

1. Company details

Name of entity:	Bulletproof Group Limited
ABN:	84 148 162 092
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	4.9% to	23,258
Underlying earnings before interest, tax, depreciation and amortisation, adjusted for certain items ('Underlying EBITDA')	up	599.7% to	1,919
Loss from ordinary activities after tax attributable to the owners of Bulletproof Group Limited	down	76.5% to	(1,263)
Loss for the half-year attributable to the owners of Bulletproof Group Limited	down	76.5% to	(1,263)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$1,263,000 (31 December 2016: \$5,369,000).

The reconciliation between the statutory results and underlying results are as follows:

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Loss after income tax	(1,263)	(5,369)
Re-structuring costs	446	809
Merger & Acquisition costs	239	-
Legal costs	135	-
Write-off/impairment of non-current assets	107	3,655
Deferred tax adjustment for impairment	-	(591)
Underlying loss for the period	(336)	(1,496)
Interest expense	172	112
Interest income	(1)	(9)
Depreciation and amortisation expense	2,126	2,308
Income tax benefit, net of above adjustment	(42)	(1,299)
Underlying EBITDA for the period	1,919	(384)

Underlying loss and underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for certain items. The directors consider underlying loss and underlying EBITDA to reflect the core earnings of the Group.

For further commentary on the results, refer to 'Review of operations' in the directors' report of the Interim Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>5.11</u>	<u>4.08</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. 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.

9. Attachments

Details of attachments (if any):

The Interim Report of Bulletproof Group Limited for the half-year ended 31 December 2017 is attached.

Bulletproof Group Limited

ABN 84 148 162 092

Interim Report - 31 December 2017

Bulletproof Group Limited
Contents
31 December 2017



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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Bulletproof Group 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 2017.

Directors

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

Craig Farrow
Anthony Woodward
Kenneth Carr (appointed 1 September 2017)
Lorenzo Modesto (resigned 1 September 2017)
David Paterson (resigned 29 November 2017)

Principal activities

The principal activities of the Group during the financial half-year were to provide end-to-end cloud services.

Business model and objectives

The Group enables the digital transformation of customers' business using the cloud. Its mission is to simplify the world of cloud for business, by focusing on delivering customers' desired business outcomes as a reliable, secure solution that encompasses the right cloud technologies, billed and paid for as services to consult, design and implement a migration or deployment of cloud technologies, and then to provide ongoing infrastructure and associated support services tied to customers' consumption. Engagement with customers can be anywhere in their journey to the cloud, from considering its use and how it could help their business, to migrating their existing applications and workloads to the cloud, through to helping them get the most of the cloud by focusing on their ability to scale, operate and innovate in the cloud.

The Group provides consulting and professional services to help scope a customer's business problem, recommend a cloud solution that will solve it, and professional services to implement the proposed cloud solution and bring it live by migrating customer workloads to it. The Group then provides cloud services that are billed based on consumption for global public clouds such as Amazon Web Services ('AWS') and Microsoft Azure, and the Group's own Private Cloud platform that is hosted in third party data centres in Sydney and Melbourne. The Group can provide ongoing management and support of a customers' cloud infrastructure to ensure it remains secure, reliable and available at all times, and is optimised on an ongoing basis to ensure it meets the customer's business objectives to cost, reliability, security and agility.

Customers are typically billed up front for consulting and professional services work on a project or outcomes basis, and then billed ongoing fees that cover the cost of the cloud(s) consumed and the value-added services that Bulletproof adds on top, such as management, support, backups, cost optimisation and third party product licensing fees.

Customers choose Bulletproof because:

- we have 17 years' experience as a trusted partner to businesses who wish to outsource their cloud needs on a consumption basis;
- we are seen as having the market's leading partnerships with Global Public Cloud vendors such as Amazon Web Services (AWS) and Microsoft Azure, to leverage the market opportunity; the Group enjoys the status of Premier Consulting Partnership with AWS, one of only a handful in the region, and is a Microsoft Gold Partner & Tier 1 Cloud Solution Partner;
- we continue to bring leading service offerings to the market (such as the first managed cloud service in 2006, and the first managed AWS service in 2012);
- we have extensive experience in supporting a long list of blue chip customers including Qantas, CrownBet, Xero, Department of Environment, Land, Water and Planning Vic), DFSI (Spatial Services) – NSW Government, and Genworth.

Review of operations and results

The loss for the Group after providing for income tax amounted to \$1,263,000 (31 December 2016: \$5,369,000).

Underlying earnings before interest, tax, depreciation and amortisation improved from loss of \$384,000 to profit of \$1,919,000. The largest drivers of this improvement have been from the restructuring in both December 2016 and June 2017 delivering cost savings in the period of \$4,327,000 from a reduction in FTE, \$1,047,000 external consulting costs and \$222,000 from reduction in premises costs mainly from sub-letting of under-utilised space in Sydney.

Whilst total revenue for the period reduced by 5% year on year, the mix has seen a large increase in professional services income, with a growth of 16% compared to 31 December 2016. In addition to the growth it is pleasing to report a strong gross margin of 51% for the professional service area as governance is strengthened in both quoting, planning and delivery of projects. This segment is expected to continue to deliver profitable earnings as the business scales and pipeline expands, supported by a large contract win from DFS Spatial Services in January 2018.

The Public and Private Cloud business has now been reported in separate segments in order to manage and deliver customer orientated business solutions which impact our internal management of those platforms including varying gross margins returns. Revenues in the Public Cloud are subject to a reseller margin which continues to come under pressure from our external partners. New managed service offerings are starting to offset these reduced margins, reflecting high value and demand for complex service management capabilities. In contrast our Private Cloud solutions rely on investments previously made by the business over time, with continuing capital requirements to maintain currency and functionality/security. With longer contract commitments, the Private Cloud business is characterised by more stable revenue and earning lines.

The Balance Sheet as at 31 December 2017 shows positive net current assets of \$53,000 and a positive operating cash flow generated of \$1,005,000 during the period. The company has partially utilised its funding agreement with MoneyTech during the period with an outstanding balance due 31 December 2017 of \$1,024,000.

The reported loss after tax of \$1,263,000 includes amounts expensed during the period relating to acquisition costs, legal and financial advice and redundancies of \$820,000.

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Loss after income tax	(1,263)	(5,369)
Re-structuring costs	446	809
Merger & Acquisition costs	239	-
Legal costs	135	-
Write-off/impairment of non-current assets	107	3,655
Deferred tax adjustment for impairment	-	(591)
Underlying loss for the period	(336)	(1,496)
Interest expense	172	112
Interest income	(1)	(9)
Depreciation and amortisation expense	2,126	2,308
Income tax benefit, net of above adjustment	(42)	(1,299)
Underlying EBITDA for the period	<u>1,919</u>	<u>(384)</u>

Underlying loss and underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for certain items. The directors consider underlying loss and underlying EBITDA to reflect the core earnings of the Group.

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



Anthony Woodward
Director

16 February 2018
Sydney



Grant Thornton

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Auditor's Independence Declaration to the Directors of Bulletproof Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Bulletproof Group Limited for the half-year ended 31 December 2017, I declare that, 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; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 16 February 2018

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Bulletproof Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



		Consolidated	
	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Sales revenue		23,258	24,462
Other income		8	310
Expenses			
Consumables used		(13,931)	(13,267)
Employee benefits expense		(5,137)	(9,464)
Depreciation and amortisation expense		(2,126)	(2,308)
Write off/impairment of assets		(107)	(3,655)
Loss on disposal of assets		(2)	-
Consulting, legal and professional fees		(1,000)	(1,047)
Premises expenses		(653)	(875)
Other expenses		(1,443)	(1,303)
Finance costs		(172)	(112)
Loss before income tax benefit		(1,305)	(7,259)
Income tax benefit		42	1,890
Loss after income tax benefit for the half-year attributable to the owners of Bulletproof Group Limited		(1,263)	(5,369)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(247)	201
Other comprehensive income for the half-year, net of tax		(247)	201
Total comprehensive income for the half-year attributable to the owners of Bulletproof Group Limited		(1,510)	(5,168)
		Cents	Cents
Basic earnings per share	4	(0.80)	(3.38)
Diluted earnings per share	4	(0.80)	(3.38)

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

Bulletproof Group Limited
Statement of financial position
As at 31 December 2017



	Consolidated	
Note	31 Dec 2017	30 Jun 2017
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	1,392	1,500
Trade and other receivables	5,794	4,548
Income tax receivable	37	32
Other current assets	3,966	4,275
Total current assets	11,189	10,355
Non-current assets		
Property, plant and equipment	6,061	7,593
Intangibles	5,816	5,966
Deferred tax asset	3,308	2,927
Deposits	461	461
Total non-current assets	15,646	16,947
Total assets	26,835	27,302
Liabilities		
Current liabilities		
Trade and other payables	7,830	6,497
Borrowings	2,597	3,007
Derivative financial instruments - forward exchange contracts	50	21
Employee benefits	639	663
Revenue received in advance	20	-
Total current liabilities	11,136	10,188
Non-current liabilities		
Borrowings	1,149	1,566
Deferred tax liability	422	87
Employee benefits	204	174
Total non-current liabilities	1,775	1,827
Total liabilities	12,911	12,015
Net assets	13,924	15,287
Equity		
Issued capital	5	25,325
Reserves		87
Accumulated losses		(11,488)
Total equity		13,924

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

Bulletproof Group Limited
Statement of changes in equity
For the half-year ended 31 December 2017



Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2016	25,016	742	(4,938)	20,820
Loss after income tax benefit for the half-year	-	-	(5,369)	(5,369)
Other comprehensive income for the half-year, net of tax	-	201	-	201
Total comprehensive income for the half-year	-	201	(5,369)	(5,168)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	65	-	-	65
Share-based payments	-	(101)	-	(101)
Balance at 31 December 2016	25,081	842	(10,307)	15,616
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2017	25,325	187	(10,225)	15,287
Loss after income tax benefit for the half-year	-	-	(1,263)	(1,263)
Other comprehensive income for the half-year, net of tax	-	(247)	-	(247)
Total comprehensive income for the half-year	-	(247)	(1,263)	(1,510)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	147	-	147
Balance at 31 December 2017	25,325	87	(11,488)	13,924

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

Bulletproof Group Limited
Statement of cash flows
For the half-year ended 31 December 2017



	Consolidated	
Note	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Cash flows from operating activities		
Loss before income tax benefit for the half-year	(1,305)	(7,259)
Adjustments for:		
Depreciation and amortisation	2,126	2,308
Share-based payments	147	(101)
Write off/impairment of non-current assets	107	3,655
Net loss on disposal of non-current assets	2	-
Foreign currency differences	(514)	201
Interest and other finance costs	172	112
	<u>735</u>	<u>(1,084)</u>
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,246)	(439)
Decrease/(increase) in accrued revenue	(460)	711
Increase in derivative assets	-	(21)
Decrease in prepayments	650	94
Decrease in other operating assets	119	12
Increase in trade and other payables	1,333	1,378
Increase/(decrease) in derivative liabilities	29	(11)
Increase/(decrease) in employee benefits	6	(316)
Decrease in other provisions	-	(1,628)
Increase/(decrease) in other operating liabilities	20	(603)
	<u>1,186</u>	<u>(1,907)</u>
Interest and other finance costs paid	(172)	(112)
Income taxes paid	(9)	(445)
	<u>(9)</u>	<u>(445)</u>
Net cash from/(used in) operating activities	<u>1,005</u>	<u>(2,464)</u>
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	-	(94)
Payments for property, plant and equipment	(11)	(26)
Payments for intangibles	(275)	(245)
	<u>(286)</u>	<u>(365)</u>
Net cash used in investing activities	<u>(286)</u>	<u>(365)</u>
Cash flows from financing activities		
Proceeds from issue of shares	5	-
Proceeds from borrowings	494	1,545
Repayment of borrowings	(1,321)	(870)
	<u>(827)</u>	<u>928</u>
Net cash from/(used in) financing activities	<u>(827)</u>	<u>928</u>
Net decrease in cash and cash equivalents	(108)	(1,901)
Cash and cash equivalents at the beginning of the financial half-year	1,500	4,664
Cash and cash equivalents at the end of the financial half-year	<u>1,392</u>	<u>2,763</u>

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

Note 1. General information

The financial statements cover Bulletproof Group Limited as a Group consisting of Bulletproof Group 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 Bulletproof Group Limited's functional and presentation currency.

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

Level 17
60 Margaret Street
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on ____ February 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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 2017 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 Group 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

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

Note 3. Operating segments

Identification of reportable operating segments

The Group's operating segments have been updated from those presented at 31 December 2016. Previously the group reported and operated in one segment being managed cloud, hosting services and professional services.

The Group is now organised into operating segments by both product type and geographical location. Product type breaks out the core offerings of public cloud, private cloud and professional services and geographical location is split by the countries in which the Group operates in. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Prior period numbers have been restated for comparative reasons

The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

Types of products and services

The principal products and services of each of the product type operating segment are as follows:

Public cloud	Managed hosting and support of external products such as Amazon Web Services and Azure
Private cloud	Private cloud hosting and support of internally owned products and assets
Professional services	Consultancy and solution implementation of cloud services and products

Operating segment information

	Public cloud \$'000	Private cloud \$'000	Professional services \$'000	Other \$'000	Total \$'000
Consolidated - 31 Dec 2017					
Revenue					
Sales to external customers	11,445	8,961	2,852	-	23,258
Total revenue	<u>11,445</u>	<u>8,961</u>	<u>2,852</u>	<u>-</u>	<u>23,258</u>
Gross profit	2,841	3,294	1,463	-	7,598
Expenses	(223)	(218)	(1,139)	-	(1,580)
Corporate activities	-	-	-	(7,323)	(7,323)
Profit/(loss) before income tax benefit	<u>2,618</u>	<u>3,076</u>	<u>324</u>	<u>(7,323)</u>	<u>(1,305)</u>
Income tax benefit					42
Loss after income tax benefit					<u>(1,263)</u>
Consolidated - 31 Dec 2016					
Revenue					
Sales to external customers	12,380	9,602	2,480	-	24,462
Total revenue	<u>12,380</u>	<u>9,602</u>	<u>2,480</u>	<u>-</u>	<u>24,462</u>
Gross profit	3,677	2,995	290	-	6,962
Expenses	(242)	(234)	(1,121)	-	(1,597)
Corporate activities	-	-	-	(12,624)	(12,624)
Profit/(loss) before income tax benefit	<u>3,435</u>	<u>2,761</u>	<u>(831)</u>	<u>(12,624)</u>	<u>(7,259)</u>
Income tax benefit					1,890
Loss after income tax benefit					<u>(5,369)</u>

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2017 \$'000	31 Dec 2016 \$'000	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Australia	22,165	22,669	12,325	13,952
New Zealand	933	1,494	11	13
United States of America	160	299	2	55
	<u>23,258</u>	<u>24,462</u>	<u>12,338</u>	<u>14,020</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Earnings per share

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Loss after income tax attributable to the owners of Bulletproof Group Limited	(1,263)	(5,369)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	158,808,646	158,935,682
Weighted average number of ordinary shares used in calculating diluted earnings per share	158,808,646	158,935,682
	Cents	Cents
Basic earnings per share	(0.80)	(3.38)
Diluted earnings per share	(0.80)	(3.38)

3,349,552 (2016: 1,483,723) options and shares issued held in escrow relating to the Employee Share Ownership Plan ('ESOP') and the General Employee Share Plan ('GESP') have been excluded from the calculation of the diluted earnings per share as they are anti-dilutive.

Note 5. Equity - issued capital

	Consolidated			
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	158,797,894	158,817,061	25,325	25,325
Employee Share Ownership Plan - employee shares restricted 3 years	2,564,583	406,249	-	-
General Employee Share Plan - employee shares restricted 3 years	784,969	577,474	-	-
	<u>162,147,446</u>	<u>159,800,784</u>	<u>25,325</u>	<u>25,325</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2017	158,817,061		25,325
Adjustment for employee shares	13 October 2017	(25,000)	\$0.00	-
Shares transferred from general employee share plan	16 October 2017	5,833	\$0.00	-
Balance	31 December 2017	<u>158,797,894</u>		<u>25,325</u>

Note 6. Contingent liabilities

Following on from the claim that the Group received on 17 July 2017 in relation to the acquisition of Cloud House NZ from the previous founders of the business, the directors continue to consider that the claim has no basis and therefore no provision has been made in the financial statements as at 31 December 2017. Legal advice has provided an estimate of legal costs to defend and counter the claim to be in the region of \$450,000, with \$135,000 already expensed in the period to 31 December 2017.

Note 7. Events after the reporting period

On 15 February 2018, Bulletproof Group Ltd entered into a Scheme Implementation Deed pursuant to which Klikon Group Holdings Pty Ltd ("AC3") will acquire 100% of the issued share capital of Bulletproof Group Ltd. The acquisition will take place via a Scheme of Arrangement which, subject to shareholders approval and various other conditions precedent, is expected to be implemented in June 2018.

Bulletproof Group Ltd shareholders are offered a cash consideration of 15.2 cents per share, valuing the company at a market capitalisation of approximately \$24.7 million.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 Group's financial position as at 31 December 2017 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



Anthony Woodward
Director

16 February 2018
Sydney



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Independent Auditor's Review Report To the Members of Bulletproof Group Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Bulletproof Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Bulletproof Group Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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

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31 December 2017 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 Bulletproof Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink, appearing to read "S M Coulton".

S M Coulton
Partner - Audit & Assurance

Sydney, 16 February 2018