliance brand and are now looking to capitalise on our presence and reputation within the financial services industry in the year ahead.”

Investor Briefing

John de Zwart, Managing Director, and John Cowan, Chief Financial Officer, will hold an investor briefing at 10:30am (AEST) on Wednesday, 24 August 2016.

If you wish to participate in the briefing please register at the ASX Announcements section of the Centrepoint website - www.centrepointalliance.com.au/investor-centre/asx-announcements/.

Centrepoint’s Appendix 4E and Annual Report are appended.

For further information please contact:

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CENTREPOINT ALLIANCE

CENTREPOINT ALLIANCE LIMITED

AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

Appendix 4E

Year ended 30 June 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			30 June 2016	30 June 2015
Revenues from ordinary activities	Down	0%	$41,881,000	$42,294,000
Profit before tax and non-controlling interests	Up	79%	$4,561,000	$2,553,000
Profit after tax attributable to members	Down	28%	$4,262,000	$5,880,000

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	1.2 cents	1.2 cents
Previous corresponding period	1.2 cents	1.2 cents
Record date for determining entitlements to dividend	26 September 2016	
Payment date of dividend	19 October 2016	
Dividend Reinvestment Plan		
Plan active	No	
Discount	N/A	
Pricing period	N/A	
Last DRP election date	N/A	
Net tangible assets per share	30 June 2016	30 June 2015
	16.94 cents	14.85 cents

Centrepoint Alliance Limited reported a net profit before tax of $4.6m, up 79% on the prior year. The Wealth net profit before tax increased by 75% to $5.4m. During the year Wealth has been successful in recruiting a significant number of new firm's and expanding the number of advisers using Centrepoint solutions. The Lending net profit before tax increased by 22% to $2.5m and was impacted by a continuing softer general insurance market. The mortgage business has improved its position with an increase in brokers and outsource of back office functions. This year the Group recognised $1.3m ($4.3m FY15) in deferred tax assets.

CENTREPOINT ALLIANCE LIMITED

AND ITS CONTROLLED ENTITIES

ABN 72 052 507 507

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Contents

Centrepoint Alliance Limited ('Centrepoint' or the 'Company') has made significant progress during the financial year ended 30 June 2016 ('FY16') in executing its strategy to become the most respected, independent financial services provider in Australia.

We are pleased to announce in FY16, a net profit before tax of $4.6m, after tax of $4.3m and an EBITDA[1] of $6.4m. There has been strong growth in earnings with profit before tax up 79% and EBITDA up 56% on the previous year. This growth improvement has not fully flowed through to an improved net profit after tax mainly due to the impact of the deferred tax adjustment last year and a final onerous lease adjustment related to the Gold Coast property. There continues to be a significant investment in new businesses and capabilities in line with our strategy to build an independent modern client-centric business which is widely respected among the wealth and general insurance industry.

Wealth benefited from the growth in new advisers joining the business and increasing net flows into the Ventura Managed Accounts Portfolios ('vMaps') solution. Whilst revenue has remained flat there has been a good transformation in the revenue base to the contemporary business model.

The Lending business continues to be impacted by a softer general insurance market which impacts the value of premiums funded. The Mortgage business has improved its position with an increase in brokers and the successful outsourcing of its back office functions.

The Board is pleased to announce a final dividend of 1.2 cents per share, fully franked, to be paid on 19 October 2016.

The last financial year has seen the business in a position to shift its focus to growth. The Centrepoint Alliance brand has been updated and the website has been redeveloped. We will continue to invest in the Centrepoint Alliance brand to fuel further growth. Our innovative separately managed account service vMAPs has been enhanced with the addition of two models managed by Dimensional Fund Advisors and Russell Investments. vMAPs uses latest technology and internationally leading service providers to deliver professional managed investments at a lower cost to traditional investment solutions. The salaried advice channel has had success in developing the life insurance business and we continue to focus on profitably growing this business line.

The premium funding banking facilities have been restructured with improved terms. Last year we established a premium funding business in New Zealand. This strategy did not gain enough traction and as a result of renegotiating the banking arrangement we made the decision to close the business. The fundamentals of the premium funding business are strong with increased broker numbers and loans written.

There has also been significant investment in people, technology and client solutions in both Centrepoint Wealth and Centrepoint Lending. This is an integral part of the Group's strategy to achieve sustainable, long term growth by delivering innovative solutions to meet customers' needs while assisting financial advisers and brokers to operate efficient and profitable businesses.

The Group is well placed to take advantage of the anticipated growth in both non-bank lending and wealth markets. We are well placed in our markets and are moving swiftly towards an easier client experience using technology to automate and simplify processes. This has enabled both our wealth advisers and insurance brokers to concentrate on building quality, independent advice businesses, growing their market share and ultimately delivering solid returns to shareholders. We remain disciplined in reviewing acquisition opportunities in both markets to ensure strategic fit for the generation of shareholder value.

Thank you to our employees, advisers, clients and business partners, and you, our shareholders, for your continued support as we strive to become the leading and most highly respected non-institutional financial services business in Australia.

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[1] EBITDA – Interest paid and received on premium funding loans is excluded

On behalf of my fellow directors I am pleased to present the Centrepoint annual report for the year ended FY16 and to report a successful year in implementing our strategy to become Australia's most respected independent financial services business.

Yours sincerely

Alan Fisher
Chairman

Your directors present their report for the year ended 30 June 2016.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Alan Fisher (Appointed 12 November 2015)
BCom, FCA, MAICD
Chairman and Non-executive Director

Alan has extensive and proven experience in enhancing shareholder value. Alan is currently the chairperson of Australian Renewable Fuels Limited (under a DOCA), a non-executive director of IDT Australia Limited and managing director of both DMC Corporate Pty Ltd and Fisher Corporate Advisory Pty Ltd. Alan has previously held the position of CEO of Pental Limited where he was instrumental in its successful restructuring and was a former Corporate Finance Partner of Coopers & Lybrand.

John de Zwart
BEcon, CA
Managing Director and Chief Executive Officer

John has 20 years of experience in senior executive roles within the Australian, UK and NZ financial services industry. John's passion and success has come from a focus on the customer and staff experience to transform and build fast growing and industry leading businesses in a range of sectors. John was the Chief Financial Officer for TAL, Tower Limited and AMP Corporate Superannuation. He has also worked with Westpac, Credit Suisse and Price Waterhouse.

John believes strongly in aligning corporate and social outcomes and has been actively involved in a range of charities, most recently as Director of CanTeen.

John O'Shaughnessy
MBA, MAICD, Graduate Certificate in Management
Non-executive Director, Chairman of the Group Audit, Risk & Compliance Committee, Chairman of the Nomination, Remuneration & Governance Committee

John has many years' experience in financial services in Asia/Pacific and in the UK/Europe having held CEO, senior executive and Board roles covering funds management, insurance, banking and securities. John has been a Director of A. T. Kearney, University of Adelaide's International Centre for Financial Services, Forticode, Elevate Australasia and Australian Services Roundtable. John was also Deputy CEO of the Financial Services Council of Australia.

Martin Pretty
BA, CFA, Graduate Diploma of Applied Finance
Non-executive Director, Chairman of the Group Investment Committee

Martin is currently an Investment Manager with the Thorney Investment Group, a substantial shareholder, and brings to the Board over 16 years' experience in the finance sector. The majority of this experience was gained within ASX-listed financial services businesses, including Hub24, Bell Financial Group and IWL Limited. Martin has also previously worked as a finance journalist with The Australian Financial Review.

Hugh Robertson (Appointed 2 May 2016)
Non-executive Director

Hugh has over 30 years' experience in the financial services sector having been involved in a number of successful stockbroking and equity capital markets businesses. Hugh has previously been a director of HUB24 and OAMPS and is currently a non-executive director of AMA Group Limited and TasFood Limited.

Richard (Rick) Nelson (Resigned 12 November 2015)
FAICD
Chairman & Non-executive Director

Matthew Kidman (Resigned 12 November 2015)
BEc, LLb, Graduate Diploma of Applied Finance
Non-executive Director, Chairman of the Nomination, Remuneration & Governance Committee

Stephen Maitland (Resigned 31 August 2015)
OAM, RFD, BEc, M.Bus, LLM, FCPA, FAICD, FCIS, FAIM, SF Fin
Non-executive Director, Chairman of the Group Audit, Risk & Compliance Committee

Directors' Interests in Shares

As at the date of this report, the interests of the directors in the shares of the Company were:

Director	Number of ordinary shares Fully Paid	Number of ordinary shares Partly Paid	Number of Options over ordinary shares	Number of performance rights
A. D. Fisher	-	-	-	-
J. A. O'Shaughnessy	100,000	-	-	-
H. W. Robertson	-	-	-	-
J. M. de Zwart*	6,880,743*	-	-	1,500,000**
M. P. Pretty	-	-	-	-

*Beneficiary of Centrepoint Alliance Services Pty Ltd ('CAESP') holding 4,300,000 shares on behalf of John de Zwart under the terms of the Group's long term incentive plan.

**Subsequent to year end, the Board approved the issue of 650,000 of 1,500,000 performance rights.

No interests were held in other securities of the Company or related bodies corporate.

Company Secretary

Debra Anderson
B. Law (LLB) Hons, Post Graduate Diploma in Legal Practice, Diploma of Financial Planning

Debra is a lawyer who began her career in private practice in Australia and worked in New Zealand and Hong Kong, before joining the Company in 2003. She has gained extensive experience in financial services over the past 12 years and was appointed Company Secretary in November 2013.

Committee membership

As at the date of this report, the Company had a Nomination, Remuneration and Governance committee ('NRGC'), Group Audit, Risk and Compliance committee ('GARCC') and Group Investment committee ('GIC').

Directors acting on the committees of the board during the year were:

NRGC	GARCC	GIC
J. A. O'Shaughnessy (Chairman*)	J. A. O'Shaughnessy (Chairman*)	M. P. Pretty (Chairman)
A. D. Fisher*	H. W. Robertson****	J. M. de Zwart
M. Kidman**	M. P. Pretty	
R. J. Nelson**	S. J. Maitland***	
	M. Kidman**	

Meetings of Directors

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board of directors		NRGC		GARCC		GIC	
Members	Held	Attended	Held	Attended	Held	Attended	Held	Attended
A. D. Fisher*	10	9	5	5				
J. A. O'Shaughnessy	19	17	7	7	5	5		
H. W Robertson****	4	4			1	0		
J. M. de Zwart	19	17					2	1
M. P. Pretty	19	17			5	5	2	2
R. J. Nelson**	9	8	2	2				
S. J. Maitland***	6	3			1	0		
M. Kidman**	9	7	2	2	1	0		

* Appointed 12 November 2015
** Resigned 12 November 2015
*** Resigned 31 August 2015
**** Appointed 2 May 2016

Corporate Information

History

Centrepoint Alliance Limited (formerly Alliance Finance Corporation Limited) was founded in 1991 as an insurance premium funding company. It was incorporated in Australia as a company limited by shares and listed on the Australian Stock Exchange in June 2002.

On 30 September 2005, Centrepoint Alliance Limited merged with the Centrepoint Finance Pty Ltd.

During the 2009 financial year, the Group ceased its commercial finance activities, which involved the sale on 31 December 2008 of its finance broking businesses and the cessation of its equipment finance operations.

On 13 December 2010 the Company acquired 100% of Centrepoint Wealth Pty Ltd (formerly Professional Investment Holdings Limited) and its controlled entities through a scheme of arrangement.

Principal activities

The principal activities of the Company and its related entities during the course of the financial year were:

- Wealth, which provides a range of financial advice and licensee support services (including licensing, systems, compliance, training and technical advice) and investment solutions to financial advisers, accountants and their clients across Australia; and,
- Lending, which provides insurance premium funding and mortgage aggregation services to mortgage brokers

Corporate structure

Centrepoint Alliance Limited is a company limited by shares that is incorporated and domiciled in Australia and listed on the Australian Securities Exchange. Information on the Group structure is provided in Note 24 to the Consolidated Financial Statements.

Operating & Financial Review

Group Business Operations

Centrepoint Alliance Limited and its controlled entities (the 'Group') operate predominantly in the financial services industry within Australia and has two core business segments as outlined above in Principal activities.

Financial Performance

Profit before tax from continuing operations for the year to 30 June 2016 was $4.561m (2015: $2.553m). The 79% increase in profit before tax is a reflection of the adoption of the Centrepoint business models and the increasing pace of transformation and growth of the Wealth business and the Lending business performing well in challenging markets.

a) Wealth

Description: Provider of a range of financial advice and licensee support services (including licencing, systems, compliance, training and technical advice) and investment solutions (platforms and managed portfolios and funds) to financial advisers, accountants and their clients across Australia.

Business Model: Wealth provides services to authorised representatives under its Australian Financial Services Licences ('AFSL') through Professional Investment Services Pty Ltd ('PIS') and Alliance Wealth Pty Ltd ('AW'). Services are also provided to authorised representatives of other AFSL holders through Associated Advisory Practices Pty Ltd. Wealth sources best of breed investment platforms, portfolio solutions and managed funds through Investment Diversity Pty Ltd and Ventura Investment Management Ltd. The business is a modern advice business built around client best interest and fee for service. In addition revenue is generated from product providers through product margins on packaged investment platforms, managed funds and other fees for services.

Key Drivers: The number of advice firms, fee income, funds under administration, funds under management and distribution agreements, and margin and operating costs.

Overview: Wealth operates in a market alongside large institutions. Wealth is one of the largest non-institutional full advice businesses in Australia. The wealth market is attractive with over $2 trillion[2] in superannuation assets expected to continue to grow by approximately 7% p.a. over the next twenty years and the need for quality advice continuing to grow. The market has experienced significant regulatory change with Future of Financial Advice legislation and Life Insurance Framework leading to long term positive impacts on the industry.

The Group continues to execute its strategy to improve the quality of advice and wealth solutions provided to Australians. This continues to involve a significant evolution to develop a customer centric wealth business.

During the year Wealth has been successful in recruiting a significant number of new firms and expanding the number of advisers using Centrepoint solutions. The quality of the team, client focus and best of breed solutions were key to this recent success.

Financial Performance: Profit before tax was $5.385m compared to $3.079m for 2015. The 75% increase in profit before tax reflects the transformation in business model with strong revenue growth in Funds flowing to the bottom line. The Wealth business revenues are down 1% to $29.798m, however strong second half growth in adviser numbers is not reflected and profit performance has been significantly improved.

b) Lending

Description: Provides a cash flow solution primarily to small and medium sized enterprises ('SME') and corporate clients to enable lending of their general insurance premiums and also provides aggregation and licencing services to mortgage brokers.

Business Model: Insurance premium funding is distributed to customers through a national network of third party general insurance brokers. The business funds a large volume of relatively small short term high quality loans. Centrepoint Alliance Lending Pty Ltd ('CALP') is an aggregator of mortgage and asset finance solutions. It is a boutique player in a large market designed to primarily service the needs of financial planning clients.

Key Drivers: The number of supporting brokers, dollar volume and number of loans written, general insurance premium price cycle, property purchases, lending terms and lending margins, credit management and operating expenses.

Overview: The insurance premium funding market is estimated to have suffered a decline by 6%[3] in 2015 following a 10% decline in the previous year, due to commercial insurance premium reductions.

Financial Performance: Profit before tax increased 22% to $2.536m (2015: $2.086m). Total Revenue from the Lending business increased 8% to $12.338m on steady premiums funded and improved funding costs.

Net margins have remained steady and shown improvement in the second half year due to reduced borrowing costs associated with lower bank facility interest charges and commitment limits.

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[2] APRA March 2016 Quarterly Superannuation Performance

[3] Taylor Fry Radar 2016 Insights for Insurance Leaders

The number of active general insurance broker relationships has grown as has the number of loans written, driven by expansion of the east coast presence. Existing brokers include the joint venture with IBNA and Steadfast Group as a panel funder, Australia's largest broker network. Substantial investment took place across Lending during the period in technology enhancements to ensure that we can continue to grow and retain a leading position. This will ensure consistent, quality and reliable service over the longer term to all of our business partner relationships. Credit quality remains strong.

The mortgage broking business has outsourced its back office during the year and is now taking greater advantage of the Group's relationships with financial advisers and brokers.

c) Corporate

Description: The costs of the Centrepoint board of directors, company secretarial functions and the administration of the listed public entity are reflected in Corporate.

Overview: Consistent with the prior simplification of the corporate structure some expenses have been reclassified to improve accountability and efficiency.

Cash Flows

The Group held $10.192m in cash and cash equivalents as at 30 June 2016 (2015: $12.539m).

Cash provided by operations was $7.132m (2015: $6.479m) from which $2.809m was paid out in adviser claims (2015: $9.081m), $4.598m was provided as borrowings to the insurance premium funding business (2015: $1.455m) resulting in an overall cash movement of $2.347m in the year (2015: $3.834m).

Financial Position

The Group has net assets at 30 June 2016 of $39.550m (2015: $36.658m) and net tangible assets of $26.324m (2015: $22.019m) representing net tangible assets per share of 16.94 cents (2015: 14.85 cents).

The financial position remains stable with total assets of $168.505m (2015: $168.634m) with no significant changes of note. The significant items are the Premium Funding Receivables and interest bearing liabilities associated with the receivables.

Risks & Risk Management

The business regularly reviews operational and strategic risks faced by the Group that could affect its financial prospects. These include:

- Legacy advice claims – The Consolidated Statement of Financial Position includes a provision for reported as well as incurred but not reported ('IBNR') client advice claims in relation to advice provided prior to 1 July 2010. The provision is based on an external actuarial model that projects future claims based on historical data. Actual claims may exceed the provision and it is impracticable to quantify the amount of any such additional liability.

  The actuarial model does not project claims from potential class actions. Class action lawyers have been active within the financial advice industry in relation to failed investment products and there is an unquantifiable risk that such action may be taken against a Group subsidiary in the future.

- Loss of financial advisers – Wealth depends on revenue generated from financial advisers. Financial advisers are able to leave the Group if they are dissatisfied with the services provided. Considerable effort and progress is being made to develop the leading advice business in Australia and a new advice fee model was recently implemented which will aid retention of key existing financial advisers and attract external advisers to the Group.

- Regulatory change – Whilst the Future of Financial Advice ('FOFA') legislation has been finalised, the Financial System Inquiry ('FSI') and new Life Insurance Framework ('LIF') regulations will continue to evolve the direction for the future of Australia's financial system. Depending on the outcome of these changes it could impact the Group including operational change costs, slowing down adviser recruitment, and increasing the ongoing costs and risks associated with regulatory compliance.

- Loss of key personnel – A comprehensive staff review and feedback process is actively employed. Regular reviews of remuneration to ensure market competitiveness are undertaken, and the Board has approved a structured short-term incentive program and long-term incentive program for staff.

- Competitor behaviour – The financial services industry and the insurance premium funding industry have several participants which have relatively large market shares (relative to the Group) and are subsidiaries or operating divisions of large financial services businesses. The size of these competitors and their greater access to lending provide them with a strong position on which to compete with the Group. There is also the emergence of smaller businesses looking to disrupt the traditional business models. There is a risk that earnings of the Group could be adversely impacted by the activities of competitors. The Group is focused on building and maintaining the leading service propositions in the industry and its position as a non-aligned service provider helps to mitigate this risk.

Strategies & Prospects

The Group is focused on becoming the most respected financial services business in Australia.

Industry consolidation is providing opportunities for organic growth stemming from the Group's position as one of the largest non-aligned premium funders with a strong track record of service and delivery. It may also create opportunities for inorganic growth as small sub-scale businesses look to exit the industry or diversification and synergies develop with non-bank lenders. Lending will continue its strategy of growing the insurance funding business on the east coast. The mortgage broking business has outsourced its back office to improve efficiency and has recently experienced good growth in new brokers largely based on the Group's relationships with financial advisers and insurance brokers.

The Wealth business is implementing its strategy to become a leading customer centric wealth business focused on customer outcomes and building sustainable financial advice practices. It is transitioning to a contemporary business model which leaves it well positioned in an industry that remains very attractive for the long-term growth driven by growing national savings and investment pool increases and the greater need for advice as the complexity of the regulatory environment, tax system and market increases. The Group will continue to invest in its capabilities to grow revenue and profitability over the medium term.

Dividends

On 23 August 2016, the directors of Centrepoint Alliance Limited declared a final dividend on ordinary shares in respect of the 2016 financial year. The dividend is to be paid out of the dividend reserve. The total amount of the dividend is $1,865,209 which represents 1.2 cents per share and is fully franked at the corporate income tax rate of 30%. The record date is 26 September 2016 and payment date is 19 October 2016.

Shares and Performance rights

Unissued shares

As at the date of this report, there were 400,000 fully vested options exercisable at $0.40 each on or before 31 December 2016. The Option holder does not have any right, by virtue of the options, to participate in any share issue of the Company or any related body corporate.

In August 2013 the Company granted 4,100,000 performance rights, which is a right that can be converted to an ordinary fully paid share in the Company for no monetary consideration subject to specific performance criteria being achieved. 1,500,000 of these rights were granted to Managing Director and Chief Executive Officer, John de Zwart, (approved by shareholders during the 2013 Annual General Meeting) and the remaining 2,600,000 were offered to five senior executives in December 2013. 533,334 of the 2,600,000 rights have now been forfeited due to the departure of two executives. Based on a review of the profit targets the Board has approved the vesting of 1,498,889 performance rights of which the Managing Director and Chief Executive Officer, John de Zwart will be allocated 650,000 of these rights.

At the date of this report there are no other unissued ordinary shares subject to options.

Shares issued as a result of the exercise of options

No shares have been issued as a result of the exercise of options during the financial year and up to the reporting date.

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities.

Risk management is monitored and assessed by the Group Audit, Risk and Compliance Committee of the Board, which comprises three non-executive directors. The Managing Director and Chief Executive Officer and Chief Financial Officer are standing attendees. The Chairman of the Board may not chair this Committee. As detailed in the Corporate Governance Statement the Committee is governed by a charter and is responsible on behalf of the Board for overseeing:

- The effectiveness of the Group's system of risk management and internal controls; and
- The Group's systems and procedures for compliance with applicable legal and regulatory requirements.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of Key Performance Indicators (KPI's) of both a financial and non-financial nature.
- Board approved Risk Management Policy and Risk Framework to assist in the identification, analysis, evaluation and treatment of Group risks.

Significant Changes in the State of Affairs

There are no matters or events constituting a significant change in the state of affairs of the Company.

Significant Events Subsequent to Balance Date

On 1 July 2016 a new receivables finance facility provided by National Australia Bank was approved and implemented. The new facility is able to meet our growth ambitions, with lower rates, fees and capital requirements.

There are no other matters or events which have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have been addressed in the Operating and Financial Review, where it was noted that the strategic plan includes the review and assessment of acquisition opportunities, and in the subsequent events disclosure. The directors are not aware of any other significant material likely developments requiring disclosure.

Environmental Regulation

The Consolidated Entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Corporate Governance Policies and Practices

For further information on corporate governance policies and charters adopted by Centrepoint Alliance Limited, please refer to our website: http://www.centrepointalliance.com.au/investor-centre/corporate-governance/

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid a premium for a policy insuring all directors of the Company, the company secretaries and all executive officers against any liability incurred by such director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The policy does not allocate an identifiable part of the premium to specific directors or officers. Accordingly, the premium paid has not been apportioned to directors' remuneration.

The Company has not otherwise during or since the end of the financial year, indemnified or agreed to indemnify any officer of the Company against a liability incurred as such officers.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Deloitte Touche Tohmatsu, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Deloitte Touche Tohmatsu during or since the end of the financial year.

Rounding

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

Remuneration Report

This Remuneration Report for the year ended 30 June 2016 outlines the remuneration arrangements of the directors and executives of the Group in accordance with the requirements of the *Corporations Act 2001* (the 'Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

- Key Management Personnel
- Remuneration philosophy
- Group performance
- Nomination, Remuneration & Governance committee ('NRGC')
- Employment contracts
- Remuneration of Key Management Personnel
- Short-term incentives
- Long-term incentives

For the purposes of this Report, Key Management Personnel ('KMP') of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

The key management personnel of the Company during the financial year were as follows:

A. D. Fisher	Chairman & Director (non-executive) - appointed 12 November 2015
J. A. O'Shaughnessy	Director (non-executive)
J. M. de Zwart	Managing Director & Chief Executive Officer
H. W. Robertson	Director (non-executive) - appointed 2 May 2016
M. P. Pretty	Director (non-executive)
J. S. Cowan	Chief Financial Officer
R. M. Dodd	Chief Executive Officer – Centrepoint Alliance Premium Funding Pty Ltd
R. J. Nelson	Chairman & Director (non-executive) - resigned 12 November 2015
M. Kidman	Director (non-executive) - resigned 12 November 2015
S. J. Maitland	Director (non-executive) - resigned 31 August 2015

There were no changes of KMP after the reporting date and before the signing of this Report.

Remuneration philosophy

The performance of the Company depends on the quality of its directors, executives and employees. To prosper, the Company must attract, motivate and retain skilled and high performing individuals. Accordingly, the Company's remuneration framework is structured around the central principle and goal of providing competitive rewards to attract the highest calibre people.

The level of fixed remuneration is set to provide a base level of remuneration that is appropriate to the position and competitive in the market. It is not directly related to the performance of the Company. Fixed remuneration is reviewed annually and the process consists of a review of company-wide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Short-term incentives in the form of potential cash bonuses are made available to KMP. Any award is based on the achievement of pre-determined objectives.

Long-term incentives are made available to certain KMP in the form of performance rights, shares or options. The directors consider these to be the best means of aligning incentives of KMP with the interests of shareholders.

The remuneration of non-executive directors of the Company consists only of directors' fees and committee fees.

Group performance

Shareholder returns for the last five years have been as follows:

	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
GROUP					
Net profit/(loss) after tax	4,262	5,880	3,223	(7,288)	(17,299)
EPS (basic) - (cents per share)	2.94	4.14	3.20	(8.04)	(17.90)
EPS (diluted) - (cents per share)	2.75	3.96	3.13	(8.04)	(17.90)
Share price ($)	0.41	0.50	0.37	0.27	0.18

Nomination, Remuneration & Governance Committee ('NRGC')

The role of the NRGC includes the setting of policy and strategy for the appointment, compensation and performance review of directors and executives, approving senior executive service agreements and severance arrangements, overseeing the use of equity-based compensation and ensuring appropriate communication and disclosure practices are in place.

Non-executive directors are not employed under specific employment contracts but are subject to provisions of the Corporations Act in terms of appointment and termination. The Company applies the ASX listing rules that specify that aggregate remuneration shall be determined from time to time by shareholders in a general meeting. The maximum aggregate remuneration for the financial year ended 30 June 2016, which was approved by a resolution of shareholders at the Annual General Meeting on 29 November 2012, is $425,000.

The remuneration of the non-executive directors does not currently incorporate a component based on performance. Within the limits approved by Company shareholders, individual remuneration levels are set by reference to market levels. Simon Hare was engaged to review Executive Remuneration, and Norton Gledhill was engaged to prepare an updated employment contract for the Managing Director. They were engaged by and reported to the NRGC.

Executive directors and executives are employed under contracts or agreed employment arrangements that specify remuneration amounts and conditions.

The Board has introduced for executives and senior employees an incentive system based on issuing performance rights, shares or options in the Company.

The Company's Securities Trading Policy prohibits directors from entering into margin lending arrangements and also forbids directors and senior executives from entering into hedging transactions involving the Company's securities.

Details of current incentive arrangements for key management personnel, where they exist, are shown under the disclosure of their contracts below:

Employment contracts

Details of the terms of employment of the Managing Director & Chief Executive Officer and the named executives are set out below:

John de Zwart – Managing Director & Chief Executive Officer
Contract commencement date: 15 April 2013
Term: No term specified
Incentives:
Short term incentive –
A short term incentive of $150,000 was paid after the end of the 2015 financial year and on achievement of key performance targets set by the Board. The key performance targets are measures of underlying profit, improvement of customer retention and engagement, strengthening the organisational capability and business sustainability through talent acquisition, retention and development, improvement in compliance levels and risk management.

Short term incentive performance criteria will be approved by the Board on 30 September 2016 for the 2017 financial year. The key performance targets are measures of profit, achievement of certain strategic projects and growth in the business combined with strong compliance levels and risk management.

Long term incentive –
CAESP16
The Board has approved the issue of 650,000 of the potential 1,500,000 fully paid ordinary Centrepoint Alliance Limited ('CAF') shares at nil cost, to be issued post finalisation of the Accounts.

CAESP17
2,800,000 fully paid ordinary CAF shares at 52.2 cents per share, that are legally held by the Centrepoint Alliance Services Pty Ltd ATF Centrepoint Alliance Employee Share Scheme ('CAESPT') until satisfaction of the vesting conditions determined on 15 December 2017 ('2017 tranche') and 15 December 2018 ('2018 tranche') based on the following:

2017 tranche
If the cumulative fully diluted underlying earnings per share ('EPS') adjusted for any dilutionary impact of dividend reinvestment plan ('DRP') for the financial years ended 30 June 2015, 2016 and 2017 divided by 3 is:

- Less than 133% of 2014 EPS, nil vest;
- Between 133% and 145% of 2014 EPS, shares will vest on a pro-rata basis;
- 145% and above of 2014 EPS, 100% of shares will vest.

2018 tranche
If the cumulative fully diluted underlying EPS adjusted for any dilutionary impact of DRP for the financial years ended 30 June 2015, 2016, 2017 and 2018 divided by 4 is:

- Less than 143% of 2014 EPS, nil vest;
- Between 143% and 160% of 2014 EPS, shares will vest on a pro-rata basis;
- 160% and above of 2014 EPS, 100% of shares will vest.

CAESP18
Issue of up to 1,500,000 fully paid ordinary CAF shares at 34 cents per share, that are legally held by the CAESPT until satisfaction of the vesting conditions determined on 13 December 2018 based on the following:

If the underlying Basic EPS for 30 June 2018 financial year is:

- Less than 140% of the 30 June 2015 underlying basic EPS, none will vest;
- 140% of the 30 June 2015 underlying basic EPS, 40% of the shares will vest;
- Between 141% and 171% of the 30 June 2015 underlying basic EPS, shares will vest on a pro-rata basis; or
- 172% and above of the 30 June 2015 underlying basic EPS, 100% of the shares will vest.

Required notice (Executive): 3 months.
Required notice (Company): 6 months.
Termination Entitlement: Statutory entitlements and so much of the total fixed remuneration as is due and owing on the date of termination.

John Cowan - Chief Financial Officer
Contract commencement date: 12 January 2015
Term: No term specified
Incentives:
Short term incentive –
Eligible from the date of appointment to participate in the Company's short term incentive plan as amended or varied from time to time by the Company in its absolute discretion and without any limitation on its capacity to do so.

A retention incentive was approved by the Board in March 2016 with the first payment of $75,000 to be made in September 2016 and the second payment of $75,000 to be made in September 2017. The incentive is subject to employment criteria.

Long term incentive –
<u>CAESP18</u>
Issue of up to 1,200,000 fully paid ordinary CAF shares at 34 cents per share, that are legally held by the CAESPT until satisfaction of the vesting conditions determined on 13 December 2018 based on the following:

If the underlying Basic EPS for 30 June 2018 financial year is:

- Less than 140% of the 30 June 2015 underlying basic EPS, none will vest;
- 140% of the 30 June 2015 underlying basic EPS, 40% of the shares will vest;
- Between 141% and 171% of the 30 June 2015 underlying basic EPS, shares will vest on a pro-rata basis; or
- 172% and above of the 30 June 2015 underlying basic EPS, 100% of the shares will vest.

Required notice (Executive): 6 months.
Required notice (Company): 3 months.
Termination Entitlements: Statutory entitlements.

Bob Dodd - Chief Executive Officer (Insurance Premium Funding)
Contract commencement date: 1 December 2006
Term: 5 years with 5 year option (evergreen)
Incentives:
Short term incentive –
For the 2015 – 2019 financial years, a payment of $120,000 each year upon successful achievement of the Centrepoint Alliance Premium Funding budget for that year.

Long term incentive –
CAESP16
The Board has approved the issue of 200,000 of the potential 600,000 fully paid ordinary CAF shares at nil cost, to be issued post finalisation of the Accounts.

CAESP17
Issue of up to 500,000 fully paid ordinary CAF shares at 52.2 cents per share, that are legally held by the CAESPT until satisfaction of the vesting conditions determined on 15 December 2017 ('2017 tranche') based on the following:

2017 tranche
If the cumulative fully diluted underlying earnings per share ('EPS') adjusted for any dilutionary impact of DRP for the financial years ended 30 June 2015, 2016 and 2017 divided by 3 is:

- Less than 133% of 2014 EPS, nil vest;
- Between 133% and 145% of 2014 EPS, shares will vest on a pro-rata basis;
- 145% and above of 2014 EPS, 100% of shares will vest.

Commencing 1 July 2015, 10% of the total value added profit over the performance period (1 July 2015 to 30 June 2019). Value added profit in Centrepoint Alliance Premium Funding Pty Ltd's statutory profit before tax ('CAPF PBT') less the total minimum return on equity for that year. Growth in CAPF PBT must be at least 10% each year and an average of at least 15% over the performance period.

Required notice (Executive): 6 months.
Required notice (Company): 6 months.
Termination entitlements: Statutory entitlements and up to 6 months' notice or equivalent base salary in lieu of notice.

	Year	No. of days remuneration	Short-term benefits		Post Employment	Long-term benefits		Share-based payments		Termination payments	Total	Performance related	Share Related
			Salary & Fees	Cash Bonus	Superannuation	Cash Incentives	Long service leave	Performance rights	Shares				
			$	$	$	$	$	$	$		$	%	%
J.A. O'Shaughnessy[4]	2016	365	50,550	-	15,752						66,302	-	-
	2015	34	5,512	-	524	-	-	-	-	-	6,036	-	-
R. J. Nelson[1]	2016	135	22,156	-	24,049						46,205	-	-
	2015	365	114,679	-	10,895	-	-	-	-	-	125,574	-	-
J. M. de Zwart	2016	365	381,610	139,308	33,021			78,000	189,262		821,201	16.96%	32.55%
	2015	365	372,230	125,000	24,342	-	-	60,000	66,640	-	648,212	19.28%	19.54%
A. D. Fisher[2]	2016	230	72,298	-	6,868						79,166	-	-
H. W. Robertson[2]	2016	59	10,092	-	959						11,051	-	-
S. J. Maitland[1]	2016	62	10,092	-	959						11,051	-	-
	2015	365	60,550	-	5,752	-	-	-	-	-	66,302	-	-
M. Kidman[1]	2016	135	22,279	-	2,117						24,396	-	-
	2015	365	60,550	-	5,752	-	-	-	-	-	66,302	-	-
M. P. Pretty	2016	365	60,000		5,700						65,700	-	-
	2015	365	60,000	-	5,700	-	-	-	-	-	65,700	-	-
J. S. Cowan	2016	365	323,146	59,361	24,947			-	44,787		452,241	13.13%	9.90%
	2015	142	147,229	-	9,392	-	-	-	-	-	156,621	-	-
G.P.Toohey[3]	2015	223	146,875	36,530	16,790	-	-	-	-	52,372	252,567	14.46%	-
N. J. Griffin[3]	2015	215	35,321		3,356						38,677	-	-
R. M. Dodd	2016	365	375,000	45,000	35,000	-	6,299	22,667	26,703	-	510,669	8.81%	9.67%
	2015	365	375,000	188,562	35,000	200,000	23,867	22,667	13,329	-	858,425	45.26%	4.19%
Total	**2016**		**1,327,223**	**243,669**	**149,372**	**-**	**6,299**	**100,667**	**260,752**	**-**	**2,087,982**		
Total	**2015**		**1,377,946**	**350,092**	**117,503**	**200,000**	**23,867**	**82,667**	**79,969**	**52,372**	**2,284,416**		

[1] Resigned during the year [2] Appointed during the year [3] Resigned during the previous financial year [4] Appointed during the prior year

Performance rights, shares and options awarded, vested, lapsed and forfeited

Name	Year	Rights, options or shares granted in year No.	Grant date	Fair value at grant date $	Vesting Date	Exercise price $	Expiry date	Vested in year No.	Lapsed in year No.	Forfeited in year No.
Performance rights										
J. M. de Zwart*	2014	1,500,000	29 Nov 2013	0.36	1 Sep 2016	-	1 Sep 2016	-	-	-
R. M. Dodd**	2014	600,000	18 Dec 2013	0.34	1 Sep 2016	-	1 Sep 2016	-	-	-
Shares under CAESP										
J. M. de Zwart	2016	1,500,000	14 Dec 2015	0.21	13 Dec 2018	-	21 Dec 2015	-	-	-
	2015	1,400,000	16 Dec 2014	0.16	15 Dec 2017	-	22 Dec 2014	-	-	-
	2015	1,400,000	16 Dec 2014	0.17	15 Dec 2018	-	22 Dec 2014	-	-	-
J. S. Cowan	2016	1,200,000	14 Dec 2015	0.21	13 Dec 2018	-	21 Dec 2015	-	-	-
R. M. Dodd	2015	500,000	16 Dec 2014	0.16	15 Dec 2017	-	22 Dec 2014	-	-	-

Reconciliation of the number and fair value of options, shares and performance rights held by KMP

		Balance at the start of the period	Granted as compensation during the period		Exercised during the period		Lapsed during the period		Forfeited during the period		Balance at the end of the period	Vested and exercisable	Unvested
Name	Year	No.	No.	Value ($)	No.	Value ($)	No.	Value ($)	No.	Value ($)	No.	No.	No.
Performance rights													
J. M. de Zwart*	2014	1,500,000	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000
R. M. Dodd**	2014	600,000	-	-	-	-	-	-	-	-	600,000	-	600,000
Shares under CAESP													
J. M. de Zwart	2016	-	1,500,000	310,050							1,500,000	-	1,500,000
	2015	2,800,000			-	-	-	-	-	-	2,800,000	-	2,800,000
J. S. Cowan	2016	-	1,200,000	248,040	-	-	-	-	-	-	1,200,000	-	1,200,000
R. M. Dodd	2015	500,000			-	-	-	-	-	-	500,000	-	500,000

Subsequent to year end, the Board approved the following:

- *Issue of 650,000 of the potential 1,500,000 performance rights
- ** Issue of 199,980 of the potential 600,000 performance rights

Shareholdings of Key Management Personnel ('KMP')*

Shares held in Centrepoint Alliance Limited (Number)

	Balance 1 July 2015 Ord	Granted as remuneration Ord	On exercise of options Ord	Net change other # Ord	Balance 30 June 2016 Ord
A. Fisher[2]	-	-	-	-	-
J. M. de Zwart	2,019,492			561,251	2,580,743
M. P. Pretty	-	-	-	-	-
J. A. O'Shaughnessy	-	-	-	100,000	100,000
J. S. Cowan	-	-	-	-	-
H. W. Robertson[2]	-	-	-	-	-
R. M. Dodd	7,372	-	-	15	7,387
Former KMP's					
R. J. Nelson[1]	4,223,378	-	-	281,475	4,504,853
S. J. Maitland[1]	67,982	-	-	(67,982)	-
M. Kidman[1]	1,254,821	-	-	83,629	1,338,450

[1] *Resigned during the year*

[2] *Appointed during the year*

* *Includes shares held directly, indirectly and beneficially by KMP*

 # All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Short term incentives

Objective

The objective of short term incentives ('STI') is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and the cost to the Group is reasonable. The purpose of STI is to focus the Group's efforts on those performance measures and outcomes that are priorities for the Group for the relevant financial year, and to motivate the executive to strive to achieve stretch performance objectives.

Structure

In July 2013 the directors approved a Group-wide structured STI scheme applicable to all employees, excluding the Group CEO and the CEO – Centrepoint Alliance Premium Funding Pty Ltd. Under the STI scheme, employees may be able to achieve a cash bonus based on a percentage of their annual base salary. Bonuses will be weighted by a three tiered approach with weightings assigned to each level, being CAF Group results, Business Unit results and Individual Performance (KPI's). For eligible Group KMP the respective weightings are 40%, 40% and 20%. The maximum bonus payable is 50% of the KMP annual salary. On an annual basis, after consideration of performance against KPI's, the NRGC, in line with their responsibilities, determine the total amount, if any, of any short term incentive amounts to be paid to each employee. This process usually occurs within three months of the reporting date. Whilst the STI system is a simple, consistent method of remunerating and rewarding employees, the directors are reviewing alternatives to better align interests with those of the shareholders.

Long term incentives

Objective

The objective of long term incentives ('LTI') is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to significantly influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long term performance hurdle.

Structure

LTI awards to executives are made under the executive LTI plan and are delivered in the form of shares. Shares vest in tranches over a specified time period and may also have other performance hurdle requirements, typically related to shareholder return, as determined by the NRGC.

Performance rights are rights that can be converted to fully paid ordinary shares in the Company for no monetary consideration subject to specific performance criteria being achieved. The performance rights will only vest if certain profit targets are met.

Awards

CAESP16

In August 2013 the Board approved the grant of up to 1,500,000 performance rights to the Managing Director (approved by shareholders at the 2013 AGM) and up to 2,600,000 performance rights to nominated senior executives of the Group, which are subject to achievement of the profit hurdles outlined below:

If the cumulative underlying profit of financial years 2014, 2015 and 2016 divided by 3 is:

- Less than 133% of 2013 underlying profit, none will be issued;
- 133% to 138% of 2013 underlying profit one-third of the total will be issued;

- 139% to 145% of 2013 underlying profit two-thirds of the total will be issued;
- 146% or greater of 2013 underlying profit 100% will be issued.

On the departure of two senior executives, 533,334 of the 2,600,000 performance rights issued have been forfeited.

Underlying profit is a measure of consolidated net profit after tax for the Group from its core trading activities. It excludes gains or losses from unusual or rarely-occurring events and from any misalignment between economic value and accounting treatment. The final underlying profit or loss for a period will be determined by the Board.

These arrangements form part of the Company's long term incentive scheme for senior executives, the purpose of which is to align their interests with those of the shareholders and to provide a key retention incentive. Upon issue, the shares will rank equally with all other fully paid ordinary shares in the Company then on issue.

CAESP17

On 30 October 2014, the Board approved 5,300,000 shares to the Managing Director and Chief Executive Officer and other senior executives of the Group under the CAESP. The vesting conditions are subject to the following:

<u>2017 tranche</u>

If the cumulative fully diluted underlying EPS adjusted for any dilutionary impact of DRP for the financial years ended 30 June 2015, 2016 and 2017 divided by 3 is:

- Less than 133% of 2014 EPS, nil vest;
- Between 133% and 145% of 2014 EPS, shares will vest on a pro-rata basis;
- 145% and above of 2014 EPS, 100% of shares will vest.

<u>2018 tranche</u>

If the cumulative fully diluted underlying EPS adjusted for any dilutionary impact of DRP for the financial years ended 30 June 2015, 2016, 2017 and 2018 divided by 4 is:

- Less than 143% of 2014 EPS, nil vest;
- Between 143% and 160% of 2014 EPS, shares will vest on a pro-rata basis;
- 160% and above of 2014 EPS, 100% of shares will vest.

CAESP18

On 15 July 2015, the Board approved 4,550,000 shares to the Managing Director and Chief Executive Officer and other senior executives of the Group under the CAESP at 34 cents per share. These are legally held by the CAESPT until satisfaction of the vesting conditions determined on 13 December 2018 based on the following:

If the underlying basic EPS for 30 June 2018 financial year is:

- Less than 140% of the 30 June 2015 underlying basic EPS, none will vest;
- 140% of the 30 June 2015 underlying basic EPS, 40% of the shares will vest;
- Between 141% and 171% of the 30 June 2015 underlying basic EPS, shares will vest on a pro-rata basis; or
- 172% and above of the 30 June 2015 underlying basic EPS, 100% of the shares will vest.

a) Option holdings of key management personnel

No options to purchase shares were held by KMP.

b) Other transactions with key management personnel and their related parties

Directors of the Company, or their related entities, conduct transactions with the Company or its controlled entities within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director related entity at arm's length in similar circumstances. There are no transactions by directors in the current or prior financial year.

Auditor Independence and Non-audit Services

The auditor, Deloitte Touche Tohmatsu, has provided a written independence declaration to the directors in relation to its audit of the financial report for the year ended 30 June 2016. The independence declaration which forms part of this report is on page 25.

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Act*. The nature and scope of non-audit services provided means that auditor independence was not compromised.

	2016 **$**	**2015** **$**
Taxation services provided by Deloitte Touche Tohmatsu	87,108	10,395
Other regulatory services	47,554	55,000
Total	**134,662**	**65,395**

Signed in accordance with a resolution of the directors.

A. D. Fisher
Chairman

23 August 2016

Deloitte.

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The Board of Directors
Centrepoint Alliance Limited
Level 9, 10 Bridge Street
Sydney, NSW, 2000

Dear Board Members

Centrepoint Alliance Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Centrepoint Alliance Limited.

As lead audit partner for the audit of the financial statements of Centrepoint Alliance Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants
Brisbane, 23 August 2016

Consolidated Statement of Profit or Loss and Comprehensive Income
For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
CONTINUING OPERATIONS			
Revenue			
Advice and financial product revenue (gross)		115,140	117,045
Advice and financial product fees		(84,584)	(85,822)
Advice and financial product revenue (net)		30,556	31,223
Interest income (gross)		14,808	15,636
Borrowing expenses		(4,403)	(5,297)
Interest income (net)	5	10,405	10,339
Other revenue	6	920	732
		41,881	**42,294**
Expenses			
Employee related expenses	7(a)	(22,560)	(22,318)
Marketing and promotion		(754)	(1,073)
Travel and accommodation		(864)	(1,339)
Property costs		(2,806)	(2,136)
Insurances		(843)	(1,053)
Subscriptions & licences		(1,677)	(1,489)
Professional services		(1,009)	(1,392)
Client claims	19(a)	(252)	(2,606)
IT and communication expenses		(1,887)	(1,307)
Depreciation and amortisation		(2,140)	(2,040)
Impairment of assets		(602)	(507)
Other general and administrative expenses	7(b)	(1,926)	(2,481)
Profit before tax from continuing operations		**4,561**	**2,553**
Income tax (expense)/benefit	9	(299)	3,327
Net profit from continuing operations after tax		**4,262**	**5,880**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,262**	**5,880**
Net profit attributable to:			
Owners of the parent		4,262	5,888
Non-controlling interests		-	(8)
Net profit for the period		**4,262**	**5,880**
Total comprehensive profit attributable to:			
Owners of the parent		4,262	5,888
Non-controlling interests		-	(8)
Total comprehensive profit for the period		**4,262**	**5,880**
Earnings per share for profit attributable to the ordinary equity holders of the parent		**Cents**	**Cents**
Basic profit per share	11	2.94	4.14
Diluted profit per share	11	2.75	3.96

The Consolidated Statement of Profit or Loss and Comprehensive Income is to be read in conjunction with the attached notes included in pages 30 to 79.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Current			
Cash and cash equivalents	22(a)	10,192	12,539
Trade and other receivables	12	11,696	11,375
Interest bearing receivables	13	125,848	122,467
Other assets	14	4,558	4,377
Total current assets		**152,294**	**150,758**
Non-current			
Interest bearing receivables	13	460	330
Other assets	14	1,084	827
Property, plant & equipment	15	1,441	2,080
Intangible assets & goodwill	16	3,831	4,945
Deferred tax assets	9(d)	9,395	9,694
Total non-current assets		**16,211**	**17,876**
TOTAL ASSETS		**168,505**	**168,634**
LIABILITIES			
Current			
Trade and other payables	17	34,534	34,427
Interest bearing liabilities	18	84,013	85,317
Lease incentives		183	183
Provisions	19	8,312	8,911
Current tax liability		(1)	141
Total current liabilities		**127,041**	**128,979**
Non-current			
Interest bearing liabilities	18	-	75
Lease incentives		284	467
Provisions	19	1,630	2,455
Total non-current liabilities		**1,914**	**2,997**
TOTAL LIABILITIES		**128,955**	**131,976**
NET ASSETS		**39,550**	**36,658**
EQUITY			
Contributed equity	20	34,150	32,678
Reserves	21	15,898	18,740
Accumulated losses		(10,616)	(14,878)
Equity attributable to shareholders		**39,432**	**36,540**
Non-controlling interests		118	118
TOTAL EQUITY		**39,550**	**36,658**

The Consolidated Statement of Financial Position is to be read in conjunction with the attached notes included in pages 30 to 79.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Cash receipts from customers		143,325	154,639
Cash paid to suppliers and employees		(136,193)	(148,160)
Cash provided by operations		7,132	6,479
Claims and litigation settlements	19(a)	(2,809)	(9,081)
Net cash flows provided by/(used in) operating activities	22(b)	**4,323**	**(2,602)**
Cash Flows from Investing Activities			
Interest received		430	541
Interest and borrowing expenses paid		(245)	(53)
Maturity /(Investment) in term deposits		-	5,000
Payments to acquire financial assets		-	(36)
Acquisition of intangible assets	16(a)	(103)	(301)
Acquisition of property, plant & equipment	15	(413)	(923)
Proceeds from sale of property, plant & equipment		98	2
Net cash flows (used in)/provided by investing activities		**(232)**	**4,230**
Cash Flows from Financing Activities			
Net (decrease)/increase in borrowings		(1,085)	(8,835)
Net (decrease)/increase in loan funds advanced		(3,513)	7,380
Proceeds from issue of share capital		-	29
Dividends paid	10	(1,840)	(4,036)
Net cash flows used in financing activities		**(6,438)**	**(5,462)**
Net decrease in cash & cash equivalents		**(2,347)**	**(3,834)**
Cash & cash equivalents at the beginning of the year	22(a)	12,539	16,373
Cash & cash equivalents at the end of the period	22(a)	**10,192**	**12,539**

The Consolidated Statement of Cash Flows is to be read in conjunction with the attached notes included in pages 30 to 79.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Ordinary shares $'000	Dividend reserve $'000	Other reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2015		**32,678**	**17,979**	**761**	**(14,878)**	**36,540**	**118**	**36,658**
Profit for the period		-	-	-	4,262	4,262	-	4,262
Foreign currency translation differences		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	4,262	4,262	-	4,262
Transfer to dividend reserve		-	-	-	-	-	-	-
Issue of share capital	20	1,472	-	-	-	1,472	-	1,472
Share-based payment	25	-	-	327	-	327	-	327
Dividends paid		-	(3,169)	-	-	(3,169)	-	(3,169)
Balance at 30 June 2016		**34,150**	**14,810**	**1,088**	**(10,616)**	**39,432**	**118**	**39,550**
Balance at 1 July 2014		**40,015**	**3,820**	**498**	**(9,938)**	**34,395**	**126**	**34,521**
Profit for the period		-	-	-	5,888	5,888	(8)	5,880
Total comprehensive income for the year		-	-	-	5,888	5,888	(8)	5,880
Transfer to dividend reserve		-	18,700	-	(18,700)	-	-	-
Issue of share capital		534	-	-	-	534	-	534
Share-based payment	25	-	-	263	-	263	-	263
Share capital reduction (note 1)	20	(7,871)	-	-	7,871	-	-	-
Dividends paid		-	(4,541)	-	-	(4,541)	-	(4,541)
Balance at 30 June 2015		**32,678**	**17,979**	**761**	**(14,878)**	**36,540**	**118**	**36,658**

Note 1 During the period, the parent entity (Centrepoint Alliance Limited) offset accumulated losses as at 30 June 2014 of $7,871,000 against share capital as provided for by section 258F of the Corporations Act.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the attached notes included in pages 30 to 79.

1. Corporate information

The consolidated financial statements of Centrepoint Alliance Limited and its subsidiaries (collectively, the 'Group') for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 23 August 2016.

Centrepoint Alliance Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

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

Information on the Group's structure and other related party relationships is provided in Note 24.

2. Summary of significant accounting policies

Basis of preparation

General

The financial report is a general purpose financial report, which has been prepared on a going concern basis and in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

Rounding

The Company is a company of the kind referred to in ASIC Corporation's (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with the Corporations Instrument, amounts in the financial report are presented in Australian dollars and all values are rounded off to the nearest thousand dollars, unless otherwise indicated.

Compliance with International Financial Reporting Standards

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

New accounting standards and interpretations

Accounting Standards and Interpretations issued but not yet effective

The Australian Accounting Standards and Interpretations, that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2016 are set out below. The directors are still assessing the impact of the new standards for the reporting period ending 30 June 2017 onwards.

Title	Application date of standard	Application date for Group
AASB 15: ***Revenue from contracts with customers*** AASB 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 January 2018	1 July 2018
AASB 9 ***Financial Instruments (December 2009),*** **AASB 2009-11** ***Amendments to Australian Accounting Standards arising from AASB 9,*** **AASB 2012-6** ***Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures,*** **AASB 2013-9** ***Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments,*** **AASB 2014-1** ***Amendments to Australian Accounting Standards,*** **AASB 2014-8** ***Amendments to Australian Accounting Standards arising from*** **AASB 9** ***(December 2009) and AASB 9 (December 2010)*** AASB 9 introduces new requirements for classifying and measuring financial assets. Through AASB 2013-9, a new hedge accounting model has been put in place that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.	1 January 2018	1 July 2018
AASB 16 ***Leases*** The Standard introduces a single accounting treatment, that is, recognition of a right-of-use asset and a lease liability. AASB16 supersedes the previous standard and related interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease.	1 January 2019	1 July 2019

Title	Application date of standard	Application date for Group
AASB 9 *Financial Instruments (December 2010),* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010),* AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures,* AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments,* AASB 2014-1 *Amendments to Australian Accounting Standards,* AASB 2014-8 *Amendments to Australian Accounting Standards arising from* AASB 9 *(December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)* A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 *Financial Instruments: Recognition and Measurement.* Through AASB 2013-9, a new hedge accounting model has been put in place that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.	1 January 2018	1 July 2018
AASB 9 *Financial Instruments (December 2014),* AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* The final version of AASB 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace AASB 139 *Financial Instruments: Recognition and Measurement.* This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. This version supersedes AASB 9 (December 2009) and AASB 9 (December 2010).	1 January 2018	1 July 2018
AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* Amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.	1 January 2016	1 July 2016

Title	Application date of standard	Application date for Group
AASB 2013-9: *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	1 January 2018	1 July 2018
AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* Amends AASB 127 *Separate Financial Statements*, to allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements: • at cost; • in accordance with AASB 9 *Financial Instruments,* or • using the equity method as described in AASB 128 *Investments in Associates and Joint Ventures.* The accounting policy option must be applied for each category of investment.	1 January 2016	1 July 2016
AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* Amends a number of pronouncements as a result of the IASB's 2012-2014 annual improvements cycle. Key amendments include: • AASB 5 – change in methods of disposal; • AASB 7 – servicing contracts and applicability of the amendments to AASB 7 to condensed interim financial statements; • AASB 119 – discount rate: regional market issue; and • AASB 134 – Disclosure of information 'elsewhere' in the interim financial report'.	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 Amends AASB 101 *Presentation of Financial Statements* to provide clarification regarding the disclosure requirements in AASB 101. Includes narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements.	1 January 2016	1 July 2016

a) Changes in accounting policy, disclosures, standards and interpretations

i) Changes in accounting policies, new and amending standards and interpretations

The Group has adopted the following new and amending Australian Accounting Standards and AASB Interpretations that are mandatorily effective for the first time for the financial year beginning 1 July 2015:

AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*.	Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn The application of AASB 1031 does not impact on the amounts recognised in the consolidated financial statements.
AASB 2014-1: *Amendments to Australian Accounting Standards (Part E – Financial Instruments)*	Makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 *Financial Instruments* to annual reporting periods beginning on or after 1 January 2018. Part E makes amendments to reduced disclosure requirements for AASB 7 *Financial Instruments: Disclosures* and AASB 101 *Presentation of Financial Statements*. The application of AASB 2014-1 does not have any material impact on the amounts recognised in the consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, Centrepoint Alliance Limited, and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interests not held by the Group are allocated their share of net profit after tax in the Consolidated Statement of Profit or Loss and Comprehensive Income and are presented within equity in the Consolidated Statement of Financial Position, separately from Company shareholders' equity.

c) Significant accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Accounting estimates with significant areas of uncertainty and critical judgements have been applied to the following;

- *Intangible assets & Goodwill recoverable amounts* – notes 2(l) and 16
- *Impairment of loan receivables* – note 13(b)
- *Provision for client claims* – notes 2(p) and 19
- *Onerous contracts* – note 19
- *Recognition of deferred tax assets* – notes 2(t) and 9

d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, the liabilities incurred to former owners of the acquiree, and any equity issued by the acquirer, plus the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities incurred for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If a business combination is achieved in stages, the fair value of the previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. It is then considered in the determination of goodwill (refer Note 2 (l)).

Any contingent consideration is recognised at fair value at the acquisition date. Contingent consideration which is classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

e) Foreign currency

Both the functional and presentation currency of Centrepoint Alliance Limited and its Australian subsidiaries is Australian dollars (A$).

i) Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences relating to monetary items are included in the statement of comprehensive income, as exchange gains or losses, in the period when the exchange rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

ii) Foreign operations

On consolidation, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at the rate of exchange prevailing at the date of the transactions. The income and expenses of foreign operations are translated to Australian dollars at annual average exchange rates.

Foreign currency differences arising on translation for consolidation are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve ('FCTR') is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position are stated at nominal value and comprise cash at bank and in hand and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

g) Loan receivables

All loan receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method.

i) Insurance Premium Finance

Loan receivables are comprised of finance provided to customers by way of insurance premium finance loans. Insurance premium receivables are for terms not exceeding twelve months.

ii) Financial advisers

These are comprised of loans to advisers for terms varying from 1 to 5 years and attract interest at market rates. The majority of these loans are secured through charges over assets, by guarantees, or by retention of financial advice fees.

iii) Impairment of loan receivables

Impairment of a loan is recognised when there is objective evidence that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans and by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

Bad debts are written off when identified. If a provision for impairment has been recognised in relation to a loan, write offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write offs for bad debts are recognised as expenses in profit or loss.

h) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for impairment is raised when there is objective evidence that the Group will not be able to collect the debt. The criterion for impairment is if the debt is 60 days overdue with no repayments or payment arrangement and/or the debtor is placed in administration or liquidation. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

i) Investments and other financial assets

Investments are initially recognised at cost, including acquisition charges associated with the investment.

Subsequent to initial recognition, investments are measured at fair value. Gains or losses arising from changes in the fair value of investments are recognised in the Statement of Profit or Loss and Comprehensive Income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the reporting date.

Financial assets are stated at cost where there is no quoted market price and the fair value cannot be reliably measured.

Financial assets (excluding available for sale investments) are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's carrying amount is written down to the asset's estimated recoverable amount.

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

i) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

ii) Impairment

The Group assesses at each reporting date, whether there is objective evidence that a financial asset or group of financial assets are impaired.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to differ from historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. If a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

j) Plant and equipment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Plant and equipment is carried at cost, net of accumulated depreciation and any accumulated impairment losses. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the asset is written down to its recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by reference to the cash-generating unit to which the asset belongs.

Depreciation is calculated on a diminishing value basis over the estimated useful lives of the assets as follows:

Plant and equipment	2 – 7 years
Leasehold improvements	Lease term
Motor vehicles	5 years

De-recognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss and Comprehensive Income when the asset is derecognised.

Residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k) Impairment of non-financial assets other than goodwill

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Non-financial assets are carried at cost, net of accumulated depreciation and any accumulated impairment losses. The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the asset is written down to its recoverable amount. The recoverable amount of a non-financial asset is the greater of fair value less costs to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

l) Goodwill and intangibles

i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units which are expected to benefit from the acquisition. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment losses recognised are not subsequently reversed.

ii) Intangibles

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss and Comprehensive Income.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment at least annually either individually or at the cash-generating unit level. The assessment of indefinite life of an intangible asset is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

The estimated useful lives in the current and comparative periods are as follows:

Software	2.5 years
Network and Client Lists	5 – 15 years

m) Trade and other payables

Liabilities for trade creditors and other amounts payable are carried at amortised cost and represents liabilities that arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services for goods and services provided to the Group prior to the end of the financial year.

Liabilities are recognised, whether or not the liability has been billed to the economic entity.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowing costs are recognised as an expense when incurred. They include interest on bank overdrafts, bills of exchange and other borrowings. The Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with these assets would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

o) Leases

i) Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease assets are not capitalised and rental payments are expensed on a straight line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of the incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

ii) Finance Leases

Finance leases, which transfer to the Group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are allocated between finance charges and reduction in the lease liability. Finance charges are charged directly against income.

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease, or where ownership is likely to be obtained on expiration of the lease, over the expected useful life of the asset.

p) Provisions and employee benefits

i) Provisions (refer to Note 19)

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. A provision for claims is recognised when client claims received by advisers are notified to the Company or the Group expects to incur liabilities in the future as a result of past advice given. It is measured at the present value of the future costs that the Group expects to incur to settle the claims.

ii) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and other benefits, expected to be settled wholly within 12 months of the reporting date are measured at the amounts due to be paid when the liability is settled.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

iii) Make good costs for leased property

A provision for make good costs for leased property is recognised when a make good obligation exists in the lease contracts.

The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date. Future make good costs are reviewed annually and any changes are reflected in the present value of the make good provision at the end of the reporting period. The unwinding of the discounting is recognised as a finance cost.

iv) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

q) Share-based payment transactions

i) Equity settled transactions:

The Group provides benefits to its employees, including key management personnel, in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

Current equity settled transactions are:

- Performance rights issued in August 2013;
- The Centrepoint Alliance Employee Share Option Plan, which provides benefits to employees by invitation from the Board; and
- The Centrepoint Alliance Employee Share Plan, which provides benefits to employees by invitation from the Board.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Centrepoint Alliance Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions become fully entitled to the award (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Profit or Loss and Comprehensive Income is the product of:

i) the grant date fair value of the award;
ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of non-market performance conditions being met; and
iii) the expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Shares in the Group reacquired on market and held by the Employee Share Plan Trust are classified and disclosed as reserved shares and deducted from equity.

ii) Reserved shares

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are deducted from equity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

r) Contributed Equity

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company. Any transaction cost arising on the issue of ordinary shares is recognised, net of tax, directly in equity as a reduction of the share proceeds.

s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Financial advice and product margin revenue

Financial advice and product margin revenue is recorded at the time business is written as at this point all services have been provided to the customer and the right to receive the revenue is established.

ii) Service revenue

Revenue for services provided is recognised at the point of delivery of the service to clients.

iii) Ongoing revenue

Ongoing financial advice fee revenue is recorded monthly for ongoing services provided to clients.

iv) Interest income – Insurance Premium Funding

Interest income from insurance premium funding and asset finance operations is brought to account using the effective interest rate method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Loan commission costs and over-riding commission costs are amortised over the expected life of the loan.

v) Document fees – Insurance Premium Funding

Fee income is recognised when services are rendered and the right to receive the payment is established.

vi) Dividend and distribution income

Dividend and distribution revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

t) Taxation

i) Income Tax

The income tax expense for the period represents the tax payable on the pre-tax accounting profit adjusted for changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit and loss.

a) Current tax

Current tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

b) Deferred tax

Deferred tax assets and liabilities are recognised for all deductible and taxable temporary differences at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred income tax liabilities are recognised on all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary difference associated with investments in subsidiaries, associates or interests in joint ventures, when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry forward tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credits and unused tax losses can be utilised, except:

- When a deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow a deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when an asset is realised or a liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

c) Tax consolidation legislation

Centrepoint Alliance Limited and its wholly-owned Australian controlled entities implemented tax grouping under the tax consolidation legislation as of 1 July 2007.

The head entity, Centrepoint Alliance Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Centrepoint Alliance Limited also recognises current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in note 9.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

ii) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as an expense item as applicable; and
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, a taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, a taxation authority, are classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, a taxation authority.

u) Earnings per share ('EPS')

Basic EPS is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, and adjusted for any bonus element.

v) Comparative information

Certain adjustments have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the financial statements. Comparative amounts have been adjusted to conform to the current year's presentation.

3. Financial risk management

a) Risk exposures and responses

The Group's principal financial instruments comprise receivables, payables, bank and other loans, bank overdrafts, finance leases, cash and short-term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk and liquidity risk is monitored through the development of regular short and long-term cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Group Audit, Risk and Compliance Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, interest bearing receivables and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these assets (as outlined in each applicable note).

The Group's maximum exposure to credit risk for interest bearing receivables and trade receivables at the reporting date is limited to Australia.

The Group has credit insurance cover for the majority of its insurance premium funding loan receivables but does not hold any credit derivatives to offset its other credit exposures. The terms of the credit insurance cover include an aggregate first loss limited to $250,000.

The Group trades only with recognised, creditworthy third parties and the majority of the Group's cash balances are held with National Australia Bank Limited and Westpac Banking Corporation.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, all receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is monitored and managed.

Outlined below are the requirements for collateral, credit quality and concentration levels for the various categories of receivables.

i) Trade and other receivables

The Group does not have any significant credit risk exposure to any single counter-party or any group of counter-parties having similar characteristics. Trade and other receivables relate mainly to financial advice revenue and product margins earned as a financial dealer group and the majority is receivable from major financial institutions with high credit-ratings assigned by international credit-rating agencies. The Group does not require collateral in respect of trade and other receivables.

ii) Loans receivable – insurance premium funding

Wherever possible, collateral is obtained on the insurance premium funding receivables in the form of cancellable insurance policies. In the majority of cases insurance policies can be cancelled or terminated in the event of loan default, and the Group is generally entitled to the proceeds from any returned premiums net of other costs.

A risk assessment process is used for new loan applications, which ranges from credit background checks to formal reviews by a credit committee and, where appropriate, the obtaining of guarantees from directors and/or related entities. Each new loan is assessed in terms of total exposure risk to the customer concerned and pre-determined limits are applied to ensure appropriate analysis and approval procedures are applied.

Concentration levels of loan assets are monitored continuously to ensure that there are no significant concentrations of credit risk within the Group. Loans are provided to a large number of customers who are generally not related.

iii) Loans receivable – investment advisers

Loans to advisers have terms ranging from 1 to 5 years. Full credit submissions are prepared and reviewed and security is usually obtained in the form of charges over assets or guarantees and financial advice fees payable.

In some cases repayments are deducted from weekly financial advice fee payments.

iv) Ageing analysis

At reporting date, the ageing analysis of receivables is as follows:

Ageing Analysis	2016						
	Total $'000	0-30 Days $'000	31-60 Days $'000	61-90 Days PDNI $'000	61-90 Days CI $'000	+91 Days PDNI $'000	+91 Days CI $'000
Trade receivables	11,696	11,094	31	141	-	430	-
Loan receivables - IPF	126,160	124,076	744	274	256	232	578
Loan receivables - Adviser	1,219	167	19	14	-	588	431

Ageing Analysis	2015						
	Total $'000	0-30 Days $'000	31-60 Days $'000	61-90 Days PDNI $'000	61-90 Days CI $'000	+91 Days PDNI $'000	+91 Days CI $'000
Trade receivables	11,375	10,756	50	121	-	448	-
Loan receivables - IPF	122,973	120,431	783	365	305	249	840
Loan receivables - Adviser	1,095	171	13	12	1	433	465

** Past due not impaired (PDNI)* *** Considered impaired (CI)*

No further credit is provided to PDNI debtors until full repayment of overdue amounts is made. Payment terms for some PDNI debtors have been re-negotiated to aid recovery. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Impairment analysis is included at note 13.

c) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations as disclosed in note 18. The Group adopts a policy to minimise exposure to interest rate risk by depositing excess funds in interest bearing accounts at a variable rate or with short date maturities.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to interest rate risk:

Interest Rate Risk

	2016			
	Weighted average effective interest rate	Fixed <= 6 Months	Fixed > 6 Months	Variable
	%	$'000	$'000	$'000
Financial Assets				
Cash and term deposits	3.12%	125	-	10,067
Loan receivables - insurance premium funding	10.97%	51,022	75,138	-
Loan receivables - investment advisers	15.31%	240	979	-
Security deposits	-	-	1,778	-
		51,387	**77,895**	**10,067**
Financial Liabilities				
Receivables finance facility - insurance premium funding	3.25%	83,987	-	-
Equipment hire and software finance	3.25%	26	-	-
		84,013	**-**	**-**
Net Exposure		**(32,626)**	**77,895**	**10,067**

	2015			
	Weighted average effective interest rate	Fixed <= 6 Months	Fixed > 6 Months	Variable
	%	$'000	$'000	$'000
Financial Assets				
Cash and term deposits	3.38%	4,125	-	8,414
Loan receivables - insurance premium funding	11.54%	55,716	67,258	-
Loan receivables - investment advisers	16.49%	159	936	-
Security deposits	-	-	1,143	-
		60,000	**69,337**	**8,414**
Financial Liabilities				
Receivables finance facility - insurance premium funding	3.84%	85,143	-	-
Equipment hire and software finance	3.25%	89	160	-
		85,232	**160**	**-**
Net Exposure		**(25,232)**	**69,177**	**8,414**

The Group's objective is to minimise exposure to adverse risk and therefore it continuously analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. Individual insurance premium funding loans are at fixed interest rates however the book consists of thousands of small loans with new loans written daily. The average term of the loans is 10.5 months resulting in the average duration of the book being 4 to 5 months. Movements in borrowing interest rates can be passed on quickly to new borrowers with the result that the average interest rate of the book responds relatively quickly to changes in market interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. If interest rates had moved, as illustrated in the table below, with all other variables held constant, consolidated post tax profit and equity would have been affected as follows:

	Higher/(lower)	
	2016 $'000	**2015 $'000**
Judgements of reasonably possible movements:		
+1%	(342)	(356)
-1%	342	356

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in other comprehensive income is the same because there are no cash flow hedges in use.

Significant assumptions used in the interest rate sensitivity analysis include:

a) Reasonably possible movements in interest rates were determined based on the Group's current credit rating and mix of debt, relationships with finance institutions.
b) The level of debt that is expected to be renewed.
c) The net exposure is representative of the expected exposure in the twelve months from reporting date.

d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of instruments such as bank overdrafts, bank loans, subordinated debt, preference shares, finance leases and other committed available credit lines from time to time as required. The Group's unused facility limits are stated in note 18(c).

The Group's policy is to match debt with the nature and term of the underlying assets. At reporting date over 99% of the Group's financial assets mature in less than 12 months. The insurance premium funding interest bearing receivable, which is the majority of the receivables, consists of multiple small loans with an average maturity of 4 to 5 months.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial liabilities. The respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as at reporting date.

i) Maturity analysis of financial assets and liability based on management's expectation:

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant, equipment and investments in working capital e.g. trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established reporting requirements which monitor maturity profiles and anticipated cash flows from Group assets and liabilities.

The tables below are based on the carrying values at reporting date and includes future interest receivable or payable.

	2016			
Financial Assets	**<= 6 Months $'000**	**6-12 Months $'000**	**1-5 Years $'000**	**Total $'000**
Cash and term deposits	10,192	-	-	10,192
Trade and commissions receivable	11,450	245	2	11,697
Loan receivables - insurance premium funding	51,022	75,138	-	126,160
Loan receivables - investment advisers	245	88	886	1,219
Security deposits	730	-	1,048	1,778
	73,639	**75,471**	**1,936**	**151,046**
Financial Liabilities				
Trade and other payables	34,534	-	-	34,534
Other liabilities	91	91	284	466
Receivables finance facility	37,912	46,075	-	83,987
Equipment hire and software finance	26	-	-	26
	72,563	46,166	284	119,013
Net Maturity	**1,076**	**29,305**	**1,652**	**32,033**

	2015			
Financial Assets	**<= 6 Months $'000**	**6-12 Months $'000**	**1-5 Years $'000**	**Total $'000**
Cash and term deposits	12,539	-	-	12,539
Trade and commissions receivable	11,254	121	-	11,375
Loan receivables - insurance premium funding	55,716	67,258	-	122,974
Loan receivables - investment advisers	159	42	894	1,095
Security deposits	352	-	791	1,143
	80,020	**67,421**	**1,685**	**149,126**
Financial Liabilities				
Trade and other payables	34,337	90	-	34,427
Other liabilities	91	91	467	649
Receivables finance facility	38,551	46,592	-	85,143
Equipment hire and software finance	89	85	75	249
	73,068	46,858	542	120,468
Net Maturity	**6,952**	**20,563**	**1,143**	**28,658**

e) Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Sensitivity analysis is based on the exchange rate risk exposures in existence at the reporting date. If exchange rates had moved 1%, with all other variables held constant, consolidated post tax profit and equity would have been affected by approx. $15,000.

f) Market and price risk

The Group's exposure to commodity and equity securities price risk is significant because a portion of the Group's net advice and investment products revenue is governed by the amount of funds under management or under advice, which is impacted by the market price of equities and other investment assets.

This risk is effectively a feature of the financial advice industry and cannot easily be managed. However, the increasing proportion of fee for service revenue and the ability of the Group to adjust resource inputs in relation to market movements decreases the level of risk.

g) Fair value of financial instruments

The Group uses various methods in estimating the fair value of a financial instrument. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The methods comprise:

Level 1 – the fair value is calculated using quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – the fair value is estimated using inputs other than quoted (unadjusted) market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Quoted (unadjusted) market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in their hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) as the end of each reporting period.

There were no transfers between categories during the year.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Cash and Cash equivalents: Fair value approximates the carrying amount as these assets are receivable on demand or short term in nature.

Interest Bearing Receivables: For fixed rate loans, excluding impaired loans, fair value is determined by discounting expected future cash flows by the RBA Indicator Lending Rate for 3 year fixed small business loans adjusted using quoted BBSW interest rates to reflect the average remaining term of the loans as at 30 June 2016.

The calculated fair value using this Level 3 methodology approximates carrying value. Increasing the interest rate used to discount future cash flows by 1% would reduce fair value by less than $377,000.

For variable rate loans, excluding impaired loans, fair value approximates the carrying amount as they are repriced frequently.

Interest Bearing Liabilities: The carrying values of variable rate interest bearing liabilities approximate their fair value as they are short term in nature and reprice frequently.

4. Segment information

The Group has organised its businesses and identified two reportable segments based on the nature of the products and services provided and the markets in which it operates. Internal reports are regularly reviewed by the Managing Director and Chief Executive Officer on this basis.

The Group's reportable segments are:

- Wealth – provides Australian Financial Services Licence related services, investor directed portfolio services and investment management services to financial advisers and their clients.
- Lending – provides insurance premium funding and mortgage broking services.

Board, corporate finance, company secretarial and other administrative functions of the Company not allocated to the above reportable segments are identified as corporate and unallocated.

The Group operated only in Australia and New Zealand during the reporting period. A detailed review of these segments is included in the Directors' Report.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. The Group does not currently manage its assets and liabilities on an individual segment basis.

	Licensee & Advice Services	Funds Management & Administration	Wealth Total	Lending	Corporate & Unallocated	Consolidated
Year ended 2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
External customers	23,141	6,657	29,798	1,677	-	**31,475**
Inter-segment revenue	2,632	788	3,420	602	7,585	**11,607**
Interest income	137	49	186	14,364	258	**14,808**
Borrowing expenses	(364)	(1)	(365)	(4,305)	268	**(4,403)**
Segment revenue	**25,546**	**7,493**	**33,039**	**12,338**	**8,111**	**53,488**
Inter-segment elimination						**(11,607)**
Total revenue						**41,881**
Segment results						
Client claims	(245)	-	(245)	(7)	-	**(252)**
Depreciation & amortisation	(1,691)	(176)	(1,867)	(209)	(64)	**(2,140)**
Impairment of assets	7	-	7	(609)	-	**(602)**
Segment profit before tax	**1,750**	**3,636**	**5,385**	**2,536**	**(3,360)**	**4,561**
Inter-segment elimination						**-**
Profit before tax						**4,561**
Balance Sheet at 30 June 2016						
Current assets						
Interest bearing receivables	208	-	208	125,642	-	**125,850**
Other current assets	13,004	2,703	15,707	4,060	6,677	**26,444**
Total current assets	**13,212**	**2,703**	**15,915**	**129,702**	**6,677**	**152,294**
Non-current assets						
Interest bearing receivables	460	**-**	460	**-**	-	**460**
Other non-current assets	6,850	190	7,040	672	8,039	**15,751**
Total non-current assets	**7,310**	**190**	**7,500**	**672**	**8,039**	**16,211**
Total Assets	**20,522**	**2,893**	**23,415**	**130,374**	**14,716**	**168,505**
Current liabilities						
Interest bearing liabilities	86	-	86	83,928	-	**84,014**
Other current liabilities	16,738	830	17,568	25,101	358	**43,027**
Total current liabilities	**16,824**	**830**	**17,654**	**109,029**	**358**	**127,041**
Non-current liabilities						
Interest bearing liabilities	-	-	-	-	-	**-**
Other non-current liabilities	1,499	-	1,499	50	365	**1,914**
Total non-current liabilities	**1,499**	**-**	**1,499**	**50**	**365**	**1,914**
Total Liabilities	**18,323**	**830**	**19,152**	**109,079**	**723**	**128,955**
Net Assets	**2,199**	**2,063**	**4,262**	**21,295**	**13,993**	**39,550**

Year ended 2015	Licensee & Advice Services $'000	Funds Management & Administration $'000	Wealth Total $'000	Lending	Corporate & Unallocated $'000	Consolidated $'000
Revenue						
External customers	24,061	6,038	30,099	1,856	-	**31,955**
Inter-segment revenue	689	374	1,063	(294)	15,663	**16,432**
Interest income (gross)	154	49	203	15,096	337	**15,636**
Borrowing expenses	(280)	(1)	(281)	(5,238)	222	**(5,297)**
Segment revenue	**24,624**	**6,460**	**31,084**	**11,420**	**16,222**	**58,726**
Inter-segment elimination						**(16,432)**
Total revenue						**42,294**
Segment results						
Client claims	(2,606)	-	(2,606)	-	-	**(2,606)**
Depreciation & amortisation	(1,354)	(255)	(1,609)	(304)	(127)	**(2,041)**
Impairment of assets	10	-	10	(517)	-	**(507)**
Segment profit before tax	**193**	**2,886**	**3,079**	**2,086**	**13,603**	**18,768**
Inter-segment elimination						**(16,215)**
Profit before tax						**2,553**
Balance Sheet at 30 June 2015						
Current assets						
Interest bearing receivables	207	-	207	122,260	-	**122,467**
Other current assets	12,236	6,138	18,374	4,308	5,609	**28,291**
Total current assets	**12,443**	**6,138**	**18,581**	**126,568**	**5,609**	**150,758**
Non-current assets						
Interest bearing receivables	330	-	330	-	-	**330**
Other non-current assets	9,177	275	9,452	895	7,199	**17,546**
Total non-current assets	**9,507**	**275**	**9,782**	**895**	**7,199**	**17,876**
Total Assets	**21,950**	**6,413**	**28,363**	**127,463**	**12,808**	**168,634**
Current liabilities						
Interest bearing liabilities	174	-	174	85,143	-	**85,317**
Other current liabilities	18,115	832	18,947	24,255	460	**43,662**
Total current liabilities	**18,289**	**832**	**19,121**	**109,398**	**460**	**128,979**
Non-current liabilities						
Interest bearing liabilities	75	-	75	-	-	**75**
Other non-current liabilities	2,586	-	2,586	60	276	**2,922**
Total non-current liabilities	**2,661**	**-**	**2,661**	**60**	**276**	**2,997**
Total Liabilities	**20,950**	**832**	**21,782**	**109,458**	**736**	**131,976**
Net Assets	**1,000**	**5,581**	**6,581**	**18,005**	**12,072**	**36,658**

The Inter-segment sales are carried out on an arm's length basis and are eliminated on consolidation. Revenue from one customer amounted to $5,707,166 (2015: $6,320,970) arising from sales in the Wealth segment.

5. Interest revenue

	2016 $'000	2015 $'000
Insurance premium funding		
Interest income	14,378	15,096
Interest expense	(2,994)	(3,591)
Bank fees & other	(1,307)	(1,646)
Interest income (net)	**10,077**	**9,859**
Other		
Interest income	430	540
Interest expense	(63)	(18)
Bank fees & other	(39)	(42)
Interest income (net)	**328**	**480**
Total		
Interest income (gross)	14,808	15,636
Borrowing expenses	(4,403)	(5,297)
Interest income (net)	**10,405**	**10,339**

Rate of Interest	**Average Balance**		**Interest**		**Average Rate p.a.**	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 %**	**2015 %**
Loan receivables - premium funding	131,026	130,814	14,378	15,096	10.97%	11.54%
Loan receivables - investment advisers	503	529	77	87	15.31%	16.49%
Cash and deposits	11,323	13,404	353	453	3.12%	3.38%

6. Other revenue

	2016 $'000	2015 $'000
Cost recoveries from advisers	538	521
Retail and wholesale asset and service fees	161	89
Other	221	122
Total other revenue	**920**	**732**

7. Expenses

	2016 $'000	2015 $'000
a) Employee benefit expenses		
Wages and salaries	21,845	21,834
Share based compensation expense	327	263
Termination costs	388	221
Total employee benefit expenses	**22,560**	**22,318**
b) Other general and administrative expenses		
Audit fees	398	361
Directors fees and expenses	304	367
Entertainment	114	232
Foreign exchange loss	4	1
Printing, stationary and postage	141	206
Other expenses	965	1,314
Total other general and administrative expenses	**1,926**	**2,481**

8. Remuneration of auditors

The primary auditor of Centrepoint Alliance Limited was Deloitte Touche Tohmatsu.

	2016 $	2015 $
Amounts received or due and receivable by Deloitte Touche Tohmatsu		
Audit of the financial report of the entity and other entities in the consolidated group	232,451	220,000
Other services in relation to the entity and other entities in the consolidated group		
Taxation services - Deloitte Touche Tohmatsu	87,108	10,395
Other regulatory audit services	47,554	55,000
	367,113	**285,395**
Amounts received or due and receivable by other audit firms for:		
Audit fees - managed funds & international businesses	79,241	74,201
	79,241	**74,201**

9. Income tax

a) Income tax (benefit)/expense

The major components of income tax expense for the years ended 30 June 2016 and 2015 are:

(a) Income tax expense

	2016 $'000	2015 $'000
Current income tax		
Current income tax charge	1,530	912
Adjustment to current tax of prior period	33	(34)
Tax adjustment in respect to non-consolidated entities	52	-
Deferred income tax		
Utilisation of previously unrecognised tax losses	(1,345)	(4,270)
Adjustment to deferred tax of prior period	29	65
Income tax expense reported in the income statement	**299**	**(3,327)**

b) Amounts charged or credited directly to equity

No income tax was charged directly to equity for the year ending 2016 (2015: Nil).

c) Reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	2016 $'000	2015 $'000
Accounting profit before tax from continuing operations	**4,561**	**2,553**
At the Company's statutory income tax rate of 30% (2015: 30%)	1,368	766
Non-deductible expenses	162	146
Utilisation of previously unrecognised tax losses	(1,345)	(4,270)
Tax adjustment in respect to non-consolidated entities	52	-
Adjustment in respect of current tax of prior years	33	(34)
Adjustment in respect of deferred tax of prior years	29	65
Aggregate income tax expense/(benefit)	**299**	**(3,327)**

d) Recognised deferred tax assets and liabilities

Deferred income tax relates to the following:

	Statement of Financial Position		Statement of Profit or Loss and Comprehensive Income	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax liabilities				
Deferred revenue	(6)	(4)	(2)	1,053
Intangibles - net of impairment	(409)	(612)	203	254
Gross deferred tax liabilities	**(415)**	**(616)**	**201**	**1,307**
Deferred tax assets				
Provisions for claims	2,982	4,055	(1,073)	(1,557)
Provision for impairment of loan receivables	331	380	(50)	1
Provision for leases	429	-	429	-
Deferred fee income	-	-	-	(25)
General accruals	448	485	(37)	(127)
Employee benefits	1,150	1,127	24	(121)
Prepaid revenue	78	75	3	4,270
Utilisation of previously unrecognised tax losses	5,280	4,270	1,010	-
Applied revenue tax losses	(1,020)	(302)	(718)	(302)
Deferred transaction costs	132	220	(88)	(114)
Gross deferred tax assets	**9,810**	**10,310**	**(500)**	**2,025**
Net deferred tax assets	**9,395**	**9,694**		

In the prior year, the Group recognised a deferred tax asset to account for the benefit of past losses for the first time as expectation of future profitability strengthened. The recognition of this asset is subject to estimation uncertainty as the utilisation of the deferred tax asset is dependent on estimates of future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. In addition, the utilisation of certain acquired tax losses is also subject to fractioning under Australian tax legislation which effectively prescribes the rate at which such acquired tax losses may be offset against the Group's taxable income. Given that the available fraction of the transferred losses is based on the relative market value of the Group, the determination of the available fraction is subject to some uncertainty. The application of fractioning means that the number of years it will take to recognise the losses against taxable profits is increased significantly. Management have applied judgement in recognising a deferred tax asset relating to prior tax losses of $4.3m at 30 June 2016 and following this judgement has unrecognised tax losses of $58.7m (2015: $63.2m).

e) Unrecognised tax losses

The Group has the following Australian tax losses for which no deferred tax assets are recognised at reporting date.

	2016 $'000	2015 $'000
Revenue losses	29,609	34,092
Capital losses	29,097	29,097
Total unrecognised	**58,706**	**63,189**

The above losses are available indefinitely for offset against future taxable income and capital gains subject to continuing to meet relevant statutory tests.

f) Tax consolidation

i) Tax effect accounting by members of the tax consolidated group

a) Measurement method adopted under AASB interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the 'separate taxpayer within group' approach whereby the Company measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right, with adjustments for its transactions that do not give rise to a tax consequence for the group or that have a different tax consequence at the level of the Group. The current and deferred tax amounts are measured by reference to the carrying amount of assets and liabilities in the Statement of Financial Position and their tax bases applying under the tax consolidation, this approach being consistent with the broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

b) Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is based on taxable profit. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. These amounts are payable at call.

10. Dividends

Dividends payable are recognised when declared by the Company.

	2016 $'000	2015 $'000
a) Dividends paid or payable		
The following fully franked dividends were provided for or paid during the year:		
Dividends paid on ordinary shares	3,169	4,541

b) Franking credit balance	2016 $'000	2015 $'000
Franking account balance as at the end of the financial year	26,682	28,040

The tax rate at which paid dividends were franked is 30%. Franking credits are reported on a tax paid basis.

11. Earnings per share ('EPS')

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

	2016 $'000	2015 $'000
a) Profit used in calculating profit per share		
Net profit attributable to ordinary equity holders of the Company	4,262	5,888
Net profit attributable to ordinary equity holders of the Company from continuing operations	4,262	5,888
b) Weighted average number of shares	**No. of**	**No. of**
Weighted average number of ordinary shares (excluding reserved shares)	144,969,010	142,151,048
Effect of dilution:		
Performance rights and LTI shares	10,250,271	6,442,922
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	**155,219,281**	**148,593,970**

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

c) Information on the classification of securities

Reserved shares (Centrepoint Alliance Employee Share Plan)

During the year 2,750,000 shares were issued to the Centrepoint Alliance Employee Share Plan Trust on behalf of employees under the rules of the Plan. As at reporting date 8,050,000 reserved shares were held by the Trust and are excluded from the calculations of earnings per share because they are treated as reserved shares under AASB 132 *Financial Instruments: Presentation*.

12. Trade and other receivables

	2016 $'000	2015 $'000
Current		
Commissions receivable	10,799	10,267
Trade receivables	897	1,108
Total	**11,696**	**11,375**

An ageing analysis is provided in note 3(b)(iv).

13. Interest bearing receivables

	2016 $'000	2015 $'000
Current		
Loan receivables - Insurance premium funding	126,160	122,973
Provision for impairment - collective	(245)	(188)
Provision for impairment - specific	(275)	(525)
	125,640	**122,260**
Loan receivables - Investment advisers	328	311
Provision for impairment - specific	(120)	(104)
	208	**207**
Total current interest bearing receivables	**125,848**	**122,467**
Non-current		
Loan receivables - Investment advisers	891	784
Provision for impairment - specific	(431)	(454)
Total non-current interest bearing receivables	**460**	**330**

a) Terms and conditions

Insurance Premium Funding loans are fixed interest loans with an average term of 10.6 months. Repayments are made monthly in advance in accordance with the terms of the loan contract.

Loans due from investment advisers have terms ranging from 1 to 5 years and varying interest terms at or above commercial rates. The majority of these loans are secured through charges over assets, by guarantees, or by retention of financial advice fees.

b) Impairment of loan receivables

Impairment expense amounts are included in the Statement of Profit or Loss and Comprehensive Income under 'impairment of assets'.

		2016 $'000	2015 $'000
(i)	*Allowance for Impairment*		
	Opening Balance	1,286	1,445
	Movement in the allowance is as follows		
	Allowance for impairment	1,094	715
	Bad debts written off (gross)	(1,309)	(874)
	Closing balance	**1,071**	**1,286**
(ii)	*Receivables impairment expense*		
	Impairment expense	1,101	725
	Bad debts (recovery)/written off directly	(7)	(10)
	Amounts recovered against debts previously written off	(492)	(208)
	Total expense	**602**	**507**

All interest bearing receivables are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described below:

		2016 $'000	2015 $'000
(iii)	*Non-Accrual Loans*		
	Total of loan receivables with allowance	1,373	1,542
	Specific allowance for impairment	(275)	(525)
	Non-accrual loans included in loan receivables (net)	**1,098**	**1,017**
	Interest foregone on non accrual loans	41	65

"Non-accrual loans" are loan receivables where the debt has been written down to recoverable value. Once classified as a non-accrual loan, interest accruing on insurance premium funding loans is not brought to account as income unless actually received.

An ageing analysis of loan receivables is provided in note 3(b) (iv).

c) Related party receivables

There are currently no related party receivables.

d) Fair value and risk management

The carrying value of interest bearing receivables approximates their fair value.

Credit risk, interest rate risk and currency risk is addressed in note 3.

14. Other assets

	2016 $'000	2015 $'000
Current		
Security deposits	730	352
Prepayments	3,828	4,025
Total	**4,558**	**4,377**
Non-current		
Security deposits	1,048	791
Other	36	36
Total	**1,084**	**827**

15. Property, plant and equipment

	Leasehold Improvements $'000	Plant & Equipment $'000	Total $'000
Cost			
At 1 July 2014	1,281	5,746	7,027
Additions	459	464	923
Disposals	(63)	(3,004)	(3,067)
At 30 June 2015	1,677	3,206	4,883
Additions	364	49	413
Disposals	(39)	(140)	(179)
At 30 June 2016	**2,002**	**3,115**	**5,117**
Depreciation and impairment			
At 1 July 2014	411	4,653	5,064
Depreciation charge for the year	265	390	655
Impairment	-	-	-
Disposals	(60)	(2,856)	(2,916)
At 30 June 2015	616	2,187	2,803
Depreciation charge for the year	710	263	973
Impairment	-	-	-
Disposals	(79)	(21)	(100)
At 30 June 2016	**1,247**	**2,429**	**3,676**
Net carrying value			
At 30 June 2016	**755**	**686**	**1,441**
At 30 June 2015	**1,061**	**1,019**	**2,080**

16. Intangible assets

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

Period ending 30 June 2016	Goodwill $'000	Software $'000	Network & Client Lists $'000	Total $'000
At 1 July 2015 net of accumulated amortisation and impairment	2,132	774	2,039	**4,945**
Additions	-	103	-	**103**
Impairment	-	-	-	**-**
Amortisation	-	(540)	(677)	**(1,217)**
At 30 June 2016 net of accumulated amortisation and impairment	**2,132**	**337**	**1,362**	**3,831**
At 30 June 2016				
Cost	2,385	3,913	10,025	**16,323**
Accumulated amortisation and impairment	(253)	(3,576)	(8,663)	**(12,492)**
Net carrying value	**2,132**	**337**	**1,362**	**3,831**

Year ending 30 June 2015	Goodwill $'000	Software $'000	Network & Client Lists $'000	Total $'000
At 1 July 2014 net of accumulated amortisation and impairment	2,132	1,010	2,887	**6,029**
Additions	-	301	-	**301**
Impairment	-	-	-	**-**
Amortisation	-	(537)	(848)	**(1,385)**
At 30 June 2015 net of accumulated amortisation and impairment	**2,132**	**774**	**2,039**	**4,945**
At 30 June 2015				
Cost	2,385	3,810	10,025	**16,220**
Accumulated amortisation and impairment	(253)	(3,036)	(7,986)	**(11,275)**
Net carrying value	**2,132**	**774**	**2,039**	**4,945**

b) Description of the Group's intangible assets

i) Goodwill

Cash generating units ('CGU')

Goodwill of $1,176,000 was created as a result of the reverse acquisition of Centrepoint Alliance Limited by Centrepoint Wealth Pty Ltd in December 2010. It represents goodwill on the insurance premium funding business.

Goodwill was also created during 2012 on the acquisitions of the externally owned interests in Ventura Investment Management Ltd of $93,000 and in Centrepoint Alliance Lending Pty Ltd (previously Centrepoint Lending Solutions Pty Ltd) of $863,000, (net of an impairment of $253,000).

Other CGU's include Professional Investment Services Pty Ltd and Investment Diversity Pty Limited.

Goodwill is tested on an annual basis and when there is an indication of potential impairment.

ii) Networks and client lists

Intangible assets in the form of adviser network businesses and adviser client lists acquired to expand the adviser network. These had a total book value at 30 June 2016 of $1,362,000 (2015: $2,039,000).

iii) Software

The Group has developed or acquired software, which are being amortised over their expected useful lives.

c) Impairment tests for goodwill and intangibles

i) Goodwill

Goodwill is tested annually for impairment by calculation of value in use at the CGU level. As no indicator of impairment were in any CGU's and goodwill only exists within the Centrepoint Alliance Lending Pty Ltd CGU, Ventura Investment Management Limited CGU and Centrepoint Alliance Premium Funding Pty Ltd CGU, impairment testing was only performed for these 3 CGU's.

Management is of the view that core assumptions such as cost of equity and terminal growth rate are the same across these 3 CGU's.

Value in use is calculated using discounted cash flow projections for five years and terminal values prepared from current forecasts using the following assumptions:

- Terminal growth rate 2.50% (2015: 2.50%)
- Cost of equity: 12.35% (2015: 12.35%)

The testing resulted in no impairment being required.

The value in use model is not materially sensitive to any of the above assumptions. Sensitivity suggests that no reasonable change in any assumptions gives rise to impairment.

No indicators of impairment are noted for the remaining CGU's.

ii) Networks and client lists

Adviser networks and client lists are regularly tested for impairment by calculation of value in use when indicators of potential impairment arises.

Value in use is calculated using discounted cash flow projections associated with the applicable asset using the following assumptions:

- The number of revenue generating advisers and clients declines to nil over the remaining useful life of 5 years.
- Cash flows associated with remaining advisers and clients are inflated only at CPI with no growth assumed.
- Cost of equity: 12.35% (2015: 12.35%)

The testing resulted in no impairment losses (2015: Nil).

The value in use calculations are most sensitive to the remaining useful life assumption. Sensitivity analysis indicates that a decrease in the assumed useful life of 1 year would have resulted in an impairment expense of $248,614 (2015: $226,000).

iii) Software

The value of the developed or acquired software of the Group is amortised on a straight line basis over a 2.5 year period, which the directors assess as the intangible asset's useful life. No software is considered to be impaired.

17. Trade and other payables

	2016 $'000	2015 $'000
Current		
Insurance premium funding - commissions payable	900	544
Insurance premium funding - premiums payable	22,057	21,766
Amounts payable to financial advisers	8,225	7,931
Trade payables	1,239	1,889
Other creditors and accrued expenses	2,113	2,297
Total	**34,534**	**34,427**

a) Terms and conditions

Trade and other payables are non-interest bearing. The trade payables relate principally to financial advice fees payable to advisers and insurance premiums and commissions payable to insurance brokers.

Other creditors and accrued expenses relate mainly to operating expenses and are normally payable within 60 days.

b) Fair value

Due to the short term nature of the majority of the current trade and other payables, their carrying value is assumed to approximate their fair value.

c) Financial guarantees

No guarantees have been given over trade and other payables.

d) Related party payables

For terms and conditions relating to related party payables refer to note 24.

e) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 3.

18. Interest bearing liabilities

	2016 $'000	2015 $'000
Current		
Receivables finance facility - insurance premium funding	83,987	85,143
Equipment hire and software finance liabilities	26	174
Total	**84,013**	**85,317**
Non-current		
Equipment hire and software finance liabilities	-	75
Total	**-**	**75**

a) Fair value of interest bearing liabilities

Interest bearing liabilities are carried at amortised cost. The carrying value of borrowings approximates their fair value.

b) Financial risk

Refer to note 3 for interest rate risk and liquidity risk. There is no exchange rate risk as the interest bearing liabilities are documented and payable in Australian dollars.

c) Finance facilities

Centrepoint Alliance Premium Funding Pty Ltd has a multi option facility, including an insurance premium funding receivables finance facility with the National Australia Bank Limited (‘NAB’) & Bendigo and Adelaide Bank (‘BAAB’). It is secured by a registered mortgage debenture over all the assets and undertakings of that company. In addition, amounts advanced under the receivables finance facility are secured by the partial assignment to the NAB/BAAB of loan contract receivables and an unlimited interlocking guarantee and indemnity given by the Company. Subsequent to year end, the Company changed its financing arrangements (refer to Note 28 for details).

The Group's finance facilities and their usage as at reporting date was as follows:

	Accessible $'000	Used $'000	Unused $'000
30 June 2016			
NAB Multi option facility	103,476	61,425	42,051
BAAB Multi option facility	33,524	22,641	10,883
	137,000	84,066	52,934
30 June 2015			
NAB Multi option facility	115,232	65,112	50,120
BAAB Multi option facility	34,768	20,030	14,738
	150,000	85,142	64,858

d) Defaults and breaches

There were no defaults or breaches of lending covenants during the year.

19. Provisions

	2016 $'000	2015 $'000
Current		
Provision for adviser client claims	4,743	5,500
Provision for employee entitlements	3,057	3,092
Property make good	83	319
Onerous lease	429	-
Total	**8,312**	**8,911**
Non-current		
Provision for adviser client claims	-	1,800
Provision for employee entitlements	706	423
Property make good	352	232
Onerous lease	572	-
Total	**1,630**	**2,455**

	2016 $'000	2015 $'000
a) Movement in provision for adviser client claims		
Opening balance	7,300	13,775
Movement in the provision is as follows:		
Claims provisioning expense during the period	174	2,369
Claims settlements & fees paid (net of recoveries)*	(2,731)	(8,844)
Closing balance	**4,743**	**7,300**

* Movement excludes $77,659 (2015: $236,846) from claims arising from advice post 30 June 2010.

Provision for adviser client claims

The provision for adviser client claims is the estimated cost of resolving claims from clients arising from financial advice provided prior to 1 July 2010 by Authorised Representatives of the Group. The provision is the estimated cost of resolving reported and ‘incurred but not reported’ (‘IBNR’) claims. The estimate was determined by reference to an independent actuarial valuation assessment in July 2016 that used internal historical data on claims up to 30 June 2016. It is measured based on the present value of future costs that the Group expects to incur to resolve such claims. The actuarial model does not project claims from class actions. Class action lawyers have been active within the financial services industry in relation to failed investment products and there is an unquantifiable risk that such action may be taken against a Group subsidiary in the future. Claims are expected to be reported and resolved over a period between zero and five years. Resolution is dependent on the circumstances of each claim and the level of complexity involved. Any costs are offset against the provision as incurred.

	2016 $'000	2015 $'000
b) Movement in provision for employee benefits		
Opening balance	3,515	4,120
Movement in the provision is as follows:		
Provision for year	2,885	2,703
Reduction resulting from re-measurement without cost	(133)	(584)
Leave and other employee benefits paid	(2,504)	(2,724)
Closing balance	**3,763**	**3,515**

	2016 $'000	2015 $'000
(c) Movement in provision for property make good		
Opening balance	551	288
Movement in the provision is as follows:		
Provision for year	(116)	263
Property make good expenditure	-	-
Closing balance	**435**	**551**

	2016 $'000	2015 $'000
(d) Movement in provision for onerous lease		
Opening balance	-	-
Movement in the provision is as follows:		
Provision for year	1,001	-
Onerous lease expenditure	-	-
Closing balance	**1,001**	**-**

Provision for onerous lease contract

During the year, the Group undertook a review of all its premises. The review resulted in merging the two Brisbane office locations, closing the Adelaide office utilising a “working from home” model and moving the North Sydney office to Sydney CBD. The locations vacated at the end of their lease period are Brisbane and Adelaide. Further the Gold Coast office has consolidated from two floors to one, and a result of this change is that an onerous contract now exists for the unused space.

A review has assessed the likely offset from sub-leasing the Gold Coast premises for the lease period to October 2018, and application of the appropriate accounting treatment results in establishing a provision for onerous lease contracts of $1,001,000 that will be amortised over this period. This has been split between a current provision of $429,000 and non-current provision of $572,000. The associated expense is included in property expenses. In addition, there is an impact on leasehold assets that results in bringing forward depreciation of $300,000. The total profit and loss impact reported in this financial year is $1,301,000. Management are pursuing sub-lease opportunities and if a tenant is found, this will reduce the amount of provision.

20. Contributed equity

	Reference	2016 $'000	2015 $'000
a) Paid up capital			
Ordinary shares	(i)	38,585	36,178
Reserved shares	(ii)	(4,435)	(3,500)
		34,150	**32,678**

	Number of shares	2016 $'000	Number of shares	2015 $'000
i) Ordinary shares (issued & fully paid)				
Balance at start of year	148,300,806	36,178	142,789,724	41,188
Movements during the year:-				
- Share issue - long-term incentive plan	2,750,000	935	4,514,284	2,356
- Share issue - dividend reinvestment plan	4,383,274	1,472	996,798	505
- Share capital s258F reduction	-	-	-	(7,871)
On issue at end of year	**155,434,080**	**38,585**	**148,300,806**	**36,178**
ii) Reserved shares				
Balance at start of year	(5,300,000)	(3,500)	(856,431)	(1,173)
Movements during the year:-				
- Issue of share to executive	-	-	70,715	29
- Share issue - long term incentive plan	(2,750,000)	(935)	(4,514,284)	(2,356)
On issue at end of year	**(8,050,000)**	**(4,435)**	**(5,300,000)**	**(3,500)**
Total contributed equity	**147,384,080**	**34,150**	**143,000,806**	**32,678**

b) Capital management

The Company's capital is currently only comprised of shareholder funds. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Subsequent to balance date the directors declared a final dividend in respect of the 2016 financial year of 1.2 cents per ordinary share amounting to $1,865,209 (2015: $1,779,610). No provision has been recognised as at 30 June 2016 (2015: Nil).

21. Reserves

	2016 $'000	2015 $'000
Employee equity benefits reserve	1,088	761
Dividend reserve	14,810	17,979
Total	**15,898**	**18,740**

a) Employee equity benefits reserve	**2016 $'000**	**2015 $'000**
Balance at start of year	761	498
Value of share based payments provided or which vested during the year	327	263
Value of share based payments expired during the year	-	-
Balance at end of year	**1,088**	**761**

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

During the current period, the following shares were issued to the Managing Director and Chief Executive Officer and other senior executives of the Group under the Centrepoint Alliance Share Plan (‘CAESP’). Participants were provided with an interest free non-recourse loan to fund their acquisition of the shares. This arrangement is equivalent to a call option over the shares and accordingly it has been valued using the Black Scholes model as follows:

Shares	No. of shares	Vesting period	Issue price	Fair Value at issue date
Managing Director	1,500,000	3 years	$0.340	$0.207
Senior Executives	2,250,000	3 years	$0.340	$0.207

b) Dividend reserve	**2016 $'000**	**2015 $'000**
Balance at start of year	17,979	3,820
Dividends paid	(3,169)	(4,541)
Transfer from current year profits	-	18,700
Balance at end of year	**14,810**	**17,979**

22. Notes to cash flow statement

a) Reconciliation of cash & cash equivalents

	2016 $'000	2015 $'000
Cash at bank	10,192	12,539
Total	**10,192**	**12,539**

b) Reconciliation of net profit after tax to net cash provided by operating activities

	2016 $'000	2015 $'000
Net profit after income tax	4,262	5,880
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	2,141	2,040
Foreign exchange (gain)/loss	-	(1)
Impairment of intangibles assets and receivables	-	507
Loss on disposal of non-current assets	30	143
Interest received	(430)	-
Interest expense	245	53
Dividend received from investments	-	(541)
Share based compensation expense	471	263
Tax expense	299	(3,327)
Working capital adjustments:		
(Increase)/decrease in assets:		
Trade and other receivables	(320)	1,274
Other assets	(438)	(293)
Deferred tax assets	(2)	(5)
(Decrease)/increase in liabilities:		
Trade and other payables	(367)	(1,779)
Provisions for employee entitlements	248	(604)
Provision for client claims	(2,557)	(6,476)
Provision for property make good	(116)	263
Provision for onerous lease	1,001	-
Provision for tax	(144)	1
Net cash from operating activities	**4,323**	**(2,602)**

c) Non-cash financing and investing activities

During the current year, the Group entered into the following non-cash financing activities which are not reflected in the consolidated Statement of Cash Flows:

- In relation to the final dividend declared at 30 June 2015, 2,288,772 shares were issued under the Centrepoint Alliance dividend reinvestment plan at 1.20 cents per share totalling $754,837.
- In relation to the interim dividend declared at December 2015, 2,094,502 shares were issued under the Centrepoint Alliance dividend reinvestment plan at 1.00 cents per share totalling $717,311.

There were no non-cash investing transactions not reflected in the Statement of Cash Flows.

23. Information relating to Centrepoint Alliance Limited (the 'Company')

The Consolidated Financial Statements of the Company are:

	2016 $'000	2015 $'000
Current assets	41,195	37,483
Non-current assets	17,144	16,935
Current liabilities	(373)	(664)
Non-current liabilities	-	-
Net Assets	**57,966**	**53,754**
Issued capital	37,411	35,006
Employee equity benefits reserve	1,089	761
Dividend reserve	14,594	17,906
Accumulated profit	4,872	81
Total Shareholder Equity	**57,966**	**53,754**
Net profit after tax of the parent entity	**4,791**	**18,781**
Total comprehensive income of the parent entity	**4,791**	**18,781**

At reporting date the Company had given guarantees to external parties totalling $45,804 (2015: $45,804). In addition the Company has given an unlimited interlocking guarantee and indemnity to the National Australia Bank as a condition of its banking facility arrangements to secure the borrowings of Centrepoint Alliance Premium Funding Pty Ltd.

Contractual operating lease expenditure commitments of the Company are as follows:

	2016 $'000	2015 $'000
Not later than one year	1,031	1,026
Later than one year but not later than five years	1,831	1,929
Total	**2,862**	**2,955**

The Company has various corporate services agreements for IT and telecommunications hardware and support. The agreements have terms between 1 and 3 years with options to renew at expiry of the initial term on a month to month basis.

24. Related party disclosures

a) Information relating to subsidiaries

Name	Country of Incorporation	Ownership Interest 2016	Ownership Interest 2015	Principal Activity
Centrepoint Funding				
Centrepoint Alliance Lending Pty Ltd (formerly Centrepoint Lending Solutions Pty Ltd)	Australia	100%	100%	Mortgage broker / aggregator
Centrepoint Alliance Premium Funding Pty Ltd	Australia	100%	100%	Insurance premium funding
Alliance Premium Funding Limited	New Zealand	100%	100%	Insurance premium funding
Licensee & Advice Services				
Alliance Wealth Pty Ltd (formerly AAP Advantage Pty Ltd)	Australia	100%	100%	Financial advice
Associated Advisory Practices Pty Ltd	Australia	100%	100%	AFSL licensee support services
Alliance Wealth & Protection Pty Ltd (formerly Associated Advisory Practices (No 2) Pty Ltd)	Australia	100%	100%	Salaried advice
Professional Investment Services Pty Ltd	Australia	100%	100%	Financial advice
Funds Management & Administration				
Investment Diversity Pty Ltd (formely Investment Diversity Limited)	Australia	100%	100%	Packages investment platforms
Ventura Investment Management Ltd	Australia	100%	100%	Packages managed funds
Corporate				
Centrepoint Alliance Services Pty Ltd	Australia	100%	100%	Trustee – Employee share plan
Centrepoint Services Pty Ltd (formerly Centrepoint Adviser Services Pty Ltd)	Australia	100%	100%	Service company
Centrepoint Wealth Pty Ltd (formerly Professional Investment Holdings Ltd)	Australia	100%	100%	Holding company
De Run Securities Pty Ltd	Australia	56%	56%	Financial services
Imagine Your Lifestyle Pty Ltd	Australia	100%	100%	Dormant
Professional Accountants Pty Ltd	Australia	100%	100%	Loans to adviser network
Advisers Worldwide (NZ) Limited**	New Zealand	100%	100%	Dormant
Ausiwi Limited**	New Zealand	100%	100%	Dormant
Professional Investment Holdings (NZ) Limited**	New Zealand	43%	43%	Dormant
Professional Investment Services (NZ) Limited**	New Zealand	43%	43%	Dormant
Professional Lending Services Limited**	New Zealand	38%	38%	Dormant

** Currently under Solvent Voluntary Liquidation

b) Ultimate parent

The ultimate holding company is Centrepoint Alliance Limited, a company incorporated and domiciled in Australia.

c) Terms and conditions of transactions with related parties other than KMP

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2016, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil). An impairment assessment is undertaken each financial year through examination of the financial position of related parties and the market in which a related party operates.

d) Transactions with key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Company and the Group is set out below:

	2016 $'000	2015 $'000
Short term employee benefits	1,572	1,728
Post employment benefits	149	118
Long-term benefits	6	224
Share based payments	361	163
Termination/resignation benefits	-	52
Total compensation	**2,088**	**2,285**

25. Share based payment plans

a) Types of share-based payment plans

i) Performance Rights

Performance rights are rights that can be converted to fully paid ordinary shares in the Company for no monetary consideration subject to specific performance criteria, as determined by the Board for each issue of rights, being achieved.

ii) Centrepoint Alliance Employee Share Plan ('CAESP')

The purpose of the CAESP is to provide employees with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with shareholders and provide a greater incentive to focus on the Company's longer-term goals.

b) Recognised share-based payment expenses

	2016 $'000	2015 $'000
Expense arising from equity-settled share-based payment transactions under the CAESP	377	120
Expense arising from performance rights	(50)	143
Total	**327**	**263**

c) Movements during the year

All current option awards are fully vested at reporting date. There are 10,600,000 shares which are held within the CAESP which are not yet vested. The Board approved the vesting of 1,498,889 of 3,566,666 performance rights, however they are currently unissued.

	2016		2015	
	No	WAEP*	No	WAEP*
(i) Shares under the CAESP				
Outstanding at beginning of period	5,585,001	0.49	285,001	0.40
New share awards	5,300,000	0.34	5,300,000	0.50
Expired during the period	-	-	-	-
Outstanding at end of period	**10,885,001**	**0.42**	**5,585,001**	**0.49**
(ii) Options under CAESOP				
Outstanding at beginning of period	400,000	0.40	400,000	0.40
Issued during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at end of period	**400,000**	**0.40**	**400,000**	**0.40**
(ii) Performance rights				
Outstanding at beginning of period	3,700,000	-	3,700,000	-
Issued during the period	-	-	-	-
Expired during the period	(133,334)	-	-	-
Outstanding at end of period	**3,566,666**	**-**	**3,700,000**	**-**

**WAEP is weighted average exercise price*

d) Option pricing model

The fair value of the shares issued under the CAESP, the options issued under the CAESOP and the performance rights are estimated as at the date of allocation using the Black Scholes Model taking into account the terms and conditions upon which they were granted and market based inputs as at the grant date.

26. Commitments

a) Contracted operating lease expenditure

The Group has entered into commercial leases on certain properties expiring at various times up to 5 years from reporting date. The leases have varying terms, options and rent renewals. On renewal, if applicable, the terms are renegotiated. The Company has also entered into corporate services agreements for IT and telecommunications hardware and support. The agreements have terms between 1 and 3 years with options to renew at expiry of the initial term on a month to month basis.

	2016 $'000	2015 $'000
Not later than one year	2,300	2,089
Later than one year but not later than five years	5,207	4,011
Later than five years	-	-
Total	**7,507**	**6,100**

27. Contingent liabilities

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 provided for claims arising from advice provided prior to 1 July 2010 based on an actuarial model of past claims as described in Note 19. The actuarial model is based on assumptions including the application of the statute of limitations. A change in approach to statute of limitations will impact claims paid. The actuarial model does not project claims from class actions. Class action lawyers have been active within the financial advice industry in relation to failed investment products and there is an unquantifiable risk that such action may be taken against a Group subsidiary in the future.

At the date of this report the directors are not aware of any other material contingent claims in relation to advice provided after 1 July 2010.

A notification for a breach of warranty in relation to the sale of an overseas subsidiary in 2012 has been received by Centrepoint Alliance Limited. An amended statement of claim includes an alleged breach relating to an overstatement of assets and alleged incorrect GST treatment related to commissions. The alleged breach is currently being investigated.

There were no other contingent liabilities at reporting date.

28. Events after the reporting period

The following matters have occurred subsequent to the year end:

On 23 August 2016, the directors of Centrepoint Alliance Limited declared a final dividend on ordinary shares in respect of the 2016 financial year. The dividend is to be paid out of the dividend reserve. The total amount of the dividend is $1,865,209 which represents 1.2 cents per share and is fully franked at the corporate income tax rate of 30%. The record date is 26 September 2016 and payment date is 19 October 2016.

On 1 July 2016 a new receivables finance facility provided by National Australia Bank was approved and implemented. The new facility is able to meet our growth ambitions, with lower rates, fees and capital requirements.

There are no other matters or events which have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

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

1. In the opinion of the directors:

   (a) the financial statements and notes of Centrepoint Alliance Limited for the financial year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:

      i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2016.

On behalf of the directors:

A. D. Fisher
Chairman
23 August 2016

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 1 August 2016.

1. Class of securities and voting rights

a) Ordinary shares

Ordinary shares of the Company are listed (quoted) on the ASX. There are 1,713 holders of ordinary shares, holding 155,434,080 fully paid ordinary shares.

Holders of ordinary shares are entitled to one vote per share when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

b) Performance rights

A performance right is a right that can be converted to an ordinary fully paid share in the Company for no monetary consideration subject to specific performance criteria being achieved. Details of Performance rights are not quoted on the ASX and do not have any voting rights.

2. Distribution of shareholders and performance rights

Size of holding	No. of ordinary shareholder	No. of performance right holders
1 - 1,000	300	
1,001 - 5,000	471	
5,001 - 10,000	230	
10,001 - 100,000	600	1
100,000 and over	112	4

The number of shareholdings held in less than marketable parcels is 320.

3. Substantial shareholders

Ordinary Shareholders	Fully paid No. of	% Held
TIGA Trading Pty Ltd	43,316,262	27.87%
Adam Smith Asset Management Pty Ltd	11,460,556	7.37%
River Capital Pty Ltd	9,585,041	6.17%

4. Twenty largest holders of quoted equity securities

		Fully paid	
	Ordinary Shareholders	**No. of**	**% Held**
1	UBS Nominees Pty Ltd	31,749,489	20.43%
2	HSBC Custody Nominees (Australia) Limited	15,116,150	9.73%
3	J P Morgan Nomninees Australia Limited	11,460,562	7.37%
4	Citicorp Nominees Pty Limited	9,589,041	6.17%
5	National Nominees Limited	9,029,720	5.81%
6	Centrepoint Alliance Services Pty Ltd <Centrepoint Alliance Employee>	8,050,000	5.18%
7	RBC Investor Services Australia Pty Limited <VFA A/C>	5,403,288	3.48%
8	One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C>	4,943,217	3.18%
9	Entities Representing the Interests of R. Nelson	4,504,853	2.90%
10	Entities Representing the Interests of J. de Zwart	2,580,743	1.66%
11	Griffin Fund Management Pty Ltd <Noel Griffin No 2 S/F A/C>	2,491,231	1.60%
12	Soba Pty Ltd	1,352,652	0.87%
13	Fetterpark Pty Ltd <O'Reilly Family S/F A/C>	1,342,653	0.86%
14	HSBC Custody Nominees (Australia) Limited - A/C 2	1,338,450	0.86%
15	RBC Investor Services Australia Nominees Pty Limited	1,247,800	0.80%
16	Bellglow Pty Ltd <Bennetts Family A/C>	883,823	0.57%
17	Edsonmere Pty Ltd <Christine Ann Martin FT A/C>	829,600	0.53%
18	Mr Daryl John Griffiths <A & D Griffiths S/F A/C>	779,500	0.50%
19	Austin Superannuation Pty Ltd <The Brian Austin S/F A/C>	739,075	0.48%
20	Kerstat Pty Ltd <Murphy Investment A/C>	693,810	0.45%
		114,125,657	73.42%

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Independent Auditor's Report to the members of Centrepoint Alliance Limited

Report on the Financial Report

We have audited the accompanying financial report of Centrepoint Alliance Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 80.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 Centrepoint Alliance Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Centrepoint Alliance Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Centrepoint Alliance Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants
Brisbane, 23 August 2016

Full Year Results

Centrepoint Alliance Limited

30 June 2016
ASX:CAF

CENTREPOINT
ALLIANCE

Our competitive advantage

- **Centrepoint Alliance is uniquely positioned as a leader in Australia's contemporary financial advice industry**
  - early mover to service financial planners as a professional advice services business
  - capturing the benefits from industry disruption and the move to 'fee for service' advice
- **A trusted partner to its community of 500 independent and non-aligned financial planning firms comprising over $25bn in funds under advice**
  - Centrepoint uses its scale and expertise to design and deliver world class services and open architecture investment solutions
- **Centrepoint continues to benefit and grow as financial planning clients and their advisers seek out non-aligned trusted solutions, in contrast to institutions who use advice firm relationships for product distribution**

Highlights

- Group EBITDA up 56% to $6.4m. Wealth EBITDA up 54% to $7.4m and Lending up 13% to $2.7m
- Centrepoint Alliance recruited 59 professional wealth advice firms, up 34% on the prior year
- Centrepoint continues to lead the industry being an early promoter of Managed Accounts now recognised as the solution of choice for clients and advisers
- Centrepoint's Managed Account solution launched in FY15 continues to gain solid momentum
- Continued enhancement of services, technologies and solutions across both Wealth and Lending
- Increased GI and mortgage broker relationships by 11% and 13% respectively, a good indicator of future volume growth
- Rebranding and new website successfully completed

Group Financial Results

$m	2H15	1H16	2H16	2H16 v 2H15 (%)	FY15	FY16	FY16 v FY15 (%)
Revenue	63.6	64.6	65.8	3%	132.9	130.4	-2%
Gross profit	19.1	21.4	20.1	5%	41.8	41.5	-1%
EBITDA	(0.2)	2.4	4.0	21x	4.1	6.4	56%
Underlying Profit before tax	2.7	3.2	4.3	59%	7.0	7.5	7%
NPAT	3.0	0.7	3.6	20%	5.9	4.3	-27%
ROCE p.a.	-6%	12%	18%	4x	6%	14%	133%

- Revenue growth, gross profit and cost to income ratios steadily improving each half year period
- Operating efficiencies continue to be delivered and significant reinvestment occurring in launching new solutions, services and salaried advice
- FY16 NPAT includes deferred tax asset recognition of $1.3m (FY15 $4.3m) and an onerous lease provision of $1.0m (FY15 nil)

Operating Segment Results

$m	Funds Management and Administration			Licensee and Advice Services			Wealth			Lending		
	FY15	FY16	%	FY15	FY16	%	FY15	FY16	%	FY15	FY16	%
Revenue	11.0	11.4	4%	99.2	98.2	-1%	110.2	109.6	-1%	26.5	25.1	-5%
Gross profit	6.0	6.7	12%	24.1	23.1	-4%	30.1	29.8	-1%	11.7	11.7	0%
Operating expenses	2.9	2.9	0%	22.4	19.5	-13%	25.3	22.4	-11%	9.3	9.0	-3%
EBITDA	3.1	3.8	23%	1.7	3.6	112%	4.8	7.4	54%	2.4	2.7	13%
Underlying Profit before tax	3.7	3.8	3%	3.4	4.3	26%	7.1	8.1	14%	2.5	2.8	12%

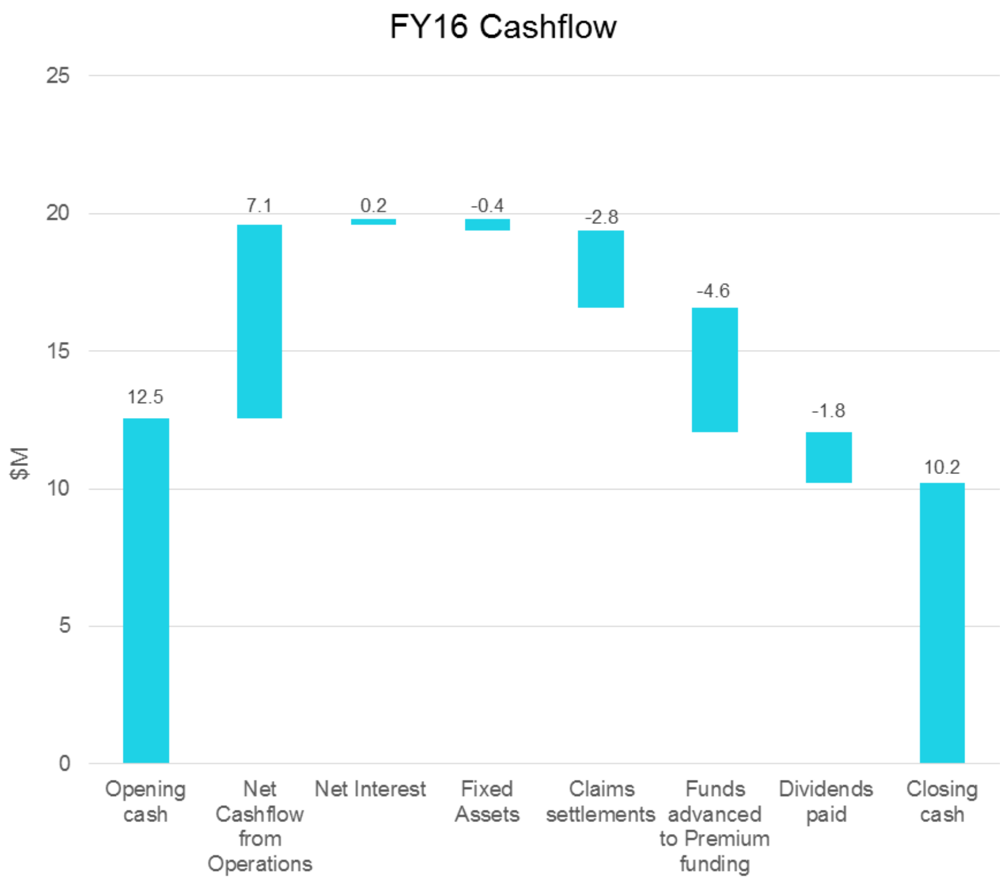
Note. Table excludes Corporate EBITDA in FY16 of -$3.8m (FY15 -$3.0m)

- All operating segments showed improved EBITDA
- Funds management and administration EBITDA up 23% due to increased adoption by advisers of new contemporary solutions. Revenue impacted by run off/closure of legacy products
- Composition and quality of Licensee and Advice Services revenue improving as business transitions to professional advisers and contemporary business model. Benefited from lower legacy costs (claims) in FY16
- Expense management supporting EBITDA growth
- Lending EBITDA continues to improve with improved pricing and cost management in a challenging market

CENTREPOINT ALLIANCE

Partnering for growth

Strong cash position

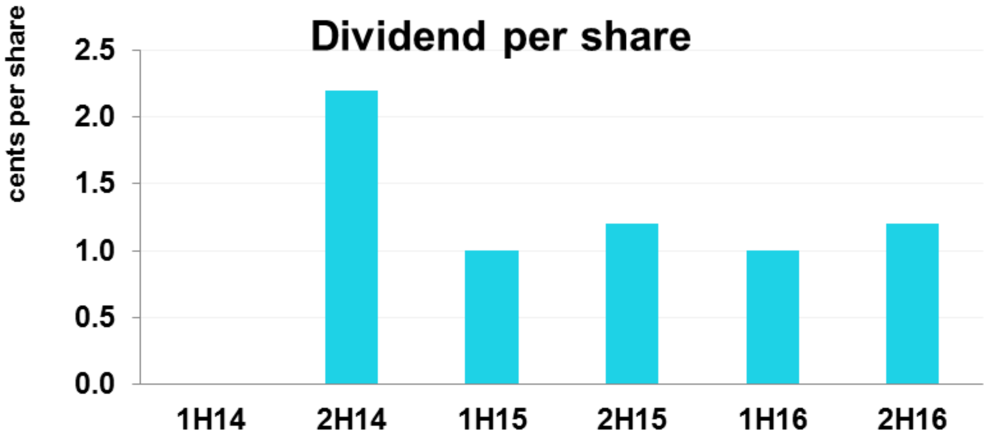


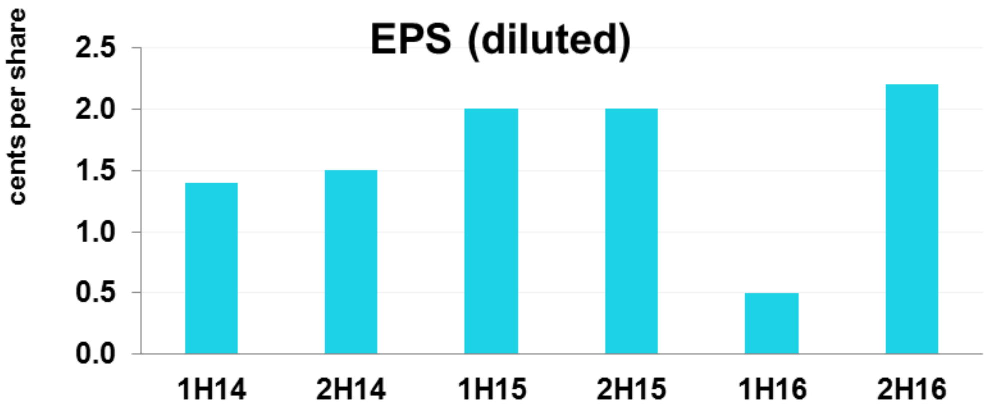
- Strong cash position of $10m able to fund organic and inorganic growth
- Operating net cash flow strengthened to $7.1m (2015: $6.5m) with improved operational performance
- Adviser claim settlements significantly lower
- Based on new bank loan covenants additional cash can be released from premium funding at short notice to enhance cash position

CENTREPOINT ALLIANCE

Partnering for growth

Dividends





- The Board has declared a final dividend of 1.2 cents per share fully franked
- Record date is 26 September 2016 with payment on 19 October 2016
- The Board have agreed not to offer the DRP due to strong cash position
- There are distributable earnings of $19.5m and franking account reserve of $26m (equivalent to $61m of fully franked dividends)
- 1H16 EPS impacted by onerous lease and deferred tax assets being reviewed in 2H16

CENTREPOINT ALLIANCE

Partnering for growth

Wealth

Integrated Wealth Strategy for Professional Advisers

Leader in Non-Aligned Adviser Services

- Centrepoint Academy - scalable on-line CPD training, technical services, conferences, professional education
- Outsourced services – licensee services, compliance and practice administration, HR and legal services
- National client consulting business development and benchmarking capability

Integrated Technology

- Compass – based on leading adviser workbench and practice workflow combined with a an expert implementation and support team
- Salesforce.com – leading international sales and CRM solution

Best of Breed Investment Solutions

- Managed accounts – leading SMA solution provider
- Wrap/Mastertrust platforms – white labelled versions of Australia's leading institutional platforms
- Wide range of world class fund managers
- Extensive range of insurance products

Superior customer outcomes – quality best interest advice, combined with best of breed products and services

Benefiting from disruption and early adoption of Contemporary business model

Dealer Group Fees	Traditional Value Chain (bps)	New world Contemporary Model (bps)	Centrepoint's position
Direct Dealer Group Fee	5-20	5-15	Moved to dollar based fee for service
Volume rebate from Platforms	20-40	0 (Grandfathered)	Managing run-off and offering services to self licenced market
Practice administration and communication support (platforms)	0	10-20	Enhancing current Adviser Services offer to best of breed
Product - Portfolio packaging	0	10-30	Leader in establishing Managed Accounts
Target fees	**5-40**	**5-50**	**Transitioning to improved market position**

Source: Morgan Stanley Research Disruptors: Australia Financial Managed Accounts – Evolution or Revolution June 22, 2016

CENTREPOINT ALLIANCE

Partnering for growth

Funds Management and Administration

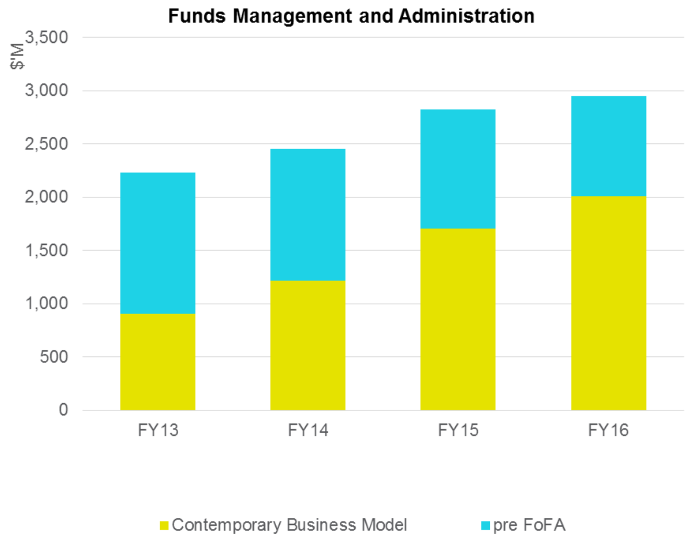
$m	2H15	1H16	2H16	2H16 v 2H15 (%)		FY15	FY16	FY16 v FY15 (%)	
Revenue	5.6	5.7	5.7	2%	▲	11.0	11.4	4%	▲
EBITDA	1.8	1.8	2.0	11%	▲	3.1	3.8	23%	▲
Funds Under Management and Administration	2,829	2,856	2,948	4%	▲	2,829	2,948	4%	▲
Gross Inflows	370	381	379	2%	▲	789	760	-4%	▼
Net Flows – FuM & FuAd	86	88	107	24%	▲	211	195	-8%	▼
Market impact	79	-50	-23	-129%	▼	82	-73	-190%	▼

- Stronger profit results with EBITDA improving 23%
- New flows down on last year driven by overall industry wide drop in client activity during FY16. Activity returned in 4Q16
- Closure and run off of legacy products has limited FUM and Admin growth as composition changes towards contemporary products
- Weekly inflows into managed accounts has roughly doubled each 6 months since launch in 2H15

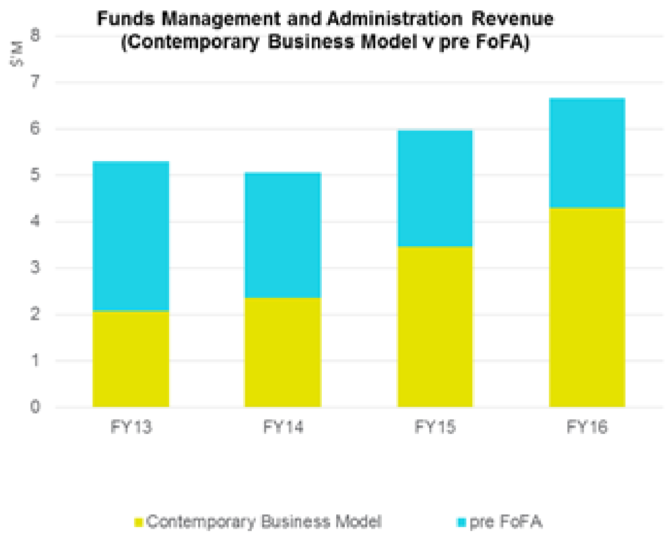
CENTREPOINT ALLIANCE

Partnering for growth

Funds Management and Administration



- Contemporary FUM/Admin grew 18% YOY due to higher flows into partnered platforms and managed accounts
- Pre FoFA funds and All Star funds in run-off



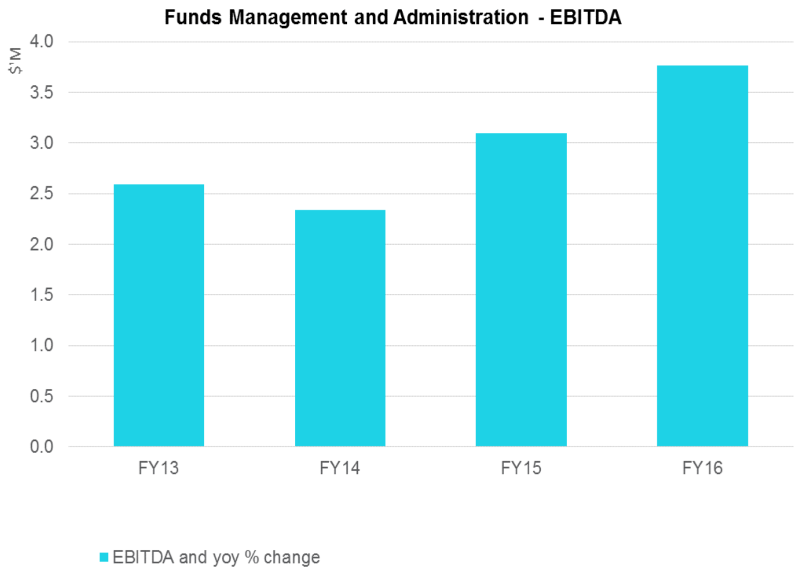
- Contemporary revenue increased 24% due to support of managed accounts
- Quality of revenues and margins improving with transition to contemporary business

Note: Contemporary business represents post FoFA sustainable client centric solutions and revenues

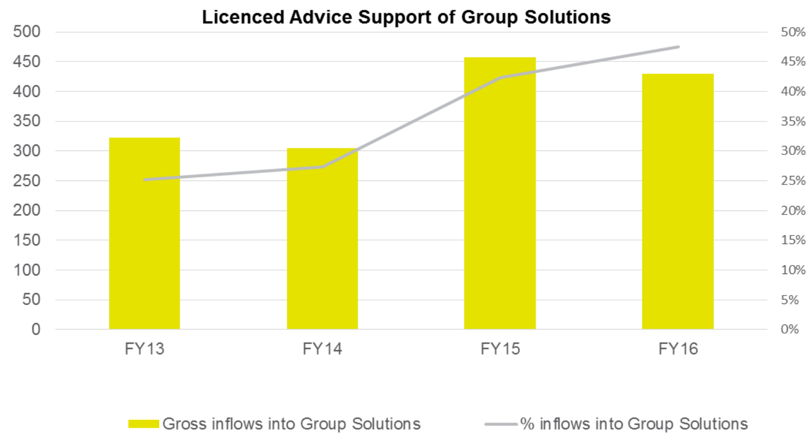
CENTREPOINT ALLIANCE

Partnering for growth

Funds Management and Administration



- Focus on growing quality sustainable revenues from solutions designed for the needs of customers and independent advisers
- 23% growth in EBITDA in FY16



- Increasing Adviser support of Group solutions (48%) on lower gross inflows driven by industry wide factors

CENTREPOINT ALLIANCE

Partnering for growth

Licensee and Advice Services

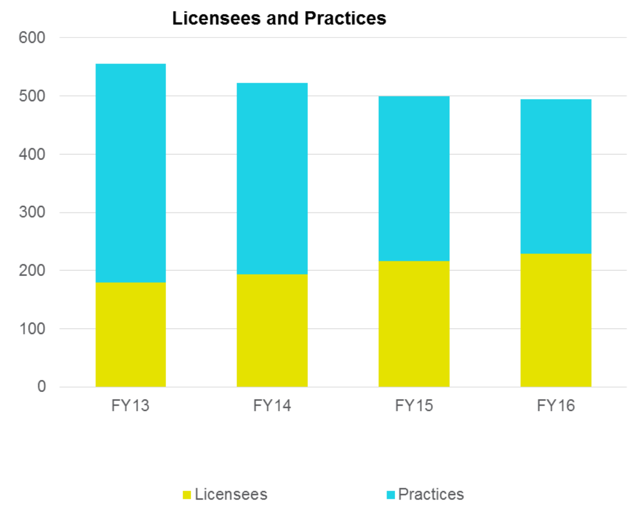
$m	2H15	1H16	2H16	2H16 v 2H15 (%)		FY15	FY16	FY16 v FY15 (%)	
Revenue	48.1	47.3	50.9	6%	▲	99.2	98.2	-1%	▼
EBITDA	-1.4	0.9	2.7	293%	▲	1.7	3.6	112%	▲
New Firms	19	19	40	111%	▲	44	59	34%	▲
Funds Under Distribution Agreements	7,955	8,067	7,738	-3%	▼	7,955	7,738	-3%	▼
No of Advisers (estimated)	1,609	1,598	1,629	1%	▲	1,609	1,629	1%	▲

- Revenue down 1% on prior year and up 6% on 2H15. EBITDA up 112% on prior year
- Excellent growth in new firms off the back of new business model targeted at independent professional advice firms
- New standards have resulted in the exiting of a significant number of advisers and closure of products which are no longer competitive or do not meet Centrepoint's expectations
- Full year impact in FY16 for transition to lower adviser fee (fee for service) basis. Whilst lower revenue the new fee basis helped in attracting new firms

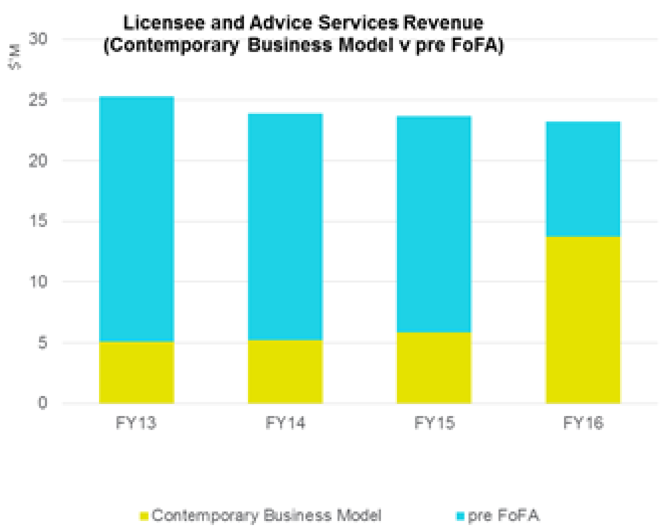
CENTREPOINT ALLIANCE

Partnering for growth

Licensee and Advice Services



- Strongly improved quality of our client firms in FY16
- Good growth in new firms attracted by quality of Centrepoint's service, product offering and people



- There has been a significant shift to the Contemporary Business model due to growth in salaried advice and self licenced clients. Offset by run-off of grandfathered revenues and passive income streams.

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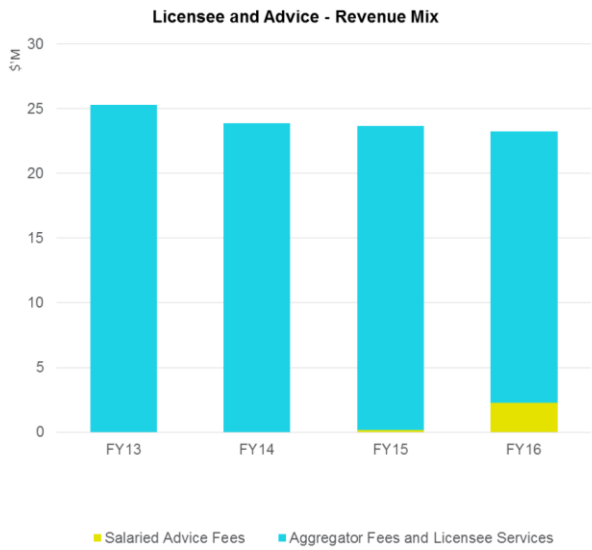
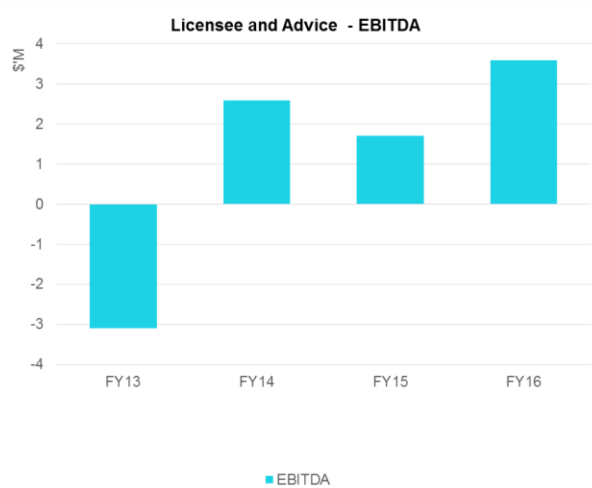
Partnering for growth

Licensee and Advice Services



- Revenue base transforming to contemporary business model to dollar based fee for service
- Revenue base diversifying with salaried advice commencing late FY15 and emerging as revenue stream in FY16



- The quality and professionalism of Centrepoint as a licensee and advice services business is a significant differentiator in the market
- 112% EBITDA growth after the investment being made in salaried advice

CENTREPOINT ALLIANCE

Partnering for growth

Lending

Lending

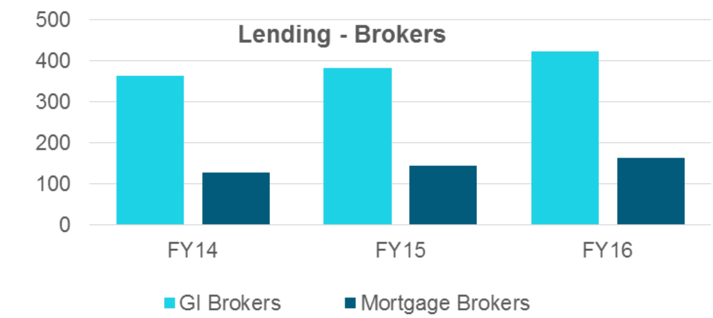
$m	2H15	1H16	2H16	2H16 v 2H15 (%)	FY15	FY16	FY16 v FY15 (%)
Revenue	12.1	13.2	11.9	-2%	26.5	25.1	-5%
EBITDA	0.7	1.4	1.3	86%	2.4	2.7	13%
Premiums Funded	169	212	167	-1%	384	377	-2%
Active Brokers	382	389	423	11%	382	423	11%
Number of loans	13,749	15,002	14,021	2%	28,451	29,023	2%
Average loan value ($)	12,282	13,985	11,901	-3%	13,485	12,976	-4%
Credit costs, % of O/S	0.4	0.3	0.4	0%	0.6	0.6	0%
Net Margin (%)	2.6	2.5	2.9	12%	2.6	2.7	4%
New Mortgages $m	361	364	348	-4%	733	712	-3%
No of Mortgage Brokers	145	148	164	13%	145	164	13%

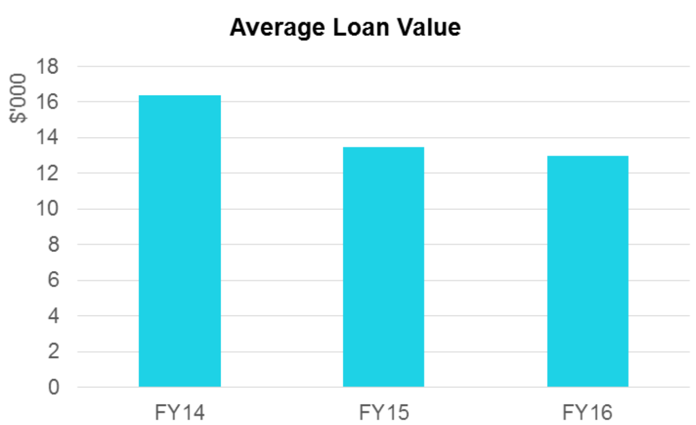
- Despite challenging markets with commercial general insurance premiums falling for the 2nd year, team delivered strong results with EBITDA up 13% on prior year and 86% on 2H15
- Significant improvements implemented in pricing, funding and expense management
- A number of business efficiency and technology enhancements introduced in FY16 to improve client and broker experience

CENTREPOINT ALLIANCE

Partnering for growth

Lending



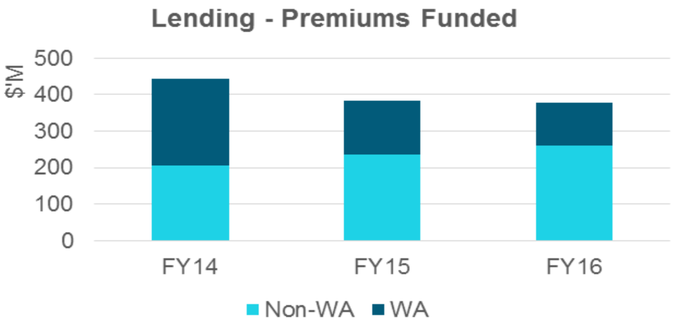


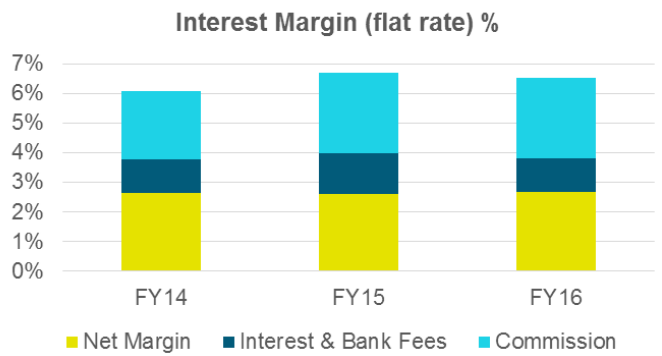
- Distribution support continues to build with GI brokers up 11% and mortgage brokers up 13%
- Significant improvements in technology and processes to improve the client and broker experience
- Mortgage aggregator back office processing has been outsourced to improve adviser experience and profitability
- Lead referral system implemented to increase business and strengthen client relationships
- Average loan value has declined over the last two years largely due to soft general insurance premiums

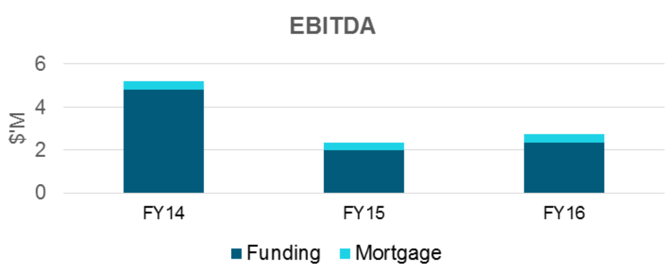
CENTREPOINT ALLIANCE

Partnering for growth

Lending







- Maintained market share in a tough market. Industry statistics show a drop in commercial insurance premiums of 6% [1]
- Eastern states have continued to grow strongly. WA volume has declined due to competitor activity and a weak mining sector
- Centrepoint remains the 3rd largest funder and leading independent
- Net margin improved despite higher broker commissions. Cost of funds improved with new banking terms (October 2015) and lower interest rates
- From 1 July 2016, a new facility agreement has been entered into with further significant reductions to borrowing costs
- Initiatives in place to improve revenue include operational improvements, targeted pricing strategies and enhanced marketing activity

[1] Taylor Fry Radar 2016 Insights for insurance leaders
[2] IPFA results calendar year 2015

Outlook

- Centrepoint is strategically well positioned and benefitting from the disruption occurring across financial services as regulatory, technology and consumer driven change occurs
- Centrepoint is ahead of the curve in creating a differentiated contemporary client centric wealth advice business and leveraging its scale as the leading independent non-aligned player
- The FY16 growth in professional advice firms and increasing support for Centrepoint Investment Solutions will flow through to our financial results
- Lending business continues to grow strongly in the eastern states and remains the leading independent player with a well diversified national business
- Mortgage broking has transformed and is growing strongly amongst wealth advice firms
- Centrepoint continues to explore further opportunities to transform the wealth advice market

Disclaimer

This presentation is for general information purposes only and should be read in conjunction with the Appendix 4E lodged with the Australian Securities Exchange by Centrepoint Alliance Limited (ASX:CAF) on 23 August 2016. This presentation does not provide recommendations or opinions in relation to specific investments or securities.

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All numbers are as at 30 June 2016 unless otherwise stated. Numbers may not add up due to rounding.

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CENTREPOINT ALLIANCE

Partnering for growth

Appendix

CENTREPOINT ALLIANCE

Group balance sheet

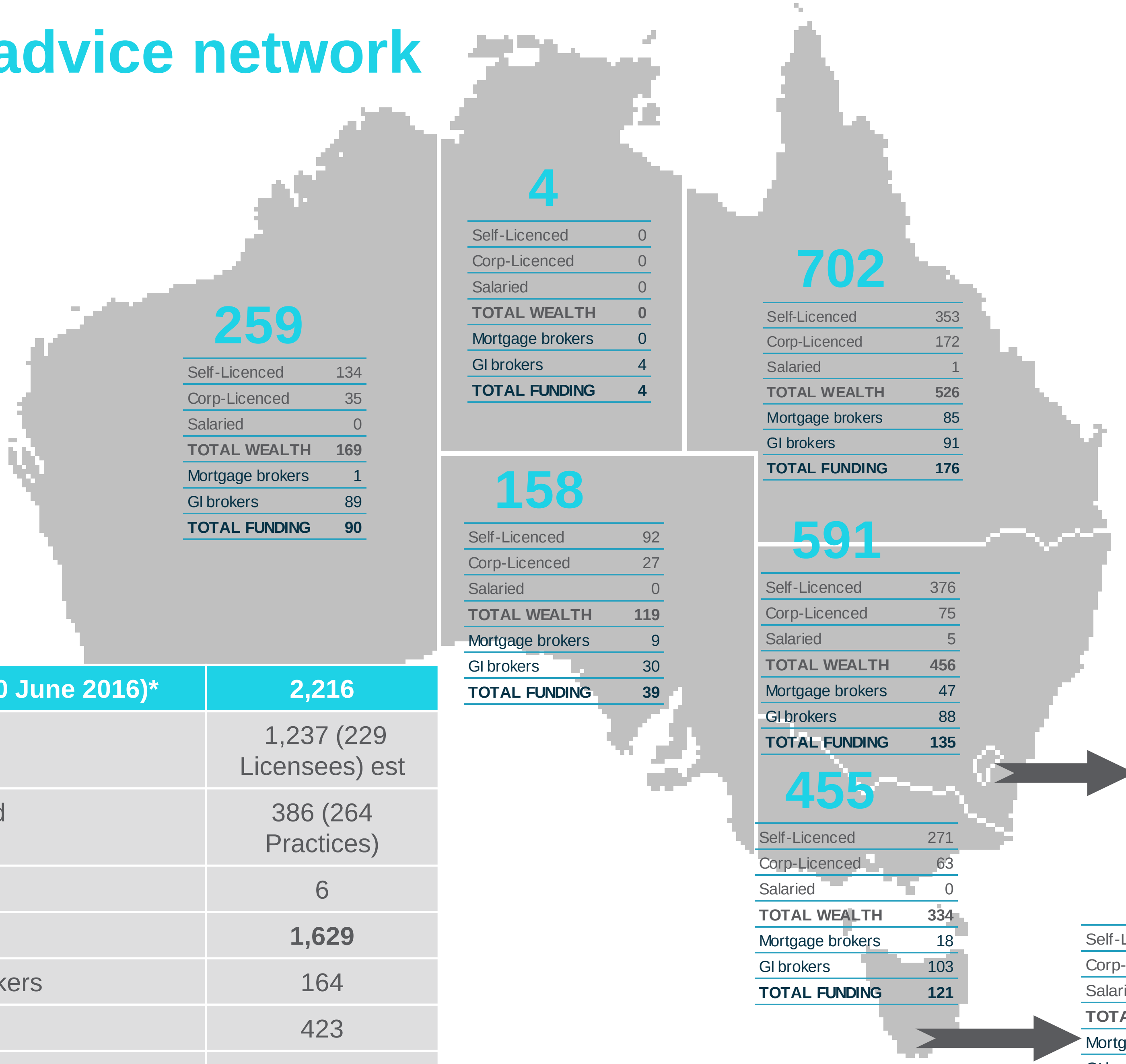
$m	2H15	1H16	2H16	2H16 v 2H15 (%)		2H16 v 1H16 (%)	
Cash and Term Deposits	12.5	12.0	10.2	-18%	▼	-15%	▼
Interest Bearing Receivables	122.5	140.2	125.8	3%	▲	-10%	▼
Intangible assets and Goodwill	4.9	4.4	3.8	-22%	▼	-14%	▼
Other Assets	28.7	26.8	28.7	0%	-	7%	▲
Total Assets	168.6	183.4	168.5	0%	▼	-8%	▼
Interest Bearing Liabilities	85.3	106.0	84.0	-2%	▼	-21%	▼
Other Liabilities	46.7	40.8	45.0	-4%	▼	10%	▲
Total Liabilities	132.0	146.8	129.0	-2%	▼	-12%	▼
Net Assets	36.7	36.6	39.5	8%	▲	8%	▲
Net Tangible Assets	22.0	23.0	26.3	20%	▲	14%	▲
Net Tangible Assets (cents per share)	14.9	15.4	16.9	13%	▲	10%	▲

Underlying Profit Reconciliation

$m	FY14	FY15	FY16	Change FY16 v FY15
Underlying Profit before Tax	**8.3**	**7.0**	**7.5**	**7%**
Legacy claims	-1.9	-2.4	-0.2	-92%
Amortisation of intangibles	-0.9	-0.8	-0.7	-13%
Restructuring costs	-1.2	-0.2	-0.4	100%
Book acquisitions	0.0	-0.8	-0.2	-75%
Onerous lease	0.0	0.0	-1.4	100%
Other	-0.1	-0.1	0.0	-100%
Statutory Profit Before Tax	**4.3**	**2.6**	**4.6**	**77%**
Tax payable	-1.0	-1.0	-1.6	60%
Tax assets realised	0.0	4.3	1.3	-70%
Net Profit After Tax	**3.3**	**5.9**	**4.3**	**-27%**
Statutory Profit Before Tax	**4.3**	**2.6**	**4.6**	**77%**
Interest	-0.3	-0.5	-0.3	-40%
Depreciation and amortisation	2.0	2.0	2.1	5%
EBITDA	**6.0**	**4.1**	**6.4**	**56%**

- Legacy claims expense relates to an increase in the provision for claims associated with advice provided pre-July 2010. FY16 is due to an unwinding of the discounted provision balance
- Amortisation relates to prior period acquisitions with long term value and capitalized IT costs
- Restructuring costs are associated with restructuring and retention incentives
- Book acquisitions relates to clients purchased from in-house advisers to be serviced by the salaried advice team
- Onerous lease relates to recognition of the remaining lease costs associated with vacant floor space following restructuring of office premises during FY16

Our advice network



259	
Self-Licenced	134
Corp-Licenced	35
Salaried	0
TOTAL WEALTH	**169**
Mortgage brokers	1
GI brokers	89
TOTAL FUNDING	**90**

4	
Self-Licenced	0
Corp-Licenced	0
Salaried	0
TOTAL WEALTH	**0**
Mortgage brokers	0
GI brokers	4
TOTAL FUNDING	**4**

702	
Self-Licenced	353
Corp-Licenced	172
Salaried	1
TOTAL WEALTH	**526**
Mortgage brokers	85
GI brokers	91
TOTAL FUNDING	**176**

158	
Self-Licenced	92
Corp-Licenced	27
Salaried	0
TOTAL WEALTH	**119**
Mortgage brokers	9
GI brokers	30
TOTAL FUNDING	**39**

591	
Self-Licenced	376
Corp-Licenced	75
Salaried	5
TOTAL WEALTH	**456**
Mortgage brokers	47
GI brokers	88
TOTAL FUNDING	**135**

14	
Self-Licenced	5
Corp-Licenced	0
Salaried	0
TOTAL WEALTH	**5**
Mortgage brokers	2
GI brokers	7
TOTAL FUNDING	**9**

455	
Self-Licenced	271
Corp-Licenced	63
Salaried	0
TOTAL WEALTH	**334**
Mortgage brokers	18
GI brokers	103
TOTAL FUNDING	**121**

33	
Self-Licenced	6
Corp-Licenced	14
Salaried	0
TOTAL WEALTH	**20**
Mortgage brokers	2
GI brokers	11
TOTAL FUNDING	**13**

Total (as at 30 June 2016)*	2,216
Self-Licenced	1,237 (229 Licensees) est
Corp-Licenced	386 (264 Practices)
Salaried	6
Total Wealth	**1,629**
Mortgage Brokers	164
GI Brokers	423
Total Funding	**587**

* Management estimate as at 30 June 2016. Not reconciled to ASIC Adviser register.

Definitions

Term	Definition
Funds	The collective term for Funds under Distribution Agreements, Advice, Administration, Management and Managed Portfolios
Contemporary Business Model	Includes assets and revenue in respect of self-licensed Firms, Salaried Advice, Licensed Practices (flat fee model), Open Administration Platforms, Managed Accounts and Open Ventura Funds
Pre FoFA	Includes assets and revenue in respect of Licensed Practices (excluding flat fee model), closed Administration Platforms (Mentor, Blueprint & DPM), Closed Ventura Funds and Allstar Funds
Funds Under Administration (‘FUAd’)	Funds upon which the Group derives fees as the responsible entity or as the promoter of badged investment administration solutions
Funds Under Advice (‘FUA’)	Funds upon which advisers associated with the Centrepoint group provide advice to clients
Funds Under Management (‘FUM’)	Funds upon which the Group derives fees as the responsible entity or as the promoter of a badged funds management product
KMP	Key Management Personnel as defined in the Corporations Act
FUDA	Funds under Distribution Agreements
FoFA	Future of Financial Advice
ROCE	Return on capital employed
DRP	Dividend Reinvestment Plan
Firms	Accumulated total of licensed Practices and self-licensed Licensees in the Centrepoint Group
Managed Accounts	Ventura Separately Managed Account Solution

Definitions (continued…)

Term	Definition
Revenue*	Gross revenue, excluding non-operational interest income
Direct Costs*	Advice and financial product fees and borrowing expenses of the funding business
Gross Profit	Revenue less direct costs
Operating Expenses	Expenses excluding direct costs, interest, depreciation and amortization
EBITDA	Earnings before interest, tax, depreciation and amortization. NB interest related to funding client premiums is included in earnings but not treated as an interest adjustment.
PBT	Profit before tax
UPBT	Underlying profit before tax and excludes tax, amortization and one off, non-operational items
PCP	Prior corresponding period
PP	Prior period
NPAT	Net profit after tax
EPS	Earnings per share
bps	Basis points
Revenue*	Gross revenue, excluding non-operational interest income

Partnering for growth

* Segment reporting impacted by intercompany allocations