

## First Half FY2020 Results

**Brisbane, 24 February 2020** – COSOL Limited (**COSOL, ASX:COS**) today reports its results for the half year ended 31 December 2019 for both itself and COSOL Australia Pty Ltd (**COSOL Australia**).

COSOL is pleased to report that its recently acquired COSOL Australia business is continuing to perform to expectations, and confirms that COSOL is on track to achieve the FY2020 revenue and profit guidance contained in its IPO prospectus<sup>1</sup>.

COSOL today releases reviewed financial reports for itself and COSOL Australia<sup>2</sup>. As the acquisition of COSOL Australia occurred after 31 December 2019, consolidated accounts are not available and therefore a summary of the performance of the COSOL Group is provided on a pro-forma basis.

### HIGHLIGHTS

#### **COSOL Australia**

- Revenue of \$10.77 million – up from \$5.98 million in H1 FY2019
- Net Profit After Tax of \$1.43 million – up from \$0.9 million in H1 FY2019
- Net Working Capital of \$3.91 million – up from \$2.63 million in H1 FY2019

#### **COSOL Group (Pro-Forma)**

- Net Profit After Tax of \$1.36 million

### PERFORMANCE

During the six months to 31 December 2019, COSOL was incorporated but did not undertake any trading activities. COSOL's only activities were progressing its IPO and listing on ASX, and the acquisition of COSOL Australia. During this period COSOL incurred a loss of \$71,142 arising from expenses associated with the IPO, listing and acquisition.

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<sup>1</sup> COSOL's IPO prospectus dated 10 December 2019.

<sup>2</sup> COSOL Australia's H1 FY2020 interim financial report is attached to this announcement and COSOL's H1 FY2020 interim financial report has been released separately.

A summary of the performance of the COSOL Group on a pro-forma basis for the half year ended 31 December 2019 is set out below.

	COSOL Group		
	Pro-Forma	COSOL Australia Pty Ltd	
	31-Dec-19	31-Dec-19	31-Dec-18
Total Revenue	\$10,766,871	\$10,766,871	\$5,976,236
Cost of Sales	-\$1,134,866	-\$1,134,866	-\$168,002
Expenses			
Salaries & Wages	-\$4,764,848	-\$4,764,848	-\$3,386,256
Contractors Costs	-\$2,293,395	-\$2,293,395	-\$817,278
Depreciation and amortisation expense	-\$90,672	-\$90,672	-\$7,142
Operating & general expenses	-\$539,942	-\$468,800	-\$348,663
Net Profit before income tax expense	\$1,943,148	\$2,014,290	\$1,248,895
Income Tax Expense	-\$581,518	-\$581,518	-\$349,491
Net Profit After Tax for the half year	\$1,361,630	\$1,432,772	\$899,404
Implied EPS for half year (cents)	1.07		

### GUIDANCE CONFIRMED

COSOL confirms the following FY2020 revenue and profit guidance for COSOL Australia as disclosed in its IPO prospectus<sup>3</sup>, and is pleased to confirm that it is on track to achieve these results.

	Pro-Forma	Statutory
Revenue forecast for FY2020	\$21,443,657	\$21,443,657
Net profit before income tax forecast for FY2020	\$4,068,656	\$3,746,656

<sup>3</sup> See section 5.3.2 of COSOL's IPO prospectus dated 10 December 2019.

## COMMENTARY

Commenting on the performance to date, Non-Executive Chairman Geoff Lewis said “We are very pleased with the acquisition of COSOL Australia Pty Ltd and the fact that the business continues to perform to our expectations. The pleasing aspect of this result is the contribution from new multi-year client contracts after the normal expense of initial client engagement. As a result, COSOL Australia will now benefit from these contracts in the second half of FY2020 and FY2021.

In addition, we are pleased to advise that COSOL is in negotiations over a number of significant customer contracts that have the potential to materially impact on our FY2021 results.”

For more information, please contact:

Mr Ben Buckley

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E [ben.buckley@cosol.com.au](mailto:ben.buckley@cosol.com.au)

*This announcement was authorised for release by the Board of COSOL Limited.*

## About COSOL

COSOL is a global, professional consultancy providing strategic advice and practical delivery to streamline enterprise asset management business processes and technology systems. Our Company offers industry specific expertise in the definition, analysis, design, implementation, optimisation and support of production and commercial systems within a tailored and flexible delivery framework. COSOL’s knowledge of systems and business processes coupled with the ability to interact from the shop floor to the boardroom enables streamlined sustainable business process transformations.

We have maintained a strong Ellipse practice since inception, providing both business improvement and tier II functional and technical support. Importantly, COSOL also maintains an SAP practice with a range of technical and functional SAP specialists. The company maintains networks and relationships with industry recognised solution providers and we sell our own integration, data migration and reporting solutions (BPConnect®, RPConnect®). COSOL has realised business benefits for our clients through the planning and deployment of these solutions.

COSOL differentiates itself through high quality asset intensive industry consultants for both Ellipse and SAP and the significant development of both the product RPConnect® and IP retention for enterprise resource planning data migration projects.

We have delivered data migration, cleansing and retention within multiple versions of Ellipse, in most cases under tight deadlines and in an environment with sensitivities relating to the M&A activity. We have an implicit understanding of both Ellipse and SAP data structures and environment. One of our differentiators is the ability to cross the SAP/Ellipse and industry knowledge bridge, reducing the risk and increasing the likelihood of success under tight timeframes.

# **COSOL Australia Pty Limited**

**ABN 27 092 306 682**

**Interim Financial Report - 31 December 2019**

**COSOL Australia Pty Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity: COSOL Australia Pty Limited  
ABN: 27 092 306 682  
Reporting period: For the half-year ended 31 December 2019  
Previous period: For the half-year ended 31 December 2018

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**2. Results for announcement to the market**

The entity has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated. However, cumulative effect is recognised as an adjustment to equity on 1 July 2019.

*Dividends*

	2019	2018
	\$	\$
Final dividend for the half year ended 31 December 2019	-	-

*Comments*

The revenue from ordinary activities for the entity amounted to \$10,764,506 representing an increase of 80% (31 December 2018: \$5,974,172).

The profit for the entity after providing for income tax amounted to \$ 1,432,773 representing an increase of 59% (31 December 2018: \$899,404).

The profit for the entity before providing for income tax amount to \$2,014,290 representing an increase of 61% (31 December 2018: \$1,248,895)


During the financial year the principal continuing activities of the COSOL is to provide IT services and solutions in the areas of strategy, enterprise systems, operational systems and operational support.

AASB 16 'Leases' had a significant impact on the current period. The current profit before income tax expense was reduced by \$80,452. This included an increased depreciation and amortisation expense of \$80,452. Notwithstanding the impact of AASB 16, the financial position of the entity remains strong with excellent liquidity and a large asset base, which is being fully utilised.

**3. Attachments**

The Interim Report of COSOL Australia Pty Limited for the half-year ended 31 December 2019 is attached.

**3. Signed**

Signed  \_\_\_\_\_

Date: 21 February 2020

Geoffrey Lewis  
Chairman  
Perth

# **COSOL Australia Pty Limited**

**ABN 27 092 306 682**

**Interim Report - 31 December 2019**

**COSOL Australia Pty Limited**  
**Directors' report**  
**31 December 2019**

The directors present their report, together with the financial statements, on the entity COSOL Australia Pty Limited (referred to hereafter as an 'entity COSOL') for the half-year ended 31 December 2019.

**Directors**

The following persons were directors of COSOL Australia Pty Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Bradley Ronald Skeggs (Resigned 16 January 2020)
- Ron Fredericksen (Resigned 16 January 2020)
- Gregory Robert Wood (Resigned 16 January 2020)
- Geoffrey James Lewis (Appointed 16 January 2020) (Chairman)
- Stephen Edward Oliver Johnston (Appointed 16 January 2020)
- Gerald Peter Strautins (Appointed 16 January 2020)
- Grant Anthony Pestell (Appointed 16 January 2020)
- Scott Evatt McGowan

**Principal activities**

During the financial half-year the principal continuing activities of COSOL is to provide IT services and solutions in the areas of strategy, enterprise systems, operational systems and operational support.

**Review of operations**

The profit for the entity after providing for income tax amounted to \$1,432,773 (31 December 2018: \$899,404).

AASB 16 'Leases' had a significant impact on the current period. The current profit before income tax expense was reduced by \$80,452. This included an increased depreciation and amortisation expense of \$80,452. As at 31 December 2019, net current assets were reduced by \$ 101,531 (attributable to current lease liabilities).

Notwithstanding the impact of AASB 16, the financial position of the entity remains strong with excellent liquidity and a large asset base, which is being fully utilised.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the half year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future years.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Geoffrey Lewis  
Chairman

21 February 2020  
Perth

# ELDERTON

AUDIT PTY LTD

## Auditor's Independence Declaration

To those charged with the governance of COSOL Australia Pty Limited

As auditor for the review of COSOL Australia Pty Limited for the period ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**

Managing Director

Perth

21 February 2020



## **COSOL Australia Pty Limited**

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### **General information**

The financial statements cover COSOL Australia Pty Limited as an individual entity. The financial statements are presented in Australian dollars, which is COSOL Australia Pty Limited's functional and presentation currency.

COSOL Australia Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

Murcia Pestell Hillard Lawyers'  
Suite 183 Level 6,  
580 Hay Street  
PERTH WA 6000

#### **Principal place of business**

Level 3/201 Leichhardt St,  
Spring Hill QLD 4000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2020.

**COSOL Australia Pty Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<b>Revenue</b>	3	10,764,506	5,974,172
<b>Other income</b>		2,365	2,064
<b>Cost of Sales</b>		(1,134,866)	(168,002)
<b>Expenses</b>			
Salaries & Wages		(4,764,848)	(3,386,256)
Contractors' costs		(2,293,395)	(817,278)
Depreciation and amortisation expense		(90,672)	(7,142)
Operating & General Expenses		(468,800)	(348,663)
<b>Profit before income tax expense from continuing operations</b>		2,014,290	1,248,895
Income tax expense		(581,518)	(349,491)
Profit after income tax for the half year attributable to the owners of COSOL Australia Pty Limited		<b>1,432,773</b>	<b>899,404</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the half-year attributable to the owners of COSOL Australia Pty Limited</b>		<b><u>1,432,773</u></b>	<b><u>899,404</u></b>

Refer to note 2 for detailed information on adoption of AASB 16 'Leases'.

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

**COSOL Australia Pty Limited**  
**Statement of financial position**  
**As at 31 December 2019**

	Note	31 Dec 2019 \$	30 Jun 2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	321,992	584,143
Trade and other receivables	5	5,128,976	3,003,574
Due from related parties	6	2,376,334	2,374,889
Total current assets		<u>7,827,302</u>	<u>5,962,606</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	75,289	48,841
Right-of-use assets	8	498,807	-
Deposits		59,071	45,269
Total non-current assets		<u>633,167</u>	<u>94,110</u>
<b>Total assets</b>		<u><b>8,460,469</b></u>	<u><b>6,056,716</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	2,202,817	1,941,689
Lease liabilities	9	101,531	-
Income tax		1,260,954	1,068,494
Provisions	11	349,532	319,242
Total current liabilities		<u>3,914,834</u>	<u>3,329,425</u>
<b>Non-current liabilities</b>			
Lease liabilities	9	385,573	-
Total non-current liabilities		<u>385,573</u>	<u>-</u>
<b>Total liabilities</b>		<u>4,300,407</u>	<u>3,329,425</u>
<b>Net assets</b>		<u><b>4,160,062</b></u>	<u><b>2,727,291</b></u>
<b>Equity</b>			
Issued capital	12	343,716	343,716
Reserves		(20,354)	(20,354)
Retained profits		3,836,700	2,403,929
<b>Total equity</b>		<u><b>4,160,062</b></u>	<u><b>2,727,291</b></u>

Refer to note 2 for detailed information on adoption of AASB 16 'Leases'.

**COSOL Australia Pty Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2019**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained Profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	343,716	(20,354)	471,357	794,719
Profit after income tax expense for the half-year	-	-	899,404	899,404
Total comprehensive income for the half-year	-	-	899,404	899,404
Balance at 31 December 2018	<b>343,716</b>	<b>(20,354)</b>	<b>1,370,761</b>	<b>1,694,123</b>
	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained Profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	343,716	(20,354)	2,403,929	2,727,291
Adjustment for change in accounting policy (note 2)	-	-	-	-
Balance at 1 July 2019 – restated	343,716	(20,354)	2,403,929	2,727,291
Profit after income tax expense for the half-year	-	-	1,432,773	1,432,773
Total comprehensive income for the half-year	-	-	1,432,773	1,432,773
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	-	-
Balance at 31 December 2019	<b>343,716</b>	<b>(20,354)</b>	<b>3,836,702</b>	<b>4,160,062</b>

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

**COSOL Australia Pty Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2019**

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		8,634,165	4,931,466
Payments to suppliers and employees (inclusive of GST)		<u>(8,661,946)</u>	<u>(4,909,323)</u>
		(27,781)	22,143
Interest received			
Other revenue		2,367	1,955
Interest and other finance costs paid		(154)	(965)
Income taxes paid		<u>(389,058)</u>	<u>87,816</u>
Net cash from operating activities		<u><b>(414,626)</b></u>	<u><b>110,949</b></u>
<b>Cash flows from investing activities</b>			
Proceeds from loan from shareholders		200,000	-
Payments for property, plant and equipment		(36,666)	(8,306)
Payment for security deposit		(13,802)	-
Due from related parties		<u>(1,445)</u>	<u>-</u>
Net cash provided by investing activities		<u><b>148,088</b></u>	<u><b>(8,306)</b></u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(699,000)
Repayment of lease liabilities		<u>4,387</u>	<u>-</u>
Net cash used in financing activities		<u><b>4,387</b></u>	<u><b>(699,000)</b></u>
Net increase/(decrease) in cash and cash equivalents		(262,152)	(596,357)
Cash and cash equivalents at the beginning of the financial half-year		584,144	572,279
Effects of exchange rate changes on cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the financial half-year		<u><u><b>321,992</b></u></u>	<u><u><b>(24,078)</b></u></u>

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

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**New or amended Accounting Standards and Interpretations adopted**

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations are most relevant to the entity:

*AASB 16 Leases*

The entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact on the financial performance and position of the entity from the adoption of AASB 16 is detailed in note 2.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Note 1. Significant accounting policies (continued)**

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Note 2. Adoption of AASB 16 'Leases'**

The entity has adopted AASB 16 'Leases' from 1 July 2019, using the modified retrospective approach.

The entity entered into lease agreements for the lease of office premises. Accordingly, cumulative adjustment of transaction to AASB 16 is recognised in equity as at 1 July 2019.

At 1 July 2019, entity recognized right of use of \$579,259 and recognized a correspondence lease liability of \$583,648 (Current \$198,075 and Non-current \$385,573).

**Note 3. Revenue**

	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
Consulting Fees	8,074,928	3,575,506
Support Services Fees	2,361,610	2,257,451
Product Sales	327,968	141,215
Revenue from continuing operations	<u>10,764,506</u>	<u>5,974,172</u>

Geographical regions

	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$</b>	<b>\$</b>
Australia	10,764,506	5,974,172
Rest of the world	-	-
	<u><b>10,764,506</b></u>	<u><b>5,974,172</b></u>

**COSOL Australia Pty Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 4. Current assets - cash and cash equivalents**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	321,992	584,143
	<b><u>321,992</u></b>	<b><u>584,143</u></b>

**Note 5. Current assets - trade and other receivables**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Trade Debtors	4,626,962	2,553,035
Other receivables	443,170	432,986
Prepayments	58,844	17,553
	<b><u>5,128,976</u></b>	<b><u>3,003,574</u></b>

**Note 6. Current assets - Due from related parties**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Loans to shareholders:		
Current	2,369,704	2,369,704
Non-Current	-	-
Intercompany loans – Current	6,630	5,185
	<b><u>2,376,334</u></b>	<b><u>2,374,889</u></b>

In 2017, the company entered into an agreement with its shareholders to provide them the loan facilities. Under the loan agreement, the loan is unsecured, it is required to be repaid within 7 years of disbursements. Subsequently, if the loan is converted into a secured loan, it is to be repaid within 25 years from the date of original disbursement. The loan carries interest at the prevailing benchmark commercial rates. During the year ended 30 June 2019, the company declared dividend of \$51,429 which was adjusted against the loans to shareholders. Management has decided to settle the remaining outstanding loans prior to the company's IPO date by way of declaring dividend to its shareholders.

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Brad Skeggs	734,608	734,608
Greg Wood	632,234	632,234
Scott McGowan	473,941	473,941
Mark Cooper	232,238	232,238
Ron Fredericksen	167,058	167,058
Chris Skeggs	129,625	129,625
	<b><u>2,369,704</u></b>	<b><u>2,369,704</u></b>

Receivable from Scott McGowan and intercompany loans are repayable on demand.



**COSOL Australia Pty Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 7. Non-current assets - property, plant and equipment**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Buildings & Improvements- at cost	6,353	6,353
Less: Accumulated depreciation	<u>(2,788)</u>	<u>(1,989)</u>
	<u>3,565</u>	<u>4,364</u>
Computers - at cost	89,846	65,098
Less: Accumulated depreciation	<u>(34,153)</u>	<u>(25,771)</u>
	<u>55,693</u>	<u>39,327</u>
Furniture & Fixtures- at cost	17,732	5,813
Less: Accumulated depreciation	<u>(2,869)</u>	<u>(2,044)</u>
	<u>14,863</u>	<u>3,769</u>
Low Value Asset Pool - at cost	2,379	2,379
Less: Accumulated depreciation	<u>(1,306)</u>	<u>(1,113)</u>
	<u>1,073</u>	<u>1,266</u>
Office Equipment - at cost	491	491
Less: Accumulated depreciation	<u>(396)</u>	<u>(376)</u>
	<u>95</u>	<u>115</u>
	<u><u>75,289</u></u>	<u><u>48,841</u></u>

**Note 8. Non-current assets - right-of-use assets**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Land and buildings - right-of-use	579,260	-
Less: Accumulated depreciation	<u>(80,453)</u>	<u>-</u>
	<u>498,807</u>	<u>-</u>

**Note 9. Lease liabilities**

	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$</b>	<b>\$</b>
Current	101,531	-
Non-current	<u>385,573</u>	<u>-</u>
	<u><u>487,104</u></u>	<u><u>-</u></u>

**COSOL Australia Pty Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 10. Current liabilities - trade and other payables**

	31 Dec 2019	30 Jun 2019
	\$	\$
Trade payables	855,905	946,619
Loan from shareholders	200,000	-
Accruals and other payables	1,146,911	995,070
	<u>2,202,817</u>	<u>1,941,689</u>

**Note 11. Current liabilities – provisions**

	31 Dec 2019	30 Jun 2019
	\$	\$
Annual Leave Provision	220,161	203,222
FBT Provision	10,881	1,405
Long Service Leave Provision	118,490	114,615
	<u>349,532</u>	<u>319,242</u>

**Note 12. Equity - issued capital**

	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>28,700</u>	<u>28,700</u>	<u>343,716</u>	<u>343,716</u>

No movement in share capital during the period. Movement schedule of issued capital is included in the statement of changes in equity. There are various classes of shares in issue which are as follows:

	31 Dec 2019	31 Jun 2018
	\$	\$
B Class shares*	13,386	13,386
C Class shares*	1	1
D Class Shares*	1	1
Ordinary Shares	15,312	15,312
	<b>28,700</b>	<b>28,700</b>

\* No right to vote at a general meeting of the company. Class B shares have similar rights as ordinary shares while other classes (i.e. C Class and Class D) have lesser rights than Class B.

**Note 13. Contingent liabilities**

The company has given bank guarantees as at 31 December 2019 of \$ 59,071 (30 June 2019 of \$ 54,470) for 3 months gross rent (plus GST) for office lease.

**Pinnacle Listed Comprehensive Interim Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 14. Events after the reporting period**

On the 19<sup>th</sup> November 2019 the shareholders of COSOL Australia entered into a binding Share Sale Agreement with the COSOL Ltd. under which the existing shareholders agreed to dispose of their 100% interest in the Share Capital of COSOL Australia to COSOL Ltd and completion of this agreement occurred on 16 January 2020.

Since the reporting period, all loans from shareholders amounting to \$2,369,704 was settled in full by way of the payment of a fully franked dividend to shareholders.

On 16 January 2020 the loan from shareholders amounting to \$200,000 was settled in full.

**Note 15. Reconciliation of profit after income tax to net cash from operating activities**

	<b>31 Dec 2019</b>
	<b>\$</b>
Profit after income tax expense for the half-year	1,432,773
Adjustments for:	
Depreciation and amortisation	90,672
Change in operating assets and liabilities:	
Decrease/(increase) in trade and other receivables	(2,125,402)
Increase/(decrease) in trade and other payables	(35,418)
Increase/(decrease) in provision for income tax	192,460
Increase in other provisions	<u>30,290</u>
Net cash from operating activities	<u><b>(414,625)</b></u>

**COSOL Australia Pty Limited**  
**Directors' declaration**  
**31 December 2019**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Geoffrey Lewis  
Director

21 February 2020  
Perth

# ELDERTON

## AUDIT PTY LTD

### Independent Auditor's Review Report

To the members of COSOL Australia Pty Limited

#### Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of COSOL Australia Pty Limited ("the Company"), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Half Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of COSOL Australia Pty Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of COSOL Australia Pty Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the COSOL Australia Pty Limited's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**

Nicholas Hollens

**Nicholas Hollens**  
Managing Director  
21 February 2020  
Perth