COSOL Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	COSOL Limited
ACN:	635 371 363
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	-	to	15,655,784
Revenue from ordinary activities (proforma basis - half year 2019: 10,766,871)	up	45.4%		15,655,784
Profit from ordinary activities after tax attributable to the owners of COSOL Limited	up	2693.6%	to	1,845,132
Profit from ordinary activities after tax attributable to the owners of COSOL Limited (proforma basis - half year 2019: 1,361,630)	up	35.5%		1,845,132
Profit for the half-year attributable to the owners of COSOL Limited	up	2693.6%	to	1,845,132

Dividends
The Directors have declared a 0.5 cent interim dividend payable to all ordinary shareholders for the current financial half year. The dividend will be fully franked. The record date for entitlements to this dividend will be 31 March 2021 with the payment on 15 April 2021.

Comments
The profit for the consolidated entity after providing for income tax amounted to $1,845,132 (31 December 2019: loss of $71,142).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.47)	1.00

4. Control gained over entities

Name of entities (or group of entities)	AddOns Inc
Date control gained	1 September 2020

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COSOL Limited
Appendix 4D
Half-year report

5. Dividends

Current period
The Directors have declared a 0.5 cent interim dividend payable to all ordinary shareholders for the current financial half year. The dividend will be fully franked. The record date for entitlements to this dividend will be 31 March 2021 with the payment on 15 April 2021.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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6. Foreign entities

Details of origin of accounting standards used in compiling the report:

The results for AddOns Inc are prepared in accordance with Australian Accounting Standards (AAS).

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7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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8. Attachments

Details of attachments (if any):

The Interim Report of COSOL Limited for the half-year ended 31 December 2020 is attached.

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9. Signed

Signed _____ Date: 23 February 2021

Geoffrey Lewis
Chairman

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COSOL Limited

Interim Report - 31 December 2020

ACN 635 371 363

COSOL Limited
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of COSOL Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

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

Geoffrey James Lewis (Chairman)
Gerald Peter Strautins
Grant Anthony Pestell
Stephen Edward Oliver Johnston
Benjamin Thomas Buckley (Managing Director) (appointed 6 October 2020)

Dividends
The Directors have declared a 0.5 cent interim dividend payable to all ordinary shareholders for the current financial half year. The dividend will be fully franked. The record date for entitlements to this dividend will be 31 March 2021 with the payment on 15 April 2021. There were no dividends paid, recommended or declared during the previous financial half-year.

Review of operations
The profit for the consolidated entity after providing for income tax amounted to $1,845,132 (31 December 2019: loss of $71,142).

Revenue for the consolidated entity for the half year amounted to $15,655,332 (31 December 2019: $-).

Significant changes in the state of affairs
On 1 September 2020, the Company acquired AddOns Inc, a managed services IT, software and professional services business based in Denver, Colorado, USA.

On 6 October 2020, Benjamin Buckley was appointed Managing Director of COSOL Ltd.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

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



Geoffrey Lewis
Chairman

23 February 2021

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ELDERTON
AUDIT PTY LTD

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Auditor's Independence Declaration

To those charged with the governance of Cosol Limited

As auditor for the review of Cosol Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and

ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

23 February 2021

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COSOL Limited
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General information

The financial statements cover COSOL Limited as a consolidated entity consisting of COSOL Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is COSOL Limited's functional and presentation currency.

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

Registered office	Principal place of business
Murcia Pestell Hillard Lawyers Suite 183 Level 6, 580 Hay Street PERTH WA 6000	Level 3, 201 Leichhardt Street, Spring Hill QUEENSLAND 4000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2021.

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COSOL Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	Consolidated For the half year ended 31 December 2020 $	Consolidated For the period 7 August 2019 to 31 December 2019 $
Revenue	2	15,654,936	-
Other income	3	80,903	-
Interest income		848	-
Expenses			
Cost of sales		(9,957,347)	-
Depreciation and amortisation expense	4	(269,315)	-
Salaries & Wages		(1,577,178)	-
Share based payments		(217,748)	-
Operating and General Expenses		(1,149,748)	(71,142)
Finance costs		(47,499)	-
Profit/(loss) before income tax expense		2,517,852	(71,142)
Income tax expense	5	(672,720)	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of COSOL Limited		1,845,132	(71,142)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of COSOL Limited		1,845,132	(71,142)
		Cents	**Cents**
Basic earnings per share	24	1.43	(0.61)
Diluted earnings per share	24	1.35	(0.61)

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

COSOL Limited
Statement of financial position
As at 31 December 2020

	Note	Consolidated 31 December 2020 $	30 June 2020 $
Assets			
Current assets			
Cash and cash equivalents		9,361,767	6,774,536
Trade and other receivables		5,558,279	4,021,414
Inventories		121,271	-
Prepayments and other current assets	6	404,388	127,355
Total current assets		15,445,705	10,923,305
Non-current assets			
Property, plant and equipment	7	317,983	109,671
Right-of-use assets	8	952,556	418,356
Intangibles	9	24,271,815	18,209,183
Deferred tax	10	388,690	364,249
Total non-current assets		25,931,044	19,101,459
Total assets		41,376,749	30,024,764
Liabilities			
Current liabilities			
Trade payables		1,670,091	1,457,534
Bank loans	11	1,000,000	-
Lease liability	12	454,805	101,531
Income tax		80,988	206,401
Employee benefits	13	603,198	473,736
Deferred consideration and other provisions		2,795,309	3,704,619
Accrued and other liabilities	14	6,606,541	1,490,390
Total current liabilities		13,210,932	7,434,211
Non-current liabilities			
Bank loans	15	1,750,000	-
Lease liability		574,976	290,124
Deferred consideration		2,264,799	2,795,381
Total non-current liabilities		4,589,775	3,085,505
Total liabilities		17,800,707	10,519,716
Net assets		23,576,042	19,505,048
Equity			
Issued capital	16	20,053,353	17,987,986
Reserves		171,147	10,652
Retained profits		3,351,542	1,506,410
Total equity		23,576,042	19,505,048

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

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COSOL Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 7 August 2019	-	-	-	-
Loss after income tax expense for the half-year	-	-	(71,142)	(71,142)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(71,142)	(71,142)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,150,000	-	-	2,150,000
Balance at 31 December 2019	2,150,000	-	(71,142)	2,078,858

Consolidated	Issued capital $	Share based payment reserve $	Foreign exchange reserve $	Retained profits $	Total equity $
Balance at 1 July 2020	17,987,986	10,652	-	1,506,412	19,505,050
Profit after income tax expense for the half-year	-	-	-	1,845,132	1,845,132
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	1,845,132	1,845,132
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 16)	2,093,131	-	-	-	2,093,131
Share-based payments (note 25)	-	217,748	-	-	217,748
Foreign currency translation	-	-	(57,255)	-	(57,255)
Adjustment to tax on listing fees for equity issue	(27,764)	-	-	-	(27,764)
Balance at 31 December 2020	20,053,353	228,400	(57,255)	3,351,544	23,576,042

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

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COSOL Limited
Statement of cash flows
For the half-year ended 31 December 2020

	Note	Consolidated For the half year ended 31 December 2020 $	Consolidated For the period 7 August 2019 to 31 December 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		16,306,822	-
Payments to suppliers and employees (inclusive of GST)		(10,764,246)	(504,669)
		5,542,576	(504,669)
Interest received		848	-
Other revenue		80,903	-
Interest and other finance costs paid		(47,499)	-
Income taxes paid		(822,574)	-
Net cash from/(used in) operating activities	23	4,754,254	(504,669)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	21	(851,501)	-
Payments for prior period's business acquisition	21	(3,704,619)	-
Payments for property, plant and equipment	7	(32,931)	-
Net cash used in investing activities		(4,589,051)	-
Cash flows from financing activities			
Proceeds from issue of shares	16	-	2,945,000
Proceeds from bank loan		3,000,000	-
Repayment of bank loan		(250,000)	-
Repayment of lease liabilities		(259,065)	-
Net cash from financing activities		2,490,935	2,945,000
Net increase in cash and cash equivalents		2,656,138	2,440,331
Cash and cash equivalents at the beginning of the financial half-year		6,774,536	-
Effects of exchange rate changes on cash and cash equivalents		(68,907)	-
Cash and cash equivalents at the end of the financial half-year		9,361,767	2,440,331

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

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Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 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 2020 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, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated 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.

Note 2. Revenue

	Consolidated	
	For the half year ended 31 December 2020 $	For the period 7 August 2019 to 31 December 2019 $
Rendering of services	14,967,675	-
Product sales	687,261	-
Revenue	15,654,936	-

Note 3. Other income

	Consolidated	
	For the half year ended 31 December 2020 $	For the period 7 August 2019 to 31 December 2019 $
Government grants	70,000	-
Reimbursement of expenses	10,903	-
Other income	80,903	-

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Note 4. Depreciation and amortisation expense

	Consolidated	
	For the half year ended 31 December 2020 $	For the period 7 August 2019 to 31 December 2019 $
Depreciation on property, plant and equipment	80,741	-
Amortisation of right-of-use assets	188,574	-
	269,315	-

Note 5. Income tax expense

	Consolidated	
	For the half year ended 31 December 2020 $	For the period 7 August 2019 to 31 December 2019 $
Income tax expense		
Current tax	704,781	-
Adjustment recognised for prior periods	20,144	-
Deferred tax - origination and reversal of temporary differences	(52,205)	-
Aggregate income tax expense	672,720	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	2,517,852	(71,142)
Tax at the statutory tax rate of 26% (2019: 27.5%)	654,642	(19,564)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	9,859	-
Share-based payments	56,614	-
Amortisation of due diligence costs	15,363	-
Non assessable income	(18,200)	-
Deductible equity raising costs	(18,997)	-
	699,281	(19,564)
Adjustment recognised for prior periods	20,144	-
Current half-year tax losses not recognised	(4,596)	19,564
Current half-year temporary differences not recognised	(27,747)	-
Difference in overseas tax rates	(25,462)	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	11,100	-
Income tax expense	672,720	-

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Note 5. Income tax expense (continued)

	Consolidated	
	For the half year ended 31 December 2020 $	For the period 7 August 2019 to 31 December 2019 $
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 10)	27,764	(160,741)

Note 6. Current assets - Prepayments and other current assets

	Consolidated	
	31 December 2020 $	30 June 2020 $
Prepayments	184,063	48,263
Other deposits	38,951	-
Other current assets	181,374	79,092
	404,388	127,355

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

	Consolidated	
	31 December 2020 $	30 June 2020 $
Leasehold improvements - at cost	23,767	16,510
Less: Accumulated depreciation	(6,237)	(4,175)
	17,530	12,335
Fixtures and fittings - at cost	47,797	19,438
Less: Accumulated depreciation	(6,166)	(3,796)
	41,631	15,642
Computer equipment - at cost	156,901	97,633
Less: Accumulated depreciation	(64,777)	(45,304)
	92,124	52,329
Office equipment - at cost	217,355	29,203
Less: Accumulated depreciation	(53,709)	(720)
	163,646	28,483
Low value asset pool - at cost	2,379	2,379
Less: Accumulated depreciation	(1,660)	(1,497)
	719	882
Computer software - at cost	2,651	-
Less: Accumulated depreciation	(318)	-
	2,333	-
	317,983	109,671

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Buildings and improvements $	Computers $	Furniture and fixtures $	Low value asset pool $	Office equipment $	Computer software $	Total $
Balance at 1 July 2020	12,335	52,329	15,642	881	28,484	-	109,671
Additions	-	23,097	-	-	9,834	-	32,931
Additions through business combinations (note 21)	7,600	37,882	29,701	-	186,756	2,776	264,715
Exchange differences	(311)	(1,210)	(1,272)	-	(5,693)	(107)	(8,593)
Depreciation expense	(2,094)	(19,974)	(2,440)	(162)	(55,735)	(336)	(80,741)
Balance at 31 December 2020	17,530	92,124	41,631	719	163,646	2,333	317,983

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

	Consolidated	
	31 December 2020 $	30 June 2020 $
Land and buildings - right-of-use	1,296,354	579,260
Less: Accumulated depreciation	(343,798)	(160,904)
	952,556	418,356

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	$	Total $
Balance at 1 July 2020	418,356	418,356
Additions through business combinations (note 21)	751,028	751,028
Exchange differences	(28,254)	(28,254)
Depreciation expense	(188,574)	(188,574)
Balance at 31 December 2020	952,556	952,556

Note 9. Non-current assets - Intangibles

	Consolidated	
	31 December 2020 $	30 June 2020 $
Goodwill - at cost	24,271,815	18,209,183

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $	Total $
Balance at 1 July 2020	18,209,183	18,209,183
Additions through business combinations (note 21)	6,062,632	6,062,632
Balance at 31 December 2020	24,271,815	24,271,815

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Note 10. Non-current assets - deferred tax

	Consolidated 31 December 2020 $	30 June 2020 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	(12,218)	(7,343)
Employee benefits	194,483	199,029
Revenue received in advance	(1,432)	-
Blackhole expenses	9,955	12,034
Other deferred tax liabilities	62,808	(212)
Borrowing costs	2,117	-
	255,713	203,508
Amounts recognised in equity:		
Transaction costs on share issue	132,977	160,741
Deferred tax asset	388,690	364,249
Movements:		
Opening balance	364,249	-
Credited to profit or loss (note 5)	52,205	203,508
Credited/(charged) to equity (note 5)	(27,764)	160,741
Closing balance	388,690	364,249

Note 11. Current liabilities - bank loans

	Consolidated 31 December 2020 $	30 June 2020 $
Bank loans	1,000,000	-

Refer to note 18 for further information on financial instruments.

Note 12. Current liabilities - lease liability

	Consolidated 31 December 2020 $	30 June 2020 $
Lease liability - rent right-of-use	408,357	101,531
Lease liability - equipment	46,448	-
	454,805	101,531

Refer to note 18 for further information on financial instruments.

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Note 13. Current liabilities - employee benefits

	Consolidated	
	31 December 2020 $	30 June 2020 $
Annual leave	515,927	380,910
Long service leave	77,996	74,210
Employee benefits	9,275	18,616
	603,198	473,736

Note 14. Current liabilities - Accrued and other liabilities

	Consolidated	
	31 December 2020 $	30 June 2020 $
Payroll tax payable	45,487	137,317
Superannuation payable	314,520	268,620
GST payable	414,510	327,258
Accrued expenses	629,444	551,882
Deferred revenue	484,018	87,367
Other current liabilities	4,718,562	117,946
	6,606,541	1,490,390

Other current liabilities include a $3.66m advance from a client for regular transaction processing on its behalf. This advance is included in cash reserves at 31 December 2020 and was paid out in January as part of our regular ongoing services for this client.

Note 15. Non-current liabilities - bank loans

The consolidated entity has secured $6,500,000 in banking facilities from Bankwest. This comprises a term debt facility of $3,000,000, a multi-option facility for $3,250,000 and a corporate credit card facility for $250,000. The term of the facilities is three years and they expire on 31 August 2023. They have been provided on an unsecured basis and are subject to the group continuing to meet several performance covenants. As at 31 December 2020, the group was in compliance with all these covenants.

	Consolidated	
	31 December 2020 $	30 June 2020 $
Bank loans	1,750,000	-

Refer to note 18 for further information on financial instruments.

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Note 16. Equity - issued capital

	Consolidated			
	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 $	30 June 2020 $
Ordinary shares - fully paid	131,771,695	127,500,000	20,053,353	17,987,986

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2020	127,500,000		17,987,986
Issue of shares	15 October 2020	4,271,695	$0.49	2,093,131
Adjustment to tax effect of listing fees		-	$0.00	(27,764)
Balance	31 December 2020	131,771,695		20,053,353

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 17. Equity - dividends

The Directors have declared a 0.5 cent interim dividend payable to all ordinary shareholders for the current financial half year. The dividend will be fully franked. The record date for entitlements to this dividend will be 31 March 2021 with the payment on 15 April 2021. There were no dividends paid, recommended or declared during the previous financial half-year.

Note 18. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

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Note 18. Financial instruments (continued)

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	31 December 2020		30 June 2020	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Bankwest term debt	4.19%	2,750,000	-	-
Net exposure to cash flow interest rate risk		2,750,000		-

For the consolidated entity the bank loans outstanding, totalling $2,750,000 ([2019: $-), are principal and interest payment loans. Quarterly cash outlays of approximately $24,000 (2019: $-) per quarter are required to service the interest payments. Minimum principal repayments of $750,000 (2019: $-) are due during the financial year ending 30 June 2021 (2019: $-).

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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Note 19. Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2020.

Note 20. Related party transactions

Parent entity
COSOL Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Transactions with related parties
The following transactions occurred with related parties:

Mr Pestell, a non-executive Director, is Managing Director and part owner of, and has significant influence over, Murcia Pestell Hillard Lawyers, the consolidated entity's Australian legal adviser. Murcia Pestell Hillard Lawyers is not a material services supplier to the consolidated entity and the consolidated entity is not a material client of Murcia Pestell Hillard Lawyers. During the financial period, the consolidated entity paid fees as below in connection with the provision of legal services. These transactions occurred within a normal customer-supplier relationship and on terms and conditions no more favourable than those available to other parties on an arms-length basis.

	Consolidated	
	For the half year ended 31 December 2020 $	For the period 7 August 2019 to 31 December 2019 $
Payment for goods and services:		
Payment for services from other related party	122,067	197,445

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December 2020 $	30 June 2020 $
Current payables:		
Trade payables to other related party	-	22,403

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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

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Note 21. Business combinations

On 1 September 2020, COSOL Limited acquired 100% of the ordinary shares of AddOns Inc for the total consideration transferred of $6,838,559. This is a managed services, IT, software and professional services business based in Denver, Colorado, USA. The consideration amount is settled by COSOL Limited through issuance of shares amounting to $2.1 million, cash consideration amounting to $2.4 million, and assumed earn out consideration $2.4 million. The acquisition was in line with COSOL's stated objective of moving to become a global player in the enterprise asset management services space. The acquisition resulted in goodwill of $6,062,632 to be recognised in the consolidated financial statements. The acquired business contributed revenues of $3.0 million and profit after tax of $0.4 million to the consolidated entity for the period from 1 September 2020 to 31 December 2020.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	1,525,057
Trade receivables	863,764
Accrued revenue	74,857
Prepayments	52,480
Other current assets	40,794
Buildings & improvements	7,600
Computers	37,882
Furniture & fixtures	29,701
Office equipment	186,756
Computer software	2,776
Right-of-use assets	751,028
Trade payables	(315,140)
Employee benefits	(188,657)
Accrued expenses	(138,726)
Deferred revenue	(121,430)
Lease liability	(939,647)
Other liabilities	(1,093,168)
Net assets acquired	775,927
Goodwill	6,062,632
Acquisition-date fair value of the total consideration transferred	6,838,559
Representing:	
Cash paid or payable to vendor	2,376,558
COSOL Limited shares issued to vendor	2,093,131
Contingent consideration	2,368,870
	6,838,559
Acquisition costs expensed to profit or loss	59,088
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	6,838,559
Less: cash and cash equivalents	(1,525,057)
Less: contingent consideration	(2,368,870)
Less: shares issued by company as part of consideration	(2,093,131)
Net cash used	851,501

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Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 31 December 2020 %	Ownership interest 30 June 2020 %
COSOL Australia Pty Limited	Australia	100.00%	100.00%
AddOns Inc	USA	100.00%	-

Note 23. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated For the half year ended 31 December 2020 $	Consolidated For the period 7 August 2019 to 31 December 2019 $
Profit/(loss) after income tax expense for the half-year	1,845,132	(71,142)
Adjustments for:		
Depreciation and amortisation	269,315	-
Share-based payments	217,748	-
Foreign currency differences	6,006	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(598,244)	-
Increase in inventories	(121,271)	-
Increase in deferred tax assets	(24,441)	-
Increase in prepayments	(83,320)	-
Increase in other operating assets	(100,400)	-
Decrease in trade payables	(207,328)	(433,527)
Decrease in provision for income tax	(125,413)	-
Decrease in employee benefits	(59,195)	-
Decrease in other provisions	(104,142)	-
Increase in other operating liabilities	3,839,807	-
Net cash from/(used in) operating activities	4,754,254	(504,669)

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Note 24. Earnings per share

	Consolidated	
	For the half year ended 31 December 2020 $	For the period 7 August 2019 to 31 December 2019 $
Profit/(loss) after income tax attributable to the owners of COSOL Limited	1,845,132	(71,142)
	Cents	**Cents**
Basic earnings per share	1.43	(0.61)
Diluted earnings per share	1.35	(0.61)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	129,297,380	11,678,083
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	7,246,311	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	136,543,691	11,678,083

Note 25. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

The options granted as part of the COSOL Limited employee share option plan are as laid out below:

	Number of options 31 December 2020	Weighted average exercise price 31 December 2020	Number of options For the period 7 August 2019 to 31 December 2019	Weighted average exercise price For the period 7 August 2019 to 31 December 2019
Outstanding at the beginning of the financial half-year	5,000,000	$0.21	-	$0.00
Granted	4,525,000	$0.40	-	$0.00
Outstanding at the end of the financial half-year	9,525,000	$0.61	-	$0.00

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Note 25. Share-based payments (continued)

Tranche	Grant date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ other	Balance at the end of the period
Tranche 1 Mr McGowan	24/04/2020	$0.3625	1,200,000	-	-	-	1,200,000
Tranche 2 Mr McGowan	24/04/2020	$0.415	900,000	-	-	-	900,000
Tranche 3 Mr McGowan	24/04/2020	$0.415	900,000	-	-	-	900,000
Tranche 1 Mr Buckley	24/04/2020	$0.3625	800,000	-	-	-	800,000
Tranche 2 Mr Buckley	24/04/2020	$0.415	600,000	-	-	-	600,000
Tranche 3 Mr Buckley	24/04/2020	$0.415	600,000	-	-	-	600,000
Tranche 1 Senior Leadership Team	01/07/2020	$0.61	-	762,500	-	-	762,500
Tranche 2 Senior Leadership Team	01/07/2020	$0.7	-	762,500	-	-	762,500
Tranche 4 Mr Buckley	17/11/2020	$0.9	-	1,500,000	-	-	1,500,000
Tranche 5 Mr Buckley	17/11/2020	$1.0	-	1,500,000	-	-	1,500,000
			5,000,000	4,525,000	-	-	9,525,000

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 2.41 years (2019: 0 years).

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COSOL Limited
Directors' declaration
31 December 2020

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 consolidated entity's financial position as at 31 December 2020 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



Geoffrey Lewis
Chairman

23 February 2021

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AUDIT PTY LTD

Independent Auditor's Review Report

To the members of Cosol Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the 31 December 2020 financial report of Cosol Limited ('the Company') and its controlled entities (collectively referred to as 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the director's declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying 31 December 2020 financial report of the Group has not been prepared, in all material respects, in accordance with Australian Accounting Standards and the *Corporation Act 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

Management of the Group are responsible for the preparation and fair presentation of the 31 December 2020 financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. and for such internal control management determine is necessary to enable the preparation and fair presentation of the 31 December 2020 financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the financial report has not been prepared, in all material respects in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

A review of a 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.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

23 February 2021
Perth

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