



Ochre Group Holdings Limited

and its controlled entities

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31
DECEMBER 2016

ABN 69 008 877 745

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OCHRE GROUP HOLDINGS LIMITED
and Controlled Entities

DIRECTORY

Directors	Nathan Featherby (Executive Chairman) Shane Pentony (Non-executive Director) Saxon Ball (Non-executive Director)
Company Secretary	Trent Franklin
Registered Office	Level 11 52 Phillip Street SYDNEY NSW 2000 Telephone: (02) 8316 3996 Facsimile: (02) 8316 3999
Auditors	Crowe Horwath - Sydney Chartered Accountants Level 15 1 O'Connell St Sydney NSW 2000
Share Registry	Security Transfer Registrars Pty Ltd PO Box 52 Collins Street West VIC 8007 Telephone: +61 3 9628 2200 Facsimile: +61 8 9315 2233
Stock Exchange Listing	The Company is listed on the Australian Securities Exchange under Code: OGH

DIRECTORS' REPORT

The Directors of Ochre Group Holdings Limited ("**the Company**") present their report together with the financial statements on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during the half-year ended 31 December 2016.

DIRECTORS

The names of the directors in office throughout the six months and up to the date of this report are:

Nathan Featherby (Executive Chairman)
Shane Pentony (Non-executive Director)
Saxon Ball (Non-executive Director)
Andrew Bray (Non-executive Director) (Resigned 31 December 2016)

PREPARATION OF INTERIM FINANCIAL REPORT

The financial statements and notes thereto have been prepared in accordance with Australian Accounting Standards, AASB 134 Interim Financial Reporting.

OVERVIEW OF OPERATIONS

During the half-year the Company continued discussions with ASX in relation to re-quotation and finalising its corporate transaction with Gondwana Resources Limited (ASX:GDA).

Purchase of Royalties:

On 14 November 2016, the Company announced that it, via its wholly owned subsidiary Ochre Industries Pty Limited, had agreed to purchase the royalty interests held by Gondwana Resources Limited.

GDA holds the following royalty interests in the Corunna Downs Iron Project, which is held by Atlas Iron Limited (ASX:AGO):

- Corunna Downs Iron Ore: 1.13% tonnes beyond the first 30M of production.
- Corunna Downs other minerals: 1.5% of gross proceeds of sale.
- Panorama iron ore and other materials: 1% of gross proceeds of sale.

The purchase will be completed on the following terms:

- GDA will buy-back and cancel all shares held by the Company and its wholly owned subsidiary, Joffrey Pty Limited, in GDA (approximately 27.4% of GDA's issued capital);
- A cash deposit of A\$100,000 payable by the Company to GDA;
- Satisfaction of the following conditions:
 - GDA obtaining the approval for the disposal of a substantial assets to a substantial shareholder; and
 - AGO providing written consent to GDA for the sale, transfer and assignment of the royalty interest to the Company.

Completion date expecting on or before 30th April 2017 unless agreed by either parties.

Purchase of Royalty Company:

On 13 July 2016, the Company announced that it had entered an agreement with Oil Basins Limited (ASX: OBL) under which the Company would provide financing support of A\$400,000 and strategic assistance. On 23 August 2016 the Company announced that it

DIRECTORS' REPORT

had entered an agreement with OBL by which the Company would purchase OBL's wholly owned subsidiary, Oil Basins Royalties Pty Limited, in lieu of repayment of the abovementioned loan. The purchase is subject to each party obtaining the required approvals, due diligence, and the execution of a sale and purchase agreement. Negotiations in respect of the share sale and purchase agreement are continuing, and the Company expects a resolution to be reached within the coming weeks.

ATC Alloys Limited:

During the half-year, the Company also acquired convertible notes with ATC Alloys Limited (ASX:ATA) to the value of \$25,000 and there is a loan receivable of \$505,000.

The Company recorded a profit during the half-year of \$1,845,470 (2015: \$4,444,220 loss). The profit was mainly due to the unrealised gains on financial assets held as available for sale (past period unrealised loss), realised gains on sales of shares in Silver Mines Ltd and increase in revenue in services, being a financial consultation for Silver Mines Ltd of \$500,000. Expenses decreased as no impairments for receivables were required this year.

SHARES RECONCILIATION

At the AGM of the Company, the shareholders approved the issue of 1,640,000 shares in total to Mr Nathan Featherby, Mr Shane Pentony, Mr Saxon Ball and Mr Andrew Bray in lieu of directors fees and consultancy fees.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

No other matter or circumstances have arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Ochre Group Holdings Limited on page 22 forms part of the Directors' Report for the six months ended 31 December 2016.

Signed in accordance with a resolution of the Board of Directors



Nathan Featherby
Executive Chairman

15th March 2017

The Board of Directors
Ochre Group Holdings Limited
Level 11
52 Phillip Street
SYDNEY NSW 2000

Dear Board Members

OCHRE GROUP HOLDINGS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Ochre Group Holdings Limited.

As lead audit partner for the review of the consolidated financial statements of Ochre Group Holdings Limited for the period ended 31 December 2016, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



CROWE HORWATH SYDNEY



LEAH RUSSELL

Senior Partner

Dated this 15th day of March 2017

OCHRE GROUP HOLDINGS LIMITED
and Controlled Entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31-Dec-16 \$	31-Dec-15 \$
Revenue – services	919,309	459,546
Realised gains on sale of investments	115,797	-
Unrealised gains on investments	1,034,738	-
Interest income	4,579	225,697
Other income	4,000	823
Total revenue from continuing operations	2,078,423	686,066
Directors' fees	(12,450)	(42,000)
General & administrative expenses	(194,192)	(139,873)
Impairment of receivables	-	(2,122,245)
Depreciation	(814)	(1,084)
Finance costs	(25,497)	(1,603)
Impairment of financial assets	-	(2,823,481)
Total expenses from ordinary activities	(232,953)	(5,130,286)
(Loss)/profit before income tax	1,845,470	(4,444,220)
Income tax expense	-	-
Net (loss)/profit after income tax	1,845,470	(4,444,220)
Other Comprehensive Income		
Net change in fair value of available for sale financial assets	-	16,633
Total comprehensive income / (loss) for the period attributable to owners	1,845,470	(4,427,587)
Basic loss per share (cents)	5.7467	(14.42)
Diluted loss per share (cents)	5.7467	(14.42)

OCHRE GROUP HOLDINGS LIMITED
and Controlled Entities

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31-Dec-16 \$	30-Jun-16 \$
Current assets			
Cash and cash equivalents		8,551	2,074
Trade and other receivables		1,330,252	132,500
Financial assets held for trade		1,576,035	495,813
Total current assets		2,914,838	630,387
Non-current assets			
Other receivables	6	322,638	322,638
Financial assets – royalty		100,000	-
Financial assets – available for sales		20,610	20,610
Artwork & equipment	7	312,319	282,682
Total non-current assets		755,567	625,930
Total assets		3,670,406	1,256,317
Current liabilities			
Trade and other payables		442,307	608,777
Borrowings		1,705,735	1,052,644
Total current liabilities		2,148,042	1,661,421
Total liabilities		2,148,042	1,661,421
Net assets / liabilities		1,522,365	(405,104)
Equity			
Contributed equity		98,058,260	97,976,260
Accumulated losses		(96,535,895)	(98,381,364)
Total equity		1,522,365	(405,104)

The accompanying notes form part of these financial statements.

OCHRE GROUP HOLDINGS LIMITED
and Controlled Entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Contributed Equity \$	Financial Asset Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015		97,881,133	16,633	(86,838,653)	11,059,113
Comprehensive Income for Period					
Loss for the period		-	-	(4,444,220)	(4,444,220)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(4,444,220)	(4,444,220)
Transactions with owners, in their capacity as owners					
Issue of shares to director		95,127	-	-	95,127
Other					
Transfer financial assets reserve		-	(16,633)	16,633	-
Balance at 31 December 2015		97,976,260	-	(91,266,240)	(6,710,020)
Balance at 1 July 2016		97,976,260	-	(98,381,365)	(405,104)
Comprehensive Income for Period					
Profit for the period		-	-	1,845,470	1,845,470
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	1,845,470	1,845,470
Transactions with owners, in their capacity as owners					
Issue of shares		82,000	-	-	82,000
Balance at 31 December 2016		98,058,260	-	(96,535,895)	1,522,366

OCHRE GROUP HOLDINGS LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31-Dec-16	31-Dec-15
	\$	\$
Cash flows from operating activities		
Receipts from customers	883,204	471,299
Payments to suppliers and stamp duty	(387,644)	(87,458)
Interest received	4,579	-
Interest paid	(25,497)	(1,602)
Net cash provided by operating activities	474,641	382,239
Net cash used in investing activities		
Proceeds from sale of equity investments	502,047	-
Payments for physical non-current assets	(30,450)	-
Payment for equity investments	(456,736)	(348,742)
Net cash provided by / (used in) investing activities	14,861	(348,742)
Cash flows from financing activities		
Proceeds from loans from non-related parties	679,715	-
Loans to non-related parties	(1,055,000)	-
Repayments of loans from related parties	(107,741)	(33,500)
Net cash inflow / (outflow) from financing activities	(483,026)	(33,500)
Net (decrease) / increase in cash and cash equivalents	6,477	(3)
Cash at beginning of the financial period	2,074	2,484
Cash and cash equivalents at end of the period	8,551	2,481

OCHRE GROUP HOLDINGS LIMITED
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These General Purpose consolidated interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Ochre Group Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

b. Going Concern

The directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements, as the Directors believe that the Group has sufficient liquid assets or can access cash via loans to continue operations. The cash is managed through:

- a) Tight control of Administrative Expenses
- b) Director continuing to provide new loans. The director has provided a letter of support stating that the loan will not be called to the detriment of the company.
- c) Raising additional share capital, for which the company has a history of raising funds.
- d) Obtaining consulting services opportunities.

The Directors have prepared a forecast for the foreseeable future reflecting the above mentioned expectations and their effect on the Group.

In the unlikely event that the above results in a negative outcome, then the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

c. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ochre Group Holdings Limited as at 30 June 2016 and the results of its subsidiaries for the period then ended. Ochre Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the group'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are consistent with 30 June 2016.

NOTE 3: OPERATING SEGMENTS

Identification of reportable operating segments

During the prior year, the consolidated entity was organised into one operating segment, being investing in shares, royalty and other financial assets that derive wealth for the group. When a tenement is acquired a second segment will be generated. This operating segment is based on the internal reports that are reviewed and used by the Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews operating expenses and cash position in relation to the Group as a whole. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a quarterly basis. Information is presented on a consolidated cash flow basis. Cash flow funding is treated as one pool of liquid assets noting relevant terms of any maturity or exercise of any investments for the purpose of funding exploration.

Types of products and services – The principal products and services of this operating segment are services in securing investments, capital raising, royalty assets and shares. In the prior year there were three segments as there was a discontinued exploration segment. The other segments were corporate costs which are now in the one segment.

OCHRE GROUP HOLDINGS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

NOTE 4: EQUITY SECURITIES ISSUES

	Half year 31-Dec-16	Full year 30-Jun-16	Half year 31-Dec-16	Full year 30-Jun-16
Issues of ordinary shares during the half year	No. of Shares	No. of Shares	\$	\$
Opening balance	31,943,307	30,584,348	97,976,260	97,881,133
Issue of shares	1,640,000	1,358,959	82,000	95,127
Movements during the year	1,640,000	1,358,959	82,000	95,127
Closing balance	33,583,307	31,943,307	98,058,260	97,976,260

NOTE 5: FAIR VALUE MEASUREMENTS

The financial instruments recognised as assets and liabilities at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 December 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Current financial assets				
Financial assets - available for sale:				
- Quoted investments - current	1,576,035	-	-	1,576,035
- Unquoted investments	-	-	-	-
TOTAL	1,576,035	-	-	1,576,035
Non-current financial assets				
Financial assets - available for sale:				
- Quoted investments	-	-	-	-
- Unquoted investments	-	-	20,610	20,610
TOTAL	-	-	20,610	20,610

OCHRE GROUP HOLDINGS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

As at 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Current financial assets				
Financial assets - available for sale:				
- Quoted investments	495,813	-	-	495,813
- Unquoted investments	-	-	-	-
TOTAL	495,813	-	-	495,813
Non-current financial assets				
Financial assets - available for sale:				
- Quoted investments	-	-	-	-
- Unquoted investments	-	-	20,610	20,610
TOTAL	-	-	20,610	20,610

NOTE 6: TRADE AND OTHER RECEIVABLES

	31-Dec-16 \$	30-Jun-16 \$
Receivables – Ascot Resources Limited (AZQ)	322,638	322,638
	322,638	322,638

Reconciliation of movements:

Opening net book amount (Asset held for sale)	322,638	9,510,510
Less: Impairment of Receivables	-	(10,437,814)
Add: Interest capitalised	-	1,249,942
Closing net book amount	322,638	322,638

The key assumptions for the Ascot receivable:

The loan receivable is now interest free from July 2016. There has been no change in the key assumptions since 30 June 2016.

OCHRE GROUP HOLDINGS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

NOTE 7: ART AND EQUIPMENT

	31-Dec-16	30-Jun-16
	\$	\$
Art & equipment		
At cost	320,989	290,539
Accumulated depreciation	(8,671)	(7,857)
Total art & equipment at net written down value	312,318	282,682

NOTE 8: RELATED PARTY TRANSACTIONS

a. Directors

The names and positions held of Company key management personnel in office at any time during the financial period are:

Key management person	Position
Nathan Featherby	Executive Chairman
Shane Daniel Pentony	Non-Executive Director
Andrew Bray	Non-executive Director
Saxon Ball	Non-executive Director
Trent Franklin	Company Secretary / CFO

The Group has payables to directors at period end for fees not paid. Total outstanding was \$129,188.

The following are the significant related party transactions during the period, or at period year end.

The Group owes to Nathan Featherby (a director) \$904,903 (June 2016: \$1,115,903). The loan is interest free and repayable on demand, however a letter of support has been received to state that he will continue to support the Group and will not call upon the loan to the detriment of the company.

Magnum and Power Limited (MPE) has common directors with the Group, being Nathan Featherby and Saxon Ball. The Group has shares in MPE with a value of \$100,000 at cost and loan payable of \$391,293 (June 2016: \$Nil). The loan is interest free and repayable on demand.

Silver Mines Limited (SVL) has a common director with the Group, being Nathan Featherby (ceased 26 August 2016 from SVL). Revenue received for the period from SVL was \$575,000.

OCHRE GROUP HOLDINGS LIMITED
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 8: RELATED PARTY TRANSACTIONS (CONTINUED)

ATC Alloys Limited (ATA) has a common director being Nathan Featherby and Saxon Ball. The Group has receivable of \$530,000 (June 2016: \$Nil) in ATA.

Mancora Capital Pty Ltd (MC), a related entity to Nathan Featherby. The Group paid \$25,000 for administration costs to MC during the reporting period.

Enrizen Lawyers Pty Ltd (EL), a related entity to Trent Franklin and Andrew Bray, provided legal services to the Group during the reporting period. As of balance date, the Group owed \$4,370 (Dec 2015: \$Nil) to EL.

Enrizen Capital Pty Ltd (EC), a related entity to Trent Franklin, provided corporate advisory services to the Group during the reporting period. As of balance date, the Group owed \$10,000 (Dec 2015: \$Nil) to EC. Revenue received for the period from EC was \$145,000.

Enable Finance Pty Ltd (EF), a related entity to Trent Franklin, provided loans to the Group during the reporting period. As of balance date, the Group owed \$319,282 (June 2016: \$Nil) to EF.

Enrizen Pty Ltd (EPL), a related entity to Trent Franklin and Andrew Bray, provided insurance services to the Group during the reporting period. As of balance date, the Group owed \$165 (Dec 2015: \$Nil) to EPL.

NOTE 9: INTEREST IN CONTROLLED ENTITY

Loans are provided by subsidiaries to other subsidiaries. No interest is charged and there are no repayment terms.

Name of Company	Interest held by each parent entity		
	Class of	31 December 2016	30 June 2016
	Shares	%	%
OCHRE GROUP HOLDINGS LIMITED			
Joffrey Pty Ltd	Ordinary	100	100
Ochre Capital Management Pty Ltd	Ordinary	100	100
Ochre Industries Pty Ltd	Ordinary	100	100
Ochre Pilbara Corporation Pty Ltd	Ordinary	100	100
Winterfell Nominees Pty Ltd	Ordinary	100	100
Ochre (NZ) Ltd	-	100	100
Ochre Silver Pty Ltd (i)	Ordinary	100	-
Pilbara Iron Australia Pty Ltd (ii)	Ordinary	100	-

(i) Incorporated 18 July 2016

(ii) Incorporated 23 November 2016

OCHRE GROUP HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 9: INTEREST IN CONTROLLED ENTITY (CONTINUED)

Each of the above companies, except Ochre (NZ) Limited, is incorporated in Australia.

The proportion of ownership interest is equal to the proportion of voting power held.

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries.

NOTE 10: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities or capital commitments as at 31 December 2016 (June 2016: \$Nil).

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

No other matter or circumstances have arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial periods.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto 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 thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 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.



Nathan Featherby
Executive Chairman

15th March 2017

Ochre Group Holdings Limited and its Controlled Entities

Independent Auditor's Review Report to the Members of Ochre Group Holdings Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ochre Group Holdings Limited (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 an Interim 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 consolidated entity's financial position as at 31 December 2016 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 Ochre Group Holdings 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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ochre Group Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

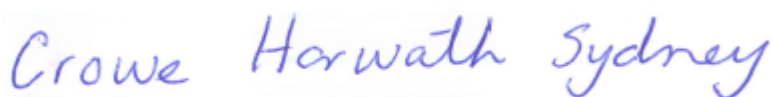
Conclusion

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 Ochre Group Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Emphasis of Matter Regarding Going Concern

Without qualifying our opinion, we draw attention to Note 1 'Going Concern' in the financial report. As a result of the matters described in Note 1 there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern

**CROWE HORWATH SYDNEY****LEAH RUSSELL**

Senior Partner

Date this 15th day of March 2017