

# Financial Statements

For the Half Year Ended 31 December 2023

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# Capricorn Society Limited and Controlled Entities

## Directors' Report

31 December 2023

Your directors submit the financial report of Capricorn Society Limited ("the Company") and its controlled entities ("the Group") for the half year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of the directors in office at any time during, or since the end of the half year, to the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

<b>Names</b>	<b>Position</b>
Mark Cooper	Chair
Peter Stewart	Member Director
Lydia Stjepanovic	Member Director
Mark Rowe	Member Director
Nigel Osborne	Member Director
Philip Saxton	Member Director (retired October 2023)
James Candish	Member Director (appointed October 2023)
Bruce Rathie	Independent Director
Donna Vinci	Independent Director
Mario Pirone	Independent Director

### Review and results of operations

The consolidated profit of the Group for the half year after providing for income tax amounted to \$16,183,000 (2022: \$7,438,000).

Total purchases by Members from continuing operations of Capricorn increased to \$1,827,588,000 being 12% higher than the same time last year (2022: \$1,635,054,000). Net collections were \$85,762,000 (2022: \$77,415,000), an increase of 11%.

The board has maintained a conservative investment strategy recognising volatility in capital markets and as such has retained significant cash reserves during the half year ended 31 December 2023

Capricorn's strategic plan is to drive profitable growth in Capricorn's principal business activities.

In the short to medium term, Capricorn continues to recognise technology as a key enabler to support its business strategy and objectives. This is a constant challenge in the ever-changing digital landscape of today's business world and Capricorn is looking to expand the current limited choice of digital interactions for its Members and Suppliers.

Development of a digital platform will leverage existing assets and add new capability that will deliver value through easier integration with partners, improve the Member and Supplier experience and facilitate exciting new future projects and programs.

Capricorn has and will continue to identify and assess potential diversification opportunities that may allow it to leverage its current resources and capabilities to both reduce overall risk through diversification and improve returns to Members.

No options to acquire shares in the Company have been granted during the period and there were no options outstanding at the end of the reporting period.

# Capricorn Society Limited and Controlled Entities

## Directors' Report

31 December 2023

### Dividends

There are no interim dividends paid or recommended at the date of this report.

The dividends of \$14,645,000 for the year ended 30 June 2023 were declared in September 2023 and paid during the half year ended 31 December 2023. See Note 13 for further details.

### Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) and where noted (\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

### Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 for the half year ended 31 December 2023 is set out on page 3.

Signed in accordance with a resolution of the Board of Directors:



.....  
**Mark Cooper**  
Director



.....  
**Mario Pirone**  
Director



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of Capricorn Society Limited and its controlled entities**

As lead auditor for the review of the half-year financial report of Capricorn Society Limited and its controlled entities for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Capricorn Society Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Timothy G Dachs', written in a cursive style.

Timothy G Dachs  
Partner  
21 February 2024

# Capricorn Society Limited and Controlled Entities

## Consolidated Statement of Profit or Loss

For the Half Year Ended 31 December 2023

	Note	December 2023 \$'000	December 2022 \$'000
Revenue from contracts with customers	3(a)	31,281	26,144
Trade account revenue calculated using the effective interest rate method		58,848	53,329
Other interest revenue	3(b)	8,253	5,903
Other income	3(b)	1,194	1,059
<b>Total revenue</b>		<b>99,576</b>	86,435
<b>Other operating income</b>	3(c)	<b>7,636</b>	5,889
<b>Expenses</b>			
Employee benefit expense		(34,949)	(30,297)
Member trade rebate		(17,002)	(14,857)
Depreciation and amortisation expense		(2,621)	(2,688)
Marketing and advertising expense		(2,245)	(1,678)
Other expenses	3(d)	(27,019)	(31,930)
<b>Total expenses</b>		<b>(83,836)</b>	(81,450)
<b>Profit before tax</b>		<b>23,376</b>	10,874
Income tax expense	5	(7,193)	(3,436)
<b>Profit for the period</b>		<b>16,183</b>	7,438
<b>Profit attributable to:</b>			
Members of the parent entity		16,183	7,438
		<b>16,183</b>	7,438

*The accompanying notes form part of these financial statements*

# Capricorn Society Limited and Controlled Entities

## Consolidated Statement of Other Comprehensive Income

For the Half Year Ended 31 December 2023

	<b>December 2023 \$'000</b>	December 2022 \$'000
	<b>Note</b>	
<b>Profit for the period</b>	<b>16,183</b>	7,438
<b>Other comprehensive income:</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translating foreign controlled entities	<b>403</b>	1,525
<b>Other comprehensive income for the period, net of tax</b>	<b>403</b>	1,525
<b>Total comprehensive income for the period, net of tax</b>	<b>16,586</b>	8,963
<b>Total comprehensive income, net of tax, attributable to:</b>		
Members of the parent entity	<b>16,586</b>	8,963
	<b>16,586</b>	8,963

*The accompanying notes form part of these financial statements*

# Capricorn Society Limited and Controlled Entities

## Consolidated Statement of Financial Position

As at 31 December 2023

	Note	December 2023 \$'000	June 2023 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	78,226	100,778
Trade account advances and equipment loans		284,954	337,935
Other current assets	8	6,519	5,925
Inventories		3,844	3,635
<b>Total current assets</b>		<b>373,543</b>	<b>448,273</b>
<b>Non-current assets</b>			
Equipment loans		43,845	28,057
Financial assets	7	186,929	167,936
Right of use assets	9	15,717	3,991
Intangibles	10	5,158	6,395
Property, plant & equipment	11	14,414	13,504
Deferred tax asset		30,111	29,165
<b>Total non-current assets</b>		<b>296,174</b>	<b>249,048</b>
<b>Total assets</b>		<b>669,717</b>	<b>697,321</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		194,977	255,301
Reward Points Liability	4	107,746	95,993
Lease Liability	9	2,374	1,539
Current tax liabilities		4,022	5,959
Employee benefits		4,117	4,049
<b>Total current liabilities</b>		<b>313,236</b>	<b>362,841</b>
<b>Non-current liabilities</b>			
Lease Liabilities	9	13,385	2,567
Employee benefit liabilities		1,522	1,420
<b>Total non-current liabilities</b>		<b>14,907</b>	<b>3,987</b>
<b>Total liabilities</b>		<b>328,143</b>	<b>366,828</b>
<b>Net assets</b>		<b>341,574</b>	<b>330,493</b>
<b>Equity</b>			
Issued capital	12	216,952	207,812
Reserves		2,586	2,183
Retained earnings		122,036	120,498
Parent interest		<b>341,574</b>	<b>330,493</b>
<b>Total equity</b>		<b>341,574</b>	<b>330,493</b>

The accompanying notes form part of these financial statement



# Capricorn Society Limited and Controlled Entities

## Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2023

<b>2024</b>	<b>Share Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Foreign Currency Reserve \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2023</b>	<b>207,812</b>	<b>120,498</b>	<b>2,183</b>	<b>330,493</b>
Profit for the period	-	16,183	-	16,183
Other comprehensive income	-	-	403	403
<b>Total comprehensive income</b>	<b>-</b>	<b>16,183</b>	<b>403</b>	<b>16,586</b>
Shares issued during the period	18,923	-	-	18,923
Shares bought back during the period	(9,783)	-	-	(9,783)
Dividends paid during the year	-	(14,645)	-	(14,645)
<b>Balance at 31 December 2023</b>	<b>216,952</b>	<b>122,036</b>	<b>2,586</b>	<b>341,574</b>
	<b>Share Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Foreign Currency Reserve \$'000</b>	<b>Total \$'000</b>
<b>2023</b>				
<b>Balance at 1 July 2022</b>	<b>197,245</b>	<b>99,397</b>	<b>1,098</b>	<b>297,740</b>
Profit for the period	-	7,438	-	7,438
Other comprehensive income	-	-	1,525	1,525
<b>Total comprehensive income</b>	<b>-</b>	<b>7,438</b>	<b>1,525</b>	<b>8,963</b>
Shares issued during the period	14,894	-	-	14,894
Shares bought back during the period	(7,355)	-	-	(7,355)
Dividends paid during the year	-	(9,872)	-	(9,872)
<b>Balance at 31 December 2022</b>	<b>204,783</b>	<b>96,963</b>	<b>2,623</b>	<b>304,369</b>

*The accompanying notes form part of these financial statements.*

# Capricorn Society Limited and Controlled Entities

## Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2023

	December 2023 \$'000	December 2022 \$'000
<b>Cash flows from operating activities:</b>		
Receipts from Members	<b>1,841,912</b>	1,651,265
Payments to suppliers and employees	<b>(1,855,928)</b>	(1,642,194)
Management fees received	3(a) <b>17,940</b>	15,407
Other income received	<b>2,720</b>	1,679
Taxes paid	<b>(10,444)</b>	(12,637)
<b>Net cash used/provided by operating activities</b>	<b>(3,800)</b>	13,520
<b>Cash flows from investing activities:</b>		
Interest received	<b>1,820</b>	956
Investment income received	3(c) <b>3,841</b>	5,706
Purchase of property plant and equipment	<b>(2,154)</b>	(418)
Proceeds from sale of plant & equipment	-	3
Purchase of investments	<b>(20,745)</b>	(43,386)
Proceeds from disposal of investments	<b>4,935</b>	34,616
<b>Net cash used in investing activities</b>	<b>(12,303)</b>	(2,523)
<b>Cash flows from financing activities:</b>		
Proceeds from issue of shares	<b>5,169</b>	5,920
Buy-back of shares	<b>(9,808)</b>	(7,719)
Dividends paid by parent entity	<b>(883)</b>	(452)
Repayment of lease liabilities	<b>(1,010)</b>	(881)
<b>Net cash used in financing activities</b>	<b>(6,532)</b>	(3,132)
<b>Net(decrease) / increase in cash held</b>	<b>(22,635)</b>	7,865
Cash at beginning of financial year	<b>100,778</b>	90,222
Effect of exchange rates changes on the balance of cash held in foreign currencies	<b>83</b>	130
<b>Cash at end of financial period</b>	6 <b>78,226</b>	98,217

*The accompanying notes form part of these financial statement.*

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 1 Corporate information

The interim consolidated financial statements of Capricorn Society Limited (the "Parent") and its subsidiaries (collectively, the "Consolidated Entity" or "Group") for the half year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 21<sup>st</sup> of February 2024.

The Parent is a non-listed public company, incorporated in Australia and operating in Australia and New Zealand. The principal activity of the Group during the half year was the operation of an automotive parts and accessories buying cooperative. Other entities provide travel, business risk services including the management of Capricorn Mutual Limited ("the Mutual"), financial services and technology services.

### 2 Basis of preparation and changes to the Group's accounting policies

#### a) Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2023 are condensed general purpose financial statements prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2023.

The company has determined for the purposes of preparing the interim consolidated financial statements it is a for-profit entity.

#### b) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in the half year ended 31 December 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 3 Revenue and expenses

#### a) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

#### For the 6 months ended 31 December 2023

	Management fee \$000's	Commission income \$000's	Advertising income \$000's	Merchandise income \$000's	Total income \$000's
<b>Geographical markets</b>					
Australia	17,434	1,620	1,723	8,356	29,133
New Zealand	506	174	36	1,432	2,148
<b>Total revenue from contracts with customers</b>	<b>17,940</b>	<b>1,794</b>	<b>1,759</b>	<b>9,788</b>	<b>31,281</b>

	Management fee \$000's	Commission income \$000's	Advertising income \$000's	Merchandise income \$000's	Total income \$000's
<b>Timing of revenue recognition</b>					
Revenue earned at a point in time	-	1,794	1,759	9,788	13,341
Revenue earned over time	17,940	-	-	-	17,940
<b>Total revenue from contracts with customers</b>	<b>17,940</b>	<b>1,794</b>	<b>1,759</b>	<b>9,788</b>	<b>31,281</b>

#### For the 6 months ended 31 December 2022

	Management fee \$000's	Commission income \$000's	Advertising income \$000's	Merchandise income \$000's	Total income \$000's
<b>Geographical markets</b>					
Australia	14,584	1,480	570	7,108	23,742
New Zealand	823	133	53	1,393	2,402
<b>Total revenue from contracts with customers</b>	<b>15,407</b>	<b>1,613</b>	<b>623</b>	<b>8,501</b>	<b>26,144</b>

	Management fee \$000's	Commission income \$000's	Advertising income \$000's	Merchandise income \$000's	Total income \$000's
<b>Timing of revenue recognition</b>					
Revenue earned at a point in time	-	1,613	623	8,501	10,737
Revenue earned over time	15,407	-	-	-	15,407
<b>Total revenue from contracts with customers</b>	<b>15,407</b>	<b>1,613</b>	<b>623</b>	<b>8,501</b>	<b>26,144</b>

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 3 Revenue and expenses (continued)

#### b) Interest and Other income

	<b>December 2023 \$'000</b>	December 2022 \$'000
Interest on financial assets at amortised cost	<b>8,253</b>	5,903
<b>Other Interest revenue</b>	<b>8,253</b>	5,903
Other income	<b>1,194</b>	1,059
<b>Total - Other income</b>	<b>1,194</b>	1,059

#### c) Other operating income

	<b>December 2023 \$'000</b>	December 2022 \$'000
Remeasurement gain on financial assets at fair value through profit or loss	<b>3,560</b>	-
Foreign exchange gain realised	<b>26</b>	4
Investment income received	<b>3,841</b>	5,706
Profit from sale of plant & equipment	<b>209</b>	29
Profit from sale of financial assets	<b>-</b>	150
	<b>7,636</b>	5,889

#### d) Other expenses

	<b>December 2023 \$'000</b>	December 2022 \$'000
Provision for expected credit losses	<b>872</b>	1,066
Travel expenses	<b>1,066</b>	1,225
Information technology and communication expenses	<b>5,151</b>	4,292
Lease rental expenses	<b>220</b>	89
Remeasurement loss on financial assets at fair value through profit or loss	<b>-</b>	7,989
Loss from sale of financial assets	<b>28</b>	-
Impairment of financial assets	<b>244</b>	-
Loss from joint venture activities	<b>214</b>	-
Consulting expenses	<b>1,557</b>	1,304
Trade commissions	<b>1,258</b>	984
Insurance, legal & accounting fees	<b>1,767</b>	1,495
Reward merchandise expense	<b>9,729</b>	8,471
Other operating expenses	<b>4,913</b>	5,015
	<b>27,019</b>	31,930

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 4 Liability for unredeemed reward points

	<b>December 2023 \$'000</b>	December 2022 \$'000
<b>Reward points</b>		
Opening Balance – Liability for unredeemed Reward points at 1 July	<b>95,993</b>	82,112
Reward points issued	<b>26,915</b>	24,085
Rewards points issued – Member trading rebate	<b>17,002</b>	14,857
Reward points redeemed	<b>(32,164)</b>	(24,427)
<b>Closing Balance – Liability for unredeemed Reward Points</b>	<b>107,746</b>	96,627

A Member trading rebate of \$17,000,000 was approved and declared by the Board in September 2023, \$17,002,000 inclusive of a foreign exchange adjustment was allocated to Members during the half year ended 31 December 2023 in the form of Reward Points on a pro-rata basis based on total Member spend in the 2023 financial year.

### 5 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the half year statement of profit or loss are:

	<b>December 2023 \$'000</b>	December 2022 \$'000
<b>Income taxes</b>		
Current income tax expense	<b>8,133</b>	8,940
Deferred income tax expense relating to origination and reversal of temporary differences	<b>(940)</b>	(5,504)
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>7,193</b>	3,436

### 6 Cash and cash equivalents

	<b>December 2023 \$'000</b>	June 2023 \$'000
Cash at bank	<b>48,362</b>	78,856
Short-term deposits	<b>29,864</b>	21,922
	<b>78,226</b>	100,778

#### (a) Cash at bank

Cash at bank earns interest at floating rates based on daily bank deposit rates.

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 6 Cash and cash equivalents (continued)

#### (b) Short-term deposits

Short term deposits are made for varying periods of between one day and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Due to the short-term nature of these deposits and the high credit quality of the bank counterparties, the Group determines that they are subject to an insignificant risk of changes in value.

### 7 Financial assets

Set out below is an overview of financial assets, other than cash and trade account and other receivables, held by the Group:

	<b>December 2023 '000</b>	June 2023 \$'000
<b>Financial assets at fair value through profit and loss</b>		
Investment in hybrid securities	<b>16,406</b>	8,216
Investment in government bonds	<b>20,394</b>	19,076
Investment in fixed interest securities	<b>7,721</b>	7,560
Investment in listed securities	<b>19,096</b>	20,741
Investments in unit trusts	<b>121,941</b>	112,260
Unlisted securities	<b>11</b>	9
Restricted deposits	<b>74</b>	74
<b>Total financial assets at fair value</b>	<b>185,643</b>	167,936
<b>Financial assets at amortised cost</b>		
Loan to Repairify Australia Pty Ltd	<b>1,286</b>	-
<b>Total financial assets</b>	<b>186,929</b>	167,936

#### (a) Investment in hybrid securities

Investments in hybrid securities comprise of income producing preference notes offered by Australian financial institutions, where the underlying portfolio investment consists of fixed interest securities with an option to convert to shares upon maturity. The investment strategy is "balanced growth" yielding both a return of income and capital. The investments in hybrid securities are classified and measured at fair value through profit or loss.

#### (b) Investment in Government bonds

Investments in government and other bonds comprise of income producing bonds offered by Federal and State treasury corporations and other government entities, where the underlying portfolio investment consists of fixed interest securities. The investment strategy is "balanced growth" yielding both a return of income and capital. The investments in government and other bonds are classified and measured at fair value through profit or loss.

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 7 Financial assets (continued)

#### (c) Investment in fixed interest securities

Investments in fixed interest securities comprise of income producing bonds offered by listed and other private entities, where the underlying portfolio investment consists of fixed interest securities. The investment strategy is "balanced growth" yielding both a return of income and capital. The investments in fixed interest securities are classified and measured at fair value through profit or loss.

#### (d) Investment in listed securities

Investments in listed securities comprise of ordinary shares and options in ASX listed companies. The investment strategy is "capital growth". The investments in listed securities are classified and measured at fair value through profit or loss.

#### (e) Investments in unit trusts

Investments in unit trusts comprise managed portfolio investments, where the underlying portfolio investment consists of shares traded in active markets. The investment strategy is "balanced growth" yielding both a return of income and capital. The portfolio managers may alter the asset class weighting in accordance with the investment strategy. The investments in unit trusts are classified and measured at fair value through profit or loss.

### 8 Other current assets

	<b>December</b>	June
	<b>2023</b>	2023
	<b>\$'000</b>	\$'000
Accrued income	<b>167</b>	265
Other assets	<b>6,352</b>	5,660
	<b>6,519</b>	5,925

Other assets are non-interest bearing.

### 9 Leases

	<b>Office Premises</b>	<b>Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Right of Use Assets</b>				
1 July 2023	2,064	133	1,794	3,991
Additions	12,079	-	456	12,471
Lease Adjustments	-	-	36	98
Depreciation for the period	(230)	(32)	(583)	<b>(845)</b>
Net Book Value – 31 December 2023	<b>13,913</b>	<b>101</b>	<b>1,703</b>	<b>15,717</b>
Accumulated Depreciation	(459)	(159)	(2,564)	(3,182)



# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 9 Leases (continued)

	Office Premises \$000's	Equipment \$000's	Motor Vehicles \$000's	Total \$000's
<b>Right of Use Assets</b>				
1 July 2022	113	180	1,726	2,019
Additions	2,433	17	1,310	3,760
Lease Adjustments	(84)	-	-	(84)
Depreciation for the period	(398)	(64)	(1,242)	(1,704)
Net Book Value – 30 June 2023	2,064	133	1,794	3,991
Accumulated Depreciation	(229)	(127)	(2,193)	(2,549)

### Amounts recognised in the Consolidated Statement of Profit or Loss

	December 2023 \$'000	December 2022 \$'000
Depreciation expense on right of use assets	845	782
Interest expense on lease liabilities	110	67

The cash outflow for leases during the period amounted to \$1,010,000 (2022: \$881,000).

### Lease Liabilities

	December 2023 \$'000	June 2023 \$'000
Current	2,374	1,539
Non-Current	13,385	2,567
	15,759	4,106

### Maturity analysis of lease liabilities

	December 2023 \$'000	June 2023 \$'000
Undiscounted Cash flows		
Less than and including 1 year	3,730	1,769
Between 1 and 5 years	12,123	4,868
Over 5 years	7,286	-
	23,139	6,367

The weighted average incremental borrowing rate at the date of initial application of office premises is 3.41% and equipment 3.05%. The interest rate implicit in the lease at the initial application of Motor Vehicles is 8.00%.

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 10 Intangibles

There were no intangible assets acquired during the half year ended 31 December 2023 (2022: Nil).

### 11 Property, plant and equipment

During the half year ended 31 December 2023, the Group acquired plant and equipment with a cost of \$2,336,000 (2022: \$418,000).

There were no property purchases during the half year ended 31 December 2023 (2022: Nil).

During the half year ended 31 December 2023, the Group disposed of assets with a written down value of \$Nil (2022: Nil).

### 12 Issued capital

	<b>December 2023 No.</b>	June 2023 No.	<b>December 2023 \$'000</b>	June 2023 \$'000
Ordinary shares issued and fully paid:				
Member shares	<b>220,664,099</b>	211,420,878	<b>216,107</b>	207,012
All region shares	<b>845,149</b>	800,041	<b>845</b>	800
	<b>221,509,248</b>	212,220,919	<b>216,952</b>	207,812

### 13 Dividends

#### a) Distributions paid for the half year ended

	<b>December 2023 \$'000</b>	December 2022 \$'000
2023 fully franked ordinary dividend of 7 cents per share declared in September 2023 and paid in the period to 31 December 2023	<b>14,645</b>	-
2021 fully franked ordinary dividend of 5 cents per share declared in September 2021 and paid in the period to 31 December 2022	-	9,872
	<b>14,645</b>	9,872

#### b) Proposed dividends

The directors have not proposed any dividends for the half year to 31 December 2023.

### 14 Seasonality of operations

Trade debtors and creditors are lower in December than June as Member transactions are lower during the Christmas period.

This information is provided to allow for a proper appreciation of the results, however management have concluded that this does not constitute "highly seasonal" as considered by AASB 134 *Interim Financial Reporting*.

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 15 Related party disclosure

The interim consolidated financial statements include Capricorn Society Limited and the subsidiaries listed in the following table:

	% Equity Interest	
	December 2023 %	June 2023 %
Capricorn Insurance Services Pty Limited	100	100
Capricorn Travel Australia Pty Limited	100	100
Capricorn Society Financial Services Pty Limited	100	100
Capricorn Risk Services Pty Limited	100	100
Capricorn Mutual Management Pty Limited	100	100
Capricorn 1974 Pty Ltd	100	100
Repairify Australia Pty Ltd	50	-

#### Transactions with Capricorn Mutual Limited and related parties

In 2003 Capricorn Society Limited (CSL) established Capricorn Mutual Limited (CML or "the Mutual") in response to the desire by some Members to access a separate and unique offering of risk protection services. Risk protection services create exposure to an inherently different set of risks and returns to the Capricorn business. As these risks and services were not attractive to all Members of the Group, the Mutual was created.

The Group is one Member out of over 11,000 of the Mutual's Members. The Mutual's constitution requires CSL to hold a majority of seats on the Mutual's board of directors (the board) although the Mutual's Members do have the ability to amend the constitution to remove the board.

In view of the above, while CSL has the power over CML through a majority of board positions, it has little exposure to variable returns. Therefore, the CSL board considers that the relationship between the Group and the Mutual is that of the Group acting as an agent and given the Group has minimal exposure to variable returns, it has not consolidated the Mutual.

Whilst the Mutual is not a related party to CSL under the Corporations Act, Capricorn Mutual Management Pty Ltd and Capricorn Risk Services Pty Ltd which are both a subsidiary of CSL are engaged by the Mutual to manage the day to day operations of the mutual on behalf of the Mutual's board. As a result, in the interest of disclosure, the following transactions have been noted.

The Mutual provides benefits to the Mutual's Members by the way of protection services provided with competitive prices and/or expansion of services when possible. The Mutual is unable to pay dividends given the structure of the Mutual.

The Group provides the Mutual with payment, settlement and distribution services. It has also provided loans and other finance required for the establishment and growth of the Mutual.

An amount of \$12,185,220 was outstanding at 31 December 2023 (2022: \$10,234,000) in relation to trade payables to the Mutual which will be settled within normal trade terms.

The Group therefore carries no assets and \$12,185,220 of liabilities in respect of the Mutual. CSL is not exposed to further net liabilities of the Mutual other than payment of the above trade payable.

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 15 Related party disclosure (continued)

During the half year the Group earned fees for providing services to the Mutual of \$17,940,000 (2021: \$15,407,000). All charges are based on recovery of costs ensuring remuneration is on an arm's length basis and reasonable. Additionally, the Mutual also has payments made by it to CSL benchmarked externally to ensure arm's length commercial terms.

The nature of the cost recoveries, lack of ability to pay dividends and the Mutual's objective of constant improvement of services to the Mutual's Members when financially prudent, minimises further returns for the Group.

Directors Mark Cooper, Bruce Rathie, Lydia Stjepanovic and Mario Pirone, were directors of Capricorn Mutual Limited during the half year. The Mutual paid a total of \$187,000 in directors' fees to these directors during the half year ended 31 December 2023 (2021: \$139,000).

All directors of the parent entity, other than independent non-Member directors, are Members of the Group and conduct Member accounts. The terms and conditions of all Member accounts operated by directors are the same as accounts provided to other Members. Reward Points earned by directors for the half year were \$90,000 (2022: \$129,000) and the Reward Point balances owing to Member directors at 31 December 2023 were \$115,000 (2022: \$130,000).

### 16 Financial instruments

The fair value of the Group's financial assets and liabilities is impacted by movements in interest rates, foreign exchange rates and equity prices.

### 17 Fair value measurement

Set out below is an overview of financial instruments, other than cash, held by the Group at 31 December 2023:

	<b>Financial assets and liabilities at amortised cost</b>	<b>Financial assets at fair value through profit or loss</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>		
Investment in hybrid securities	-	16,406
Investment in government bonds	-	20,394
Investment in fixed interest securities	-	7,721
Investment in listed securities	-	19,096
Investments in unit trusts	-	121,941
Unlisted securities	-	11
Restricted deposits	-	74
Equipment loans	43,845	-
Loan to Repairify – Joint Venture	1,286	-
<b>Total non-current</b>	<b>45,131</b>	<b>185,643</b>
Trade account advances and equipment loans	284,954	-
<b>Total current</b>	<b>330,085</b>	<b>-</b>
<b>Total</b>	<b>330,085</b>	<b>185,643</b>

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 17 Fair value measurement (continued)

	<b>Financial assets and financial liabilities at amortised cost</b>	<b>Financial assets at fair value through profit or loss</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial liabilities:</b>		
Trade and other payables	194,977	-
Reward points liability	107,746	-
<b>Total current</b>	<b>302,723</b>	<b>-</b>
<b>Total</b>	<b>302,723</b>	<b>-</b>

Set out below is an overview of financial instruments, other than cash, held by the Group at 30 June 2023:

	<b>Financial assets and financial liabilities at amortised cost</b>	<b>Financial assets at fair value through profit or loss</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>		
Investment in hybrid securities	-	8,216
Investment in government bonds	-	19,076
Investment in fixed interest securities	-	7,560
Investment in listed securities	-	20,741
Investments in unit trusts	-	112,260
Unlisted securities	-	9
Restricted deposits	-	74
Equipment loans	28,057	-
<b>Total non-current</b>	<b>28,057</b>	<b>167,936</b>
Trade account advances and equipment loans	337,935	-
<b>Total current</b>	<b>365,992</b>	<b>-</b>
<b>Total</b>	<b>365,992</b>	<b>167,936</b>
<b>Financial liabilities</b>		
Trade and other payables	255,301	-
Reward points liability	95,993	-
<b>Total current</b>	<b>351,294</b>	<b>-</b>
<b>Total</b>	<b>351,294</b>	<b>-</b>

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 17 Fair value measurement (continued)

As at 31 December 2023, the Group held the following classes of financial instruments measured at fair value:

<b>Assets measured at fair value:</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
Financial assets (Note 7)				
Investment in hybrid securities	16,406	16,406	-	-
Investment in government bonds	20,394	-	20,394	-
Investment in fixed interest securities	7,721	-	7,721	-
Investments in listed securities	19,096	19,096	-	-
Investments in unit trusts	121,941	-	121,941	-
Unlisted securities	11	-	-	11
	<b>185,569</b>	<b>35,502</b>	<b>150,056</b>	<b>11</b>

During the half year ended 31 December 2023, there were no transfers between Level 1 and Level 2 or Level 2 and Level 3 fair value measurements.

The following table provides the fair value measurement hierarchy of the Group's assets at 30 June 2023.

<b>Assets measured at fair value:</b>	<b>Total \$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
Financial assets (Note 7)				
Investment in hybrid securities	8,216	8,216	-	-
Investment in government bonds	19,076	-	19,076	-
Investment in fixed interest securities	7,560	-	7,560	-
Investments in listed securities	20,741	20,741	-	-
Investments in unit trusts	112,260	-	112,260	-
Unlisted securities	9	-	-	9
	<b>167,936</b>	<b>28,957</b>	<b>138,896</b>	<b>9</b>

During the year ended 30 June 2023, there were no transfers between Level 1 and Level 2 or Level 2 and Level 3 fair value measurements.

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

**Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# Capricorn Society Limited and Controlled Entities

## Notes to the Financial Statements

For the Half Year Ended 31 December 2023

### 17 Fair value measurement (continued)

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

#### Valuation techniques

The fair value of the hybrid securities, government bonds and listed securities is based on price quotations in an active market at the reporting date.

The fair value of units in trusts is determined by reference to published bid prices at the close of business on the reporting date, being the redemption price as established by the underlying trust's responsible entity.

Valuation techniques for unlisted securities are based on the directors' assessment of fair value at reporting date.

### 18 Commitments

The Group has no commitments for the purchase of property, plant, and equipment at 31 December 2023.

### 19 Events subsequent to balance date

Since the end of the reporting period, there have been no significant events which may impact on the results for the period ended 31 December 2023.

# Capricorn Society Limited and Controlled Entities

## Directors' Declaration

For the Half Year Ended 31 December 2023

In accordance with a resolution of the directors of Capricorn Society Limited, we state that:

In the opinion of the directors:

- 1) The financial statements and notes of Capricorn Society Limited and Controlled Entities for the half year ended 31 December 2023 are in accordance with the Corporations Act 2001, including:
  - a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2023 and of its performance for the half-year ended on that date; and
  - b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- 2) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board:



.....  
**Mark Cooper**  
Director



.....  
**Mario Pirone**  
Director

Dated this 21<sup>st</sup> day of February 2024





**Building a better  
working world**

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## **Independent Auditor's Report to the Members of Capricorn Society Limited and its controlled entities**

### **Conclusion**

We have reviewed the accompanying half-year financial report of Capricorn Society Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of financial position as at 31 December 2023, consolidated statement of changes in equity and consolidated 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Directors' responsibilities 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 responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 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*.

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.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Timothy G Dachs'.

Timothy G Dachs  
Partner  
Perth  
21 February 2024