Appendix 4D - Half-year ended 2 July 2018

PIVOTAL SYSTEMS CORPORATION
A DELAWARE CORPORATION
ARBN 626 346 325

1. Reporting period

   The financial information contained in the attached consolidated financial report of Pivotal Systems Corporation ("Company") is for the half-year ended 2 July 2018. The previous corresponding period was the half-year ended 30 June 2017. This half year financial report is presented effective 2 July 2018 in order to provide a more accurate reflection of the position of the Company after the completion of listing the Company's CHESS Depository Interests ("CDIs") on the Australian Securities Exchange ("ASX"). Whilst settlement of the funds raised from the Initial Public Offer ("IPO") was received by the Company on 29 June 2018, the conversion of preferred stock and warrants, issue of new shares, and the official listing of the Company did not occur until 2 July 2018 in Australia.

   Besides the financial impact from the conversion of shares, issue of new shares and the IPO settlement, the Company's financial statements as of 2 July 2018 have not required any change or adjustment of results recorded as of 30 June 2018, considering the day the Company was registered on the ASX fell on Sunday in the United States and no other transactions occurred during this period.

	2018 US$'000	2017 US$'000	Up/ Down	Movement
Revenue from continuing activities	11,187	9,065	Up	23%
Gross Profit	4,172	1,612	Up	159%
Operating Loss	1,433	1,453	Down	1%
Net loss attributable to shareholders	63,450	3,328	Up	1,807%
Dividends: No dividends are being proposed or have been paid	Nil	Nil	Nil	Nil

Additional information:

2. Commentary related to the above results and additional information is contained within the attached Consolidated Financial Statements and Directors Report.

3. Shares refer to fully paid shares in the common stock in the capital of the Company. Securities refer to CDIs over ordinary shares of the Company that are publicly traded on the ASX. One CDI represents one fully paid share in the Company.

4. Loss per share

	2 July 2018	30 June 2017
Basic and diluted loss per share ($ per share)	(3.87)	(0.23)

5. Net Tangible Assets per share:

	2 July 2018	31 Dec 2017
Net Tangible assets/(liabilities) per share ($ per share)	0.23	(2.55)

6. There was no change in control during the half-year ended 2 July 2018.

7. There were no payments of dividends during the half-year and it is not proposed to pay any dividends.

8. There is no dividend reinvestment plan in operation.

9. There are no associates or joint venture entities.

10. The report has been compiled using Australian Accounting Standards.

11. This report is based on the consolidated half-year financial report which has been reviewed by BDO East Coast Partnership, Australia.

The information contained within this report is to be read in conjunction with the 2017 Annual Report of Pivotal Systems Corporation and any public announcements made to the ASX during the half-year period ending 2 July 2018 pursuant to its continuous disclosure obligations. Further information regarding the Company and its business activities can be obtained by visiting the Company's website at www.pivotalsys.com

Pivotal Systems Corporation

A DELAWARE CORPORATION
ARBN 626 346 325

Half Year Report

2 July 2018

Table of Contents

Corporate Directory

Company
Pivotal Systems Corporation
48389 Fremont Blvd. Suite 100
Fremont CA, 94538 USA
Phone +1 (510) 770 9125
Fax +1 (510) 770 9126

Website www.pivotalsys.com

Directors
John Hoffman - Executive Chairman and CEO
Dr. Joseph Monkowski - Executive Chairman and CTO
Ryan Benton - Independent Non-Executive Director
Kevin Landis - Non-Executive Director
David Michael - Non-Executive Director
Peter McGregor - Independent Non-Executive Director

Australian Securities Exchange Representative
Ms. Naomi Dolmatoff

United States Registered Office
c/o Incorporating Services Ltd
3500 South Dupont Highway
Dover, Delaware 19901 USA

Australian Registered Office
c/o Company Matters Pty Limited
Level 12, 680 George Street
Sydney, NSW 2000 Australia

Australian Legal Adviser
Maddocks Lawyers
Angel Place Level 27,
123 Pitt Street
Sydney, NSW 2000 Australia

Share Registry
Link Market Services
Level 12, 680 George Street
Sydney, NSW 2000 Australia
Telephone: 1300 554 474
Facsimile: + 61 1300 554 474

Securities Exchange Listing
Pivotal Systems Corporation (ASX code: PVS).
Chess Depository Interests ("CDIs") over shares of the Company common stock are quoted on the Australian Securities Exchange. One CDI represents one fully paid share in the Company.

Directors' Report

The Directors present their report for Pivotal Systems Corporation ("Pivotal" or "Company") and the entities it controlled (the "Consolidated Entity" or "Group") for the half-year ended 2 July 2018.

Directors

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows:

John Hoffman	Executive Chairman and CEO
Dr. Joseph Monkowski	Executive Chairman and CTO
Ryan Benton	Independent Non-Executive Director
Kevin Landis	Non-Executive Director
David Michael	Non-Executive Director
Peter McGregor	Independent Non-Executive Director (appointed 23 August 2018)

Half Year Ended 2 July 2018

This half year financial report is presented effective 2 July 2018 in order to provide a more accurate reflection of the position of the Group after the completion of listing of the Company on the Australian Securities Exchange ("ASX"). Whilst settlement of the funds raised from the Initial Public Offer ("IPO") was received by Pivotal on 29 June 2018, the conversion of preferred stock and warrants, issue of new shares, and the official listing of Pivotal Systems Corporation did not occur until 2 July 2018 in Australia.

Besides the financial impact from the conversion of shares, issue of new shares and the IPO settlement, the Group's financial statements as of 2 July 2018 have not required any change or adjustment of results recorded as of 30 June 2018, considering the day the Company was registered on the ASX fell on Sunday in the United States and no other transactions occurred during this period.

Business Overview

Pivotal is incorporated in Delaware, United States and has offices in Fremont California, USA (headquarters) and third party contracted manufacturing and assembling facilities in Shenzen, China and Dongtan, South Korea.

The Company also engages a number of sales and technical support representatives throughout the USA, Europe, and Asia (principally Japan).

Pivotal designs, develops, manufactures and sells high-performance gas flow controllers (GFC). Pivotal provides high quality gas flow monitoring and control technology platform for the global semiconductor industry. The Company's proprietary hardware and software utilises advanced machine learning to enable preventative diagnostic capability resulting in an order of magnitude increase in fab productivity and capital efficiency for existing and future technology nodes.

The platform includes Pivotal's Gas Flow Controller (GFC) product lines that offer high-accuracy, real-time monitoring and control of the most critical parameters difficult to control in wafer processing today: Gas Flow and Chamber Condition.

During the half year ended 2 July 2018, the principal activities of the Company consisted of the development and introduction of new lines of gas flow controllers and increasing sales of existing products for both device manufacturers and equipment companies in the semi-conductor manufacturing industry.

Directors' Report

Dividends

No dividends were paid during the half year ended 2 July 2018 (2017: $Nil).

Review of Operations and Financial Results

Revenue increased 23% to $11.19 million (2017 1H: $9.07 million) as a result of more shipments to our customers. During the same period COGS decreased 6% due to expected cost efficiencies. As a result, the Company's gross profit increased 159% to $4.17 million (2017 1H: $1.61 million). The results are in line with the Directors' expectations of high-profile customer deployment of the Company's main products, gas flow controllers: GFC 1000 and GFC 200 while simultaneously achieving cost and operational efficiencies.

Total operating expenses for the half year were $5.61 million (2017 1H: $3.07 million). This increase is largely due to the incurrence of $0.72 million IPO offer costs, as well as planned increases in research and development and sales and marketing costs as the Company scales.

The $1.43 million operating loss represented a decrease of 1% compared to the prior period (2017 1H: $1.45 million).

Net Loss in the current period of $63.45 million (2017 1H: loss of $3.33 million) included $61.98 million loss due to the impact of the fair value remeasurement of financial liabilities prior to conversion to common shares based on the IPO price. These financial liabilities were Convertible Preferred Stock, Common Stock Warrants, Series C Preferred Stock Warrants, and Series D Preferred Stock Warrants. Immediately prior to completion of the IPO, all warrants were converted to Company's shares either for cash or in a cashless exercise (according to warrant terms), and all Preferred Shares were converted to Common Stock or were cancelled for a cash payment as noted above.

Key achievements for the period included:

Introduction of the new Flow Ratio Control (FRC) Product

Pivotal's newly introduced FRC featured 3 channel control with average channel flow being two (2) liters per minute. The FRC can be configured for either DNET or EtherCat and is compatible with all current and advanced generation original equipment maker (OEM) tool sets. This prototype was launched with live product demonstrations at the Semicon West in San Francisco, California.

Pivotal's Initial Public Offering

On 2 July 2018, the Company successfully listed its CHESS Depository Interests (CDIs) on the ASX, following an A$53.54 million (US$39.54 million) IPO that was significantly oversubscribed. Moelis Australia and Shaw and Partners were joint lead managers of the listing. Over 40 institutions participated in the IPO, including a strategic customer. The IPO demonstrates a continued strong appetite to invest in innovative, production proven, technology solutions.

The capital raised by the IPO will be mainly used to expand operations in Korea, Japan, Taiwan, China and the United States, to invest in research and development, and to repay existing bank facility.

Subsidiary in the Republic of South Korea

On 16 March 2018, Pivotal incorporated a wholly-owned subsidiary in the Republic of South Korea named Pivotal Systems Korea Limited. The Company is transitioning to begin operations in the new South Korean facility. We need to make sure our processes are seamlessly integrated whereas our customers would not experience a difference in service during these periods.

Directors' Report

Significant Events after the Balance Date

On 31 July 2018, the Company repaid all outstanding borrowings with Bridge Bank for a total amount of $5.07 million.

The Company appointed Mr. Peter McGregor, as an Independent Non-Executive Director and Chair of the Company's Remuneration Committee on the 23 August, 2018.

No other matter or circumstance has arisen since 2 July 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

At the date of this report there are no likely developments in the operations of the Company that would materially impact the results of the Company.

Presentation currency

The functional and presentation currency of the Group is United States Dollars (US Dollars). The financial report is presented in US Dollars with all references to dollars, cents or $'s in these financial statements presented in US currency, unless otherwise stated.

Rounding of amounts

Amounts in this report have been rounded off in accordance with Corporations Instrument 2016/191. Unless otherwise stated, amounts have been rounded to the nearest thousand United States dollar (US$000).

State of incorporation

The Company is incorporated in the State of Delaware, United States of America and is a registered foreign entity in Australia. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

On behalf of the directors

John Hoffman Executive Chairman and Chief Executive Officer	Joseph Monkowski Chief Technology Officer and Executive Director

29 August 2018

Sydney, Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 2 July 2018

	Note	2 Jul 2018 US$'000	30 Jun 2017 US$'000
Revenue	3	**11,187**	**9,065**
Cost of goods sold		(7,015)	(7,453)
Gross profit		**4,172**	**1,612**
Gross margin		**37.3%**	**17.8%**
Expenses			
Research & development	4	(1,567)	(1,096)
Selling & marketing	4	(1,694)	(1,262)
General & administrative	4	(2,344)	(707)
Total expenses		**(5,605)**	**(3,065)**
Operating loss		**(1,433)**	**(1,453)**
Finance income	5	61	-
Finance expenses	5	(102)	(35)
Other financial items	5	(61,976)	(1,840)
Net Loss before income tax expense		**(63,450)**	**(3,328)**
Income tax expense		-	-
Net Loss		**(63,450)**	**(3,328)**
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Pivotal Systems Corporation		**(63,450)**	**(3,328)**
		US$ per share	**US$ per share**
Loss per share from continuing operations attributable to ordinary equity holders of the Company			
Basic and diluted loss per share	15	(3.87)	(0.23)

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

Consolidated Statement of Financial Position
As at 2 July 2018

	Note	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Assets			
Current assets			
Cash and cash equivalents	6	28,374	1,148
Trade and other receivables	7	3,031	2,563
Inventories	8	6,370	4,687
Other assets		360	119
Total current assets		**38,135**	**8,517**
Non-current assets			
Property, plant and equipment		343	341
Intangible assets	9	8,665	8,349
Other assets		9	9
Total non-current assets		**9,017**	**8,699**
Total assets		**47,152**	**17,216**
Liabilities			
Current liabilities			
Trade and other payables	10	7,427	4,392
Employee benefits		249	341
Warranty provision		384	459
Borrowings	11	4,925	3,008
Financial liabilities	12	-	39,009
Total current liabilities		**12,985**	**47,209**
Total liabilities		**12,985**	**47,209**
Net assets/(liabilities)		**34,167**	**(29,993)**
Equity			
Contributed equity	13	170,818	43,263
Reserves		1,234	1,179
Accumulated losses		(137,885)	(74,435)
Total equity		**34,167**	**(29,993)**

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

Consolidated Statement of Changes in Equity
For the half-year ended 2 July 2018

	Contributed equity US$'000	Reserves US$'000	Accumulated losses US$'000	Total equity US$'000
Balance at 1 January 2017	42,405	1,135	(64,618)	(21,078)
Loss after income tax expense for the period	-	-	(3,328)	(3,328)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(3,328)**	**(3,328)**
Transactions with owners in their capacity as owners:				
Shares issue on exercise of warrants	828	-	-	828
Balance at 30 June 2017	**43,233**	**1,135**	**(67,946)**	**(23,578)**

	Contributed equity US$'000	Reserves US$'000	Accumulated losses US$'000	Total equity US$'000
Balance at 1 January 2018	43,263	1,179	(74,435)	(29,993)
Loss after income tax expense for the period	-	-	(63,450)	(63,450)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(63,450)**	**(63,450)**
Transactions with owners in their capacity as owners:				
Shares issued on conversion of preferred stock and warrants, net of costs	102,730	-	-	102,730
Issue of listed ordinary share capital	26,586	-	-	26,586
Share issue costs	(1,761)	-	-	(1,761)
Share-based payments (note 14)	-	55	-	55
Balance at 2 July 2018	**170,818**	**1,234**	**(137,885)**	**34,167**

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

Consolidated Statement of Cash Flows
For the half-year ended 2 July 2018

	Note	2 Jul 2018 US$'000	30 Jun 2017 US$'000
Cash flows used in operating activities			
Receipts from customers		10,719	7,629
Payments to suppliers and employees		(9,977)	(8,151)
Payment related to exercise of put option of warrants related to debt discount	12	(315)	-
Interest paid	5	(102)	(35)
Net cash from/(used in) operating activities		**325**	**(557)**
Cash flows used in investing activities			
Payments for property, plant and equipment		(192)	(66)
Payments for capitalized development		(1,771)	(1,563)
Net cash used in investing activities		**(1,963)**	**(1,629)**
Cash flows from financing activities			
Proceeds from the issue of shares		39,540	-
Payment to selling shareholders, net of costs		(12,955)	-
Payment of share issue costs		(1,761)	-
Proceeds from exercise of options		61	1
Proceeds from issue of preferred stock		2,000	-
Proceeds from exercise of warrants		1	2
Proceeds from bank loans		1,917	2,500
Repayment of bank loans		-	(2,482)
Net cash from financing activities		**28,803**	**22**
Net increase/(decrease) in cash and cash equivalents		**27,165**	**(2,164)**
Cash and cash equivalents at the beginning of the financial year		1,148	4,658
Net effect of foreign exchange		61	-
Cash and cash equivalents at the end of the period	6	**28,374**	**2,494**

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

Notes to the Consolidated Financial Statements
For the half-year ended 2 July 2018

Note 1. Statement of Compliance

The Half Year Report of Pivotal Systems Corporation (“Pivotal” or “Company”) and its subsidiaries (together the “Consolidated Entity” or “Group”) is a general purpose financial report prepared in accordance with Australian Accounting Standard AASB 134 “Interim Financial Reporting”. The Half-Year Report does not include notes of the type normally included in an annual financial report and should read in conjunction with the most recent annual financial report and any public announcements made by Pivotal Systems Corporation during the interim period.

Basis of preparation

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and realization of assets and settlement of liabilities in the ordinary course of business.

Functional currency

The financial statements are presented in US dollars, which is the functional and presentational currency of Pivotal Systems Corporation. There has been no change in the functional and presentational currency of the Company.

Rounding of amounts

Amounts in this report have been rounded off in accordance with Corporations Instrument 2016/191 to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Significant accounting policies

The same accounting policies and methods of computation are followed in these condensed financial statements as compared with the most recent annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018, and new standards applicable to the Group due to a change in operations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current period, the Group has adopted all of the new and revised accounting standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for the current reporting period. There has been no material impact on the financial statements of the Consolidated Entity. As required by AASB 134, the nature and effect of these changes are disclosed below.

AASB 15 Revenue from Contracts with customers

AASB 15 supersedes AASB 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Note 2. Significant accounting policies *(continued)*

The Group adopted AASB 15 using the full retrospective method of adoption. The Group determined there was no material financial effect of adopting AASB 15.

As required for the interim financial statements, the Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to Note 3 for the disclosure on disaggregated revenue.

Revised Revenue policy

Revenues from product sales are recognized when the customer obtains control of the Company's product, which occurs at a point in time, typically upon delivery to the customer. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. The Company expenses incremental costs of obtaining a contract as and when incurred because the expected amortization period of the asset that the Company would have recognized is one year or less.

Reserves for Variable Consideration. Revenues from product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established and which result from discounts, returns, and other allowances that are offered within contracts between the Company and its customers.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

AASB 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Company's consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- Amortized cost;
- Fair Value through Other Comprehensive Income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- Fair Value through Profit or Loss ("FVTPL")

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortized cost, these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Note 2. Significant accounting policies *(continued)*

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

As of 2 July, 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

Cash and cash equivalents and trade and other receivables previously designated as loans and receivables under AASB 139 are now classified as amortized cost under AASB 9. The trade and other payables and borrowings are designated as other financial liabilities, which are measured at amortized cost.

Company's convertible preferred shares and warrant liabilities, designated at fair value through profit or loss, were converted to common stock on 2 July 2018. The financial effect of fair value remeasurement prior to conversion is reflected in the statement of profit or loss and other comprehensive income.

The cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair value due to their short-term nature.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' ("ECL") model. The new impairment model is applied to financial assets measured at amortized cost, contract assets and debt investments at Fair Value Through Other Comprehensive Income ("FVOCI"), but not to investments in equity instruments.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (I.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Group has adopted a simplified approach for trade receivables on the initial transaction date (1 January 2018) with an amount equal to the full ECL to be recognized. As the ECL assessment has resulted in an immaterial credit loss, no impairment allowance has been recognized by the Group.

Note 2. Significant accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Consolidated Entity as at the end of the reporting period. Control is achieved when the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Consolidated Entity controls an investee if and only if the Consolidated Entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Consolidated Entity has less than a majority of the voting or similar rights of an investee, the Consolidated Entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Consolidated Entity's voting rights and potential voting rights

The Consolidated Entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Consolidated Entity obtains control over the subsidiary and ceases when the Consolidated Entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit and loss and other comprehensive income from the date the Consolidated Entity gains control until the date the Consolidated Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Consolidated Entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Consolidated Entity's accounting policies. All intra-Consolidated Entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Consolidated Entity are eliminated in full on consolidation.

Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Further information on operating segments is disclosed in Note 16.

Note 3. Revenue

	2 Jul 2018 US$'000	30 Jun 2017 US$'000
Types of goods or service		
Product revenue	11,195	9,109
Provision for sales returns	(8)	(44)
Total revenue from contracts with customers	**11,187**	**9,065**

Revenues from product sales are recognized when the customer obtains control of the product, which occurs at a point in time, typically upon delivery to the customer.

Note 4. Expenses

Loss before income tax includes the following specific expenses:

	2 Jul 2018 US$'000	30 Jun 2017 US$'000
Research & development		
Salary and benefits expense	94	-
Other	8	-
Amortization of capitalized development costs	1,465	1,096
	1,567	1,096
Selling & marketing		
Salary and benefits expense	381	359
Commissions and bonuses	850	483
Travel and outside services	254	297
Other	209	123
	1,694	1,262
General & administrative		
Salary and benefits expense	593	457
Travel and outside services	526	150
IPO Offer Costs	725	-
Other	500	100
	2,344	707

Note 5. Other expenses and income

	2 Jul 2018 US$'000	30 Jun 2017 US$'000
Finance income		
Foreign exchange gains	61	-
Finance expenses		
Interest paid	102	35
Other financial items		
Loss from financial liabilities measured at fair value through the profit or loss	61,976	1,840

Note 6. Current assets - cash and cash equivalents

	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Cash at bank	28,374	1,148
	28,374	**1,148**

The Company has a line of credit at 2 July 2018 of $1 million (31 December 2017: $1 million).

There is no restrictions or limitations on the use of cash and cash equivalents.

Non-cash transactions:

Non-cash Financing activities in the Consolidated Statement of Cashflows includes $102.14 million relating to the conversion of preferred shares and warrants into common stock as a result of the Company's Initial Public Offering. Refer Note 12: Financial Liabilities.

Note 7. Current assets - trade and other receivables

	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Trade receivables	3,031	2,563
	3,031	**2,563**

Notes to the Consolidated Financial Statements
For the half-year ended 2 July 2018

Note 8. Current assets - inventories

	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Raw materials	3,418	1,488
Work in progress	920	915
Finished goods	2,207	2,584
Less: Provision for impairment	(175)	(300)
	6,370	**4,687**

Note 9. Non-current assets - intangible assets

	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Patent – at cost	50	50
Less: Accumulated amortization	(33)	(23)
	17	**27**
Capitalized development - at cost	17,089	15,298
Less: Accumulated amortization	(8,441)	(6,976)
	8,648	**8,322**
Net written down value intangible assets	**8,665**	**8,349**

	Patent US$'000	Capitalized Development US$'000	Total US$'000
Balance at 1 January 2018	**27**	**8,322**	**8,349**
Additions	-	1,791	1,791
Amortization expense	(10)	(1,465)	(1,475)
Balance at 2 July 2018	**17**	**8,648**	**8,665**

Note 10. Current liabilities - trade and other payables

	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Trade payables and accruals	4,882	2,771
Accrued expenses	2,545	1,621
	7,427	**4,392**

Note 11. Borrowings

Borrowings includes the following liabilities carried at amortized cost:

	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Current		
Financial liability with Bridge Bank	4,925	3,008
	4,925	**3,008**

Details	Total US$'000
Balance 1 January 2018	**3,008**
Financial liability with Bridge Bank (1)(i)	1,917
Interest accrued on facility	157
Interest paid on facility	(157)
Balance 2 July 2018	**4,925**

(1) Bridge Loan

(i) The Company held a Debt Facility Agreement with Bridge Bank totaling $3 million at 31 December 2017 with interest accruing at a per annum rate equal to 2% above the Prime Rate. The Company also held a $1.5million AR line of credit with an interest rate of the Bank's prime rate plus 1.25% with Bridge Bank. On 8 January 2018, the Company amended the loan agreement with Bridge Bank, allowing the Company to borrow an aggregate amount of $4 million. An additional advance of $1.9 million was made to the Company on 9 January 2018. The amended agreement acknowledged the Company was not in compliance with their financial covenants as of 30 November 2017 and offered a waiver on the default.

The Bridge Bank loan outstanding at 2 July 2018 is secured over all personal property of the Company, whether presently existing or hereafter created or acquired, as per the loan agreement.

The loan was fully repaid subsequent to the period end on 31 July 2018.

Note 12. Financial liabilities

	2 Jul 2018 US$'000	31 Dec 2017 US$'000
Warrant liability at fair value (a)	-	8,082
Preferred stock at fair value (b)	-	30,927
	-	**39,009**

(a) Warrants on Issue and Warrant Liability at Fair Value

	Common Stock B Number	Series C Preferred Number	Series D Preferred Number	Total Number	Fair Value $'000
As at 1 January 2018	**19,611,510**	**43,103**	**8,350,906**	**28,005,519**	**8,082**
Converted to common stock (1) (i)	(1,418,734)	-	-	(1,418,734)	(531)
Warrants issued (2) (i)	-	-	258,435	258,435	24
Warrants bought back on exercise of put option (2) (i)	-	-	(452,261)	(452,261)	(315)
Converted to preferred stock (2) (ii)	-	-	(2,871,502)	(2,871,502)	(261)
Fair value remeasurement of warrants on issue	-	-	-	-	21,615
Shares surrendered for cashless exercise (3) (i)	(13,041)	(35,842)	(2,639,000)	(2,687,883)	-
Conversion of warrants to Common Stock (3) (i)	(18,179,735)	(7,261)	(2,646,578)	(20,833,574)	(28,614)
As at 2 July 2018	**-**	**-**	**-**	**-**	**-**

(1) Class B Common Stock Warrants

(i) On 25 January 2018, 1,418,734 Class B Common Stock Warrants were exercised at the exercise price of $0.001 per share. This resulted in a reduction in the fair value of the warrants of $0.53 million.

(2) Series D Preferred Stock Warrants

(i) On 8 January 2018 the Company issued 172,290 Series D Convertible Preferred Stock Warrants in connection with the Loan and Security Agreement with Bridge Bank at an exercise price of $0.6965 per share. On 16 April 2018 the Company issued a further 86,145 Series D Convertible Preferred Stock Warrants to Bridge Bank bringing the total warrants held by Bridge bank to 452,261. This resulted in an immaterial increase in the fair value of the warrants.
The warrants could be exercised at any time prior to 31 March 2027 and included a put option for which the Company shall purchase all rights that the holder has for a cash payment in the case of certain events prior to the expiration date and at the request of warrant holder. This put option was exercised by the Bridge Bank and the Company paid $0.315 million to Bridge Bank on 29 June 2018.

Note 12. Financial liabilities *(continued)*

(ii) On 18 May 2018, 2,871,502 Series D Preferred Stock Warrants were exercised at the exercise price of $0.6965 per share. This resulted in a reduction in the fair value of the warrants of $260,732.

(3) Automatic exercise of Series C, Series D and Class B Common Stock Warrants into Shares

(i) In accordance with the terms of the Prospectus dated 12 June 2018, all Series C, Series D and Class B Common Stock Warrants in existence immediately prior to the allotment of CDIs under the IPO were converted into Common Stock Shares in the Company. Prior to this occurring, all warrants on issue were converted to Common and Preferred Stock upon completion of a cashless exercise.

(b) Preferred Stock on Issue and Preferred Stock at Fair Value

	Series Seed Preferred Stock	Series A Preferred Stock	Series B Preferred Stock	Series C Preferred Stock	Series D Preferred Stock	Total Number	Fair Value US$000
Balance at 1 January 2018	**1,702,416**	**16,576,103**	**15,050,939**	**4,716,784**	**13,143,287**	**51,189,530**	**30,925**
Issued on conversion of warrants (1) (i)	-	-	-	-	2,871,502	2,871,502	3,905
Fair value adjustment	-	-	-	-	-	-	38,693
Conversion of preferred stock to Common Stock (2) (i)	(1,702,416)	(16,576,103)	(15,050,939)	(4,716,784)	(16,014,789)	(54,061,032)	(73,523)
Balance at 2 July 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(1) Series D Preferred Stock

(i) On 18 May 2018, 2,871,502 shares of Series D Preferred Stock were issued with a par value of $0.00001 via conversion of a warrant and cash payment. The fair value of $3,905,243 was determined using the Black Scholes model.

(2) Automatic exercise of Series C, Series D and Class B Common Stock Warrants into Shares

(i) In accordance with the terms of the Prospectus dated 12 June 2018, all Preferred Stock in existence immediately prior to the allotment of CDIs under the IPO were converted into Common Stock Shares in the Company.

Notes to the Consolidated Financial Statements
For the half-year ended 2 July 2018

Note 13. Equity - Contributed equity

	2 Jul 2018 Number	2 Jul 2018 US$'000	31 Dec 2017 Number	31 Dec 2017 US$'000
Ordinary shares – common stock	110,998,864	170,818	15,056,268	43,263

(a) Movements in ordinary shares on issue

	Shares	US$'000
Balance as at 1 January 2018	**15,056,268**	**43,263**
Shares issued on exercise of warrants (1)	1,418,734	532
Shares issued on exercise of option (1)	274,424	61
Shares issued on conversion of warrant prior to IPO (1)	20,833,568	28,614
Shares issued on conversion of preferred stock prior to IPO (1)	54,061,031	73,523
	91,644,025	145,993
New shares issued on completion of IPO (2)	19,354,839	26,586
Share issue costs related to listing on the ASX	-	(1,761)
Balance 2 July 2018	**110,998,864**	**170,818**

(b) Terms and conditions of contributed equity

Ordinary Shares

The holders of ordinary shares participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have a par value of $0.00001 and the Company has a limited amount of authorized capital of 370,000,000 shares, 250,000,000 of which are designated "Common Stock" and 120,000,000 of which are designated "Common Prime Stock".

On a show of hands the holders of Common Stock are entitled for one vote for each share of common stock held at the meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting. They are also entitled to receive, when, as and if declared by the Board, out of any assets of the Company legally available therefor, any dividends as may be declared from time to time by the Board.

Note 13. Equity - Contributed equity (*continued*)

The holders of Common Prime Stock are not entitled to any voting rights or powers, except as otherwise required by law. They are also not entitled to share in any dividends or other distributions of cash, property or shares of the Company as may be declared by the Board on the Common Stock.

In connection with the Company's IPO of CDIs, with each CDI representing an interest in one share of Common Stock, certain stockholders entered into an escrow agreement with the Company under which the stockholder agreed, among other things, to certain restrictions and prohibitions for a period of time (the "Lock-Up Period"), from engaging in transactions in the shares of Common Stock (including Common Stock in the form of CDIs), shares of Common Stock that may be acquired upon exercise of a stock option, warrant or other right, and shares of Common Stock that arise from such Common Stock (collectively, the "Restricted Securities"). The Restricted Securities shall automatically be converted into shares of Common Prime Stock, on a one for one basis if the Company determines, in its sole discretion, that the stockholder breached any term of the stockholder's escrow agreement or breached the official listing rules of the ASX relating to the Restricted Securities. Any shares of Common Stock converted to Common Prime Stock under these terms should be automatically converted back into shares of Common Stock, on a one for one basis, upon the earlier to occur of (i) the expiration of the Lock-Up Period in the escrow agreement or the (ii) breach of the listing rules being remedied, as applicable.

(1) Immediately prior to the completion of an IPO on the Australian Securities Exchange, the Company completed the following changes to the capital structure:
    a. Reclassification of existing Class B Common stock as Common Stock
    b. Conversion of the existing Series Seed, A, B, C and D Preferred Stock into shares of Common Stock
    c. Cancellation of warrants where applicable
    d. Automatic exercise of the Series C, Series D and Class B Common Stock warrants into shares of Common Stock.

(2) The Company completed the IPO on the Australian Securities Exchange on 2 July 2018 with the issue of 19,354,839 new shares.

Note 14. Share-based payments

Share based payment reserve

The reserve is used to recognize the value of equity benefits provided to employees, consultants and directors as part of their remuneration, and other parties as part of their compensation for services.

	Share options Number	Share Based Payment Reserve US$'000
Opening reserve 1 January 2018	13,831,980	1,179
Expense in the period	-	55
Granted	1,289,000	-
Exercised	(274,424)	-
Forfeited	(350,222)	-
Expired	(119,951)	-
Closing reserve 2 July 2018	**14,376,383**	**1,234**

	2 Jul 2018 US$'000	30 Jun 2017 US$'000
Share based payment expense:		
Options issued to directors, employee and consultants	55	-
	55	**-**

The Company grants stock options to its employees, directors, and consultants for a fixed number of shares with an exercise price equal to the fair value of the shares at the date of grant.

Note 14. Share-based payments (*continued*)

Option Pricing Model

The fair value of the equity-settled share options granted throughout the year is estimated as at the date of grant using a Black Scholes Option Pricing Model.

The following tables list the inputs to the models used for the valuation of options granted in the 6 months ended 2 July 2018.

	Grant date					
	15-Feb-18	28-Feb-18	28-Feb-18	29-Mar-18	15-Apr-18	15-Apr-18
Number of options issued	25,000	800,000	150,000	84,000	170,000	60,000
Fair value at measurement date $	0.158	0.141	0.141	0.216	0.158	0.216
Share price at Grant date $	0.37	0.37	0.37	0.37	0.37	0.37
Exercise price $	0.37	0.37	0.37	0.37	0.37	0.37
Expected volatility	46%	46%	46%	46%	46%	46%
Vesting conditions	Type 1	Type 4	Type 5	Type 3	Type 1	Type 2

Vesting conditions	
Type 1	25% of the options vest 12 months from vesting date, with the remaining 75% vesting on a monthly basis over the following 48 months.
Type 2	Options vest on a monthly basis over 48 months from vesting date.
Type 3	Options vest on a monthly basis over 36 months from vesting date.
Type 4	Options vest in four equal tranches subject to (a) the achievement individually of Milestones and each tranche vesting 25% per year on each anniversary of the grant date, and subject to Single-Trigger change of control conditions.
Type 5	Options vest in two equal tranches subject to achievement of certain Milestones and each tranche vesting 25% per year on each anniversary of the grant date.

The expected dividend yield for all options granted during these periods was nil. The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Note 15. Net Loss per share

Basic net loss per share has been computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is calculated by dividing net loss by the weighted-average number of shares of common stock and potential dilutive securities outstanding during the period.

Because the Company is in a net loss position, diluted net loss per share excludes the effects of common stock equivalents consisting of stock options, preferred shares and warrants, which are all anti-dilutive. The total number of shares subject to stock options, preferred shares, and warrants were excluded from consideration in the calculation of diluted net loss per share.

	2 Jul 2018 US$'000	30 Jun 2017 US$'000
Net loss attributable to ordinary equity holders	(63,450)	(3,328)
Net loss attributable to ordinary equity holders for diluted loss per share	(63,450)	(3,328)
	$ per share	**$ per share**
Basic and diluted loss per share	(3.87)	(0.23)
	Number	**Number**
Weighted average number of ordinary shares for basic loss per share	16,408,456	14,676,317
Effect of dilution of share options, preferred stock and warrants	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	16,408,456	14,676,317

Note 16. Operating segments

For operating purposes, the Group is organized into one main operating segment, focused on the technological design, development, manufacture and sale of high-performance gas flow controllers.

All the activities of the Group are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Pivotal Systems Corporation derives all of the revenue of the Group and maintains all of the assets in the United States.

Geographically, the Group has the following revenue information based on the location of its customers

	2 Jul 2018 US$'000	30 Jun 2017 US$'000
North America	2,427	3,027
Asia	8,760	6,038
	11,187	**9,065**

The following customers accounted for more than 10% of revenues:

Customer A	45%	43%
Customer B	37%	20%
Customer C	14%	31%
	96%	94%

Note 17. Related party transactions

Subsidiaries

The Consolidated financial statements include the financial statements of Pivotal Systems Corporation and the following subsidiaries:

Name	Country of incorporation	Beneficial interest	
		2 Jul 2018	31 Dec 2017
Pivotal Systems Korea, Ltd (1)	Republic of Korea	100%	-
Pivotal SaleCo, Inc. (2)	United States of America	100%	-

(1) Pivotal Systems Korea, Ltd., was incorporated in South Korea on 16 March 2018 and which will be responsible for administration and logistics in relation to shipments from the new Korean Compart manufacturing facility.

(2) Pivotal SaleCo, Inc. was incorporated in Delaware in the United States on 14 May 2018 for the purpose of facilitating the sell down of certain existing shares held by the shareholders of the parent company.

Notes to the Consolidated Financial Statements
For the half-year ended 2 July 2018

Note 17. Related party transactions (continued)

Key management personnel

The following persons were identified as key management personnel of Pivotal Systems Corporation during the half year:

John Hoffman	Chief Executive Officer
Joseph Monkowski	Chief Technical Officer
Ryan A. Benton	Non-Executive Director
Kevin Landis	Non-Executive Director
David Michael	Non-Executive Director
Omesh Sharma	Chief Financial Officer

Share options granted to directors and other key management personnel

	Class of underlying shares	2018 Number Granted
Omesh Sharma (1)	Ordinary	200,000
John Hoffman (1)	Ordinary	300,000
Joseph Monkowski (1)	Ordinary	300,000
Ryan A. Benton	Ordinary	84,000
Kevin Landis	Ordinary	-
David Michael	Ordinary	-
		884,000

(1) Options issued in the current year include specific performance conditions – refer Note 14.

Transactions with related parties

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting dates.

Loans to/from related parties

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

Pivotal SaleCo, Inc. transaction

In accordance with the terms of the IPO, Pivotal SaleCo, Inc. acquired 9,430,169 existing shares from certain shareholders of Pivotal Systems Corporation ("Selling Shareholders") and transferred the shares to successful applicants of the IPO at the offer price of A$1.86. The price paid by Pivotal SaleCo to the selling shareholders was equal to the Offer Price of A$1.86 less sale costs of 4.5% of sale proceeds.

Notes to the Consolidated Financial Statements
For the half-year ended 2 July 2018

Note 17. Related party transactions (continued)

Financial instrument balances held with related parties

All financial instrument balances reported at 31 December 2017 were extinguished with the conversion or exercise of preferred stock and warrants to common shares prior or on 2 July 2018.

Related party name	Nature of related party relationship	Financial instrument type	Number of instruments held 31 Dec 2017	Number of instruments held 2 Jul 2018
Firsthand ventures	Directors in common	Preferred stock	33,508,691	-
Omesh Sharma	Key management personnel	Preferred stock	141,870	-
John Hoffman	Director	Preferred stock	141,870	-
Joseph Monkowski	Director	Preferred stock	141,870	-
Anzu Pivotal LLC	Directors in common	Preferred stock	4,307,251	-
Anzu Industrial Capital Partners LP	Directors in common	Preferred stock	2,128,101	-
Pivotal Systems Investment Group LLC	Related entity	Preferred stock	191,171	-
Pivotal Systems Investors LLC	Related entity	Preferred stock	191,171	-
Firsthand ventures	Directors in common	Common stock warrants	18,180,475	-
Anzu Industrial Capital Partners LP	Directors in common	Common stock warrants	1,418,734	-
Pivotal Systems Investors LLC	Related entity	Common stock warrants	-	-
Anzu Pivotal LLC	Directors in common	Preferred stock warrants	2,871,502	-
Firsthand Venture Investors	Directors in common	Preferred stock warrants	4,158,654	-
Pivotal Systems Investment Group, LLC	Related entity	Preferred stock warrants	127,447	-
Pivotal Systems Investors LLC	Related entity	Preferred stock warrants	127,447	-

Note 18. Events after the reporting period

On 31 July 2018, the Company repaid all outstanding borrowing with Bridge Bank for a total amount of $5.07 million.

The Company appointed Mr. Peter McGregor, as an Independent Non-Executive Director and Chair of the Company's Remuneration Committee on the 23 August, 2018.

No other matter or circumstance has arisen since 2 July 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 19. Financial Instruments - Fair value

Accounting classification and fair values

The following table shows the carrying amounts of financial liabilities measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2 July 2018	Other financial liabilities US$'000	Total US$,000	Fair value Level 1 US$'000	Fair value Level 2 US$'000	Fair value Level 3 US$'000	Fair value Total US$'000
Warrant liability	-	-	-	-	-	-
Preferred stock liability	-	-	-	-	-	-
Total	-	-	-	-	-	-

31 December 2017	Other financial liabilities US$'000	Total US$,000	Fair value Level 1 US$'000	Fair value Level 2 US$'000	Fair value Level 3 US$'000	Fair value Total US$'000
Warrant liability	8,082	8,082	-	-	8,082	8,082
Preferred stock liability	30,927	30,927	-	-	30,927	30,927
Total	**39,009**	**39,009**	-	-	**39,009**	**39,009**

Fair values of warrants and preferred stock liabilities do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in AASB 13 Fair Value Measurement.

Directors' declaration for the Half-Year ended 2 July 2018

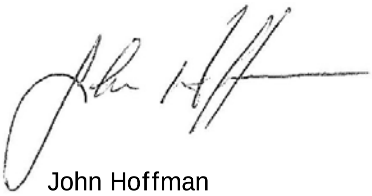
In accordance with a resolution of the directors of Pivotal Systems Corporation, the directors of the Company declare that:

1. The financial statements and notes thereto comply with Australian Accounting Standard *AASB 134 Interim Financial Reporting*;

2. The financial statements and notes thereto, give a true and fair view of the Group's financial position as at 2 July 2018 and of the performance for the half-year ended on that date; and

3. In the directors' opinion there are reasonable grounds to believe that Pivotal Systems Corporation will be able to pay its debts as and when they become due and payable.

On behalf of the directors



John Hoffman
Executive Chairman and
Chief Executive Officer

Joseph Monkowski
Chief Technology Officer
and Executive Director

29 August 2018

Sydney, Australia

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pivotal Systems Corporation

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pivotal Systems Corporation (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 2 July 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, 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 financial report does not present, in all material respects, the financial position of the Group as at 2 July 2018, and its financial performance and its cash flows for the half-year ended on that date in accordance 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 Accounting Standard *AASB 134 Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 presented fairly, in all material respects, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of the Group, 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 Australian professional accounting bodies.

BDO East Coast Partnership

BDO

Martin Coyle
Partner

Sydney, 29 August 2018