



M-POWER MSL



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,QWHULP ILQDQFLDO UHSRUW ² 'HFHPEHU
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'LUHFWRUV 5HSRUW
\$XGLWRU¶V ,QGHSHQGHHQH 'HFODUDWLRQ
)LQDQFLDO 6WDWHPHQWV
,QGHSHQGHQW \$XGLWRU¶V 5HSRUW

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,QWHULP ILQDQFLDO UHSRUW ² 'HFHPEHU
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'LUHFWRUV 5HSRUW

7KH 'LUHFWRUV RI 06/ 6ROXWLRQV /LPLWHG μ06/¶ RU μWKH &RPSDQ\¶
&RPSDQ\ FRPSULVLQJ WKH &RPSDQ\ DQG LWV FRQWUROOHG HQWLWLHV
WKHUHQ

'LUHFWRUV

7KH QDPHV RI WKH 'LUHFWRUV RI WKH &RPSDQ\ LQ RIILFH GXULQJ WKH

1DPH	'LUHFWRU VLQFH
1RQ ([HFXWLYH	
0U -RKQ 'RZQ &KDLU	2FWREHU
0U ,DQ 'DO\	'HFHPEHU
0V .D\OHQH *DIIQH\	0DUFK UHV LJQH -DQXDU\
'U 5LFKDUG +RO]JUH IH	'HFHPEHU
0U 'DYL G 7UXGH	0DUFK
([HFXWLYH	
0U &UDLJ .LQURVV 0DQDJLQJ 'LUHFWRU &KLHI	TRYHPEHU
([HFXWLYH 2IILFHU	

)LQDQFLDO DQG 2SHUDWLRQDO 5HYLHZ

\$Q DQDO\VLV RI WKH &RPSDQ\¶V LQWHULP SHULRG¶V ILQDQFLDO DQG F
RWKHUZZLVH VWDWHG DOO YDOXHV DUH H[SUHVVHG LQ \$XVWUDOLDQ 'R

*URXS UHVXOWV

06/ VWUDWHJLF IRFXV LV RQ JURZWK RI YDOXDEOH UHFXUULQJ UHYHQX
PLOORQ DQ LQFUHDVH RI 2I SDUWLFXODU IRFXV LV JURZLQJ WK
SHULRG 'HFHPEHU PLOORQ

&XUHQW VWUDWHJLF LQYHVVPHQWV EHLQJ PDGH LQ UHVHDFK GHY
PDUNHWLQJ RI PLOORQ 'HFHPEHU PLOORQ ZLOO GULYH

5HYHQXH IRU WKH SHULRG ZDV JHQHUDWHG DW D JURVV PDUJLQ RI
SULFLQJ SUHVXUH DQG UHGXFHG PDUJLQV RQ KDUGZDUH UHYHQXH LQ

7KH *URXS KDV FRPPXQLFDWHG WKDW)LVFDO <HDU LV D UHLQYHVW
\HDUV LQ VRPH NH\ PDUNHW FKDQJLQJ DUHDV LQFOXGLQJ

- x 7UDQVLWLRQ WR 6XEYFULSWLRQ 6DD6 UHYHQXH
- x ,QYHVVPHQW LQ WKH QHZ :RUOG +DQGLFDS 6\VWHP XQLILFDWLRQ
\$VVRFLDWLRQ RI
- x 'XEDL ([SR DVVRFLDWHG UHJLRQDO SLSHOLQH JURZWK RSSRUW

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x (QWU\ LQWR WKH JURZWK WUHQG DVVRFLDWHG ZLWK 5HWLUHPH
RUJDQLVDWLRQV ± HVSHFLDOO\ JROI FOXEV DQG RWKHU OLIHVW\O
7KH UHVXOWDQW 1HW 3URILW DIWHU 7D[SUH \$PRUWLVDWLRQ 13\$7\$ D
PLOOLRQ

&RQVROLGDWHG VXPPDU\ RI UHVXOWV IRU WKH KDOI\		
'HFHPEHU		
6WDWXWRU\ UHVXOWV		
5HYHQXH		
&RVW RI VDOHV		
*URVV PDUJLQ		
2SHUDWLQJ H[SHQVHV EHIRUH VLJQLILFDQW LWHPV		
\$GMXVWHG (% ,7'\$		
6LJQLILFDQW LWHPV		
(% ,7'\$		
'HSUHFLDWLRQ		
\$PRUWLVDWLRQ		
(% ,7		
1HW ILQDQFH LQFRPH FRVWV		
13%7		
,QFRPH WD[EHQHILW		
13\$7		
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(% ,7'\$ LV HDUQLQJV EHIRUH LQWHUHVW WD[GHSUHFLDWLRQ DQG DPRUWLVD
LV QHW SURILW ORVV DIWHU WD[13\$7\$ LV QHW SURILW ORVV DIWHU WD[EX

2SHUDWLQJ H[SHQVHV LQFUHDVHG E\ DSSUR[LPDWHO\ P UHIOHFWLQ
ORFDWLRQV DORQJ ZLWK VWDII DSSRLQWPHQWV LQ SURGXFW PDQDJHP
WKHVV LQWHUQDWLRQDO PDUNHWV

6LJQLILFDQW LWHPV LQFOXGH WUDQVDFWLRQ FRVWV DVVRFLDWHG ZLW
PRYHPHQWV N N 7KHUH ZHUH QR IDLU YDOXH DGMXVW

03RZHU 9HQXH

6HUYLFLQJ WKH VWDGLD DUHQD DQG UHJLVWHUHGX FOXEV H[FOXGLQJ J
ZDV PLOOLRQ 'HFHPEHU PLOOLRQ

7KH LQWHUQDWLRQDO YHQXH EXVLQHVV IURP WKH 9HUWHGD DFTXLVLV

03RZHU 9HQXH FRQWULEXWHG PLOOLRQ (% ,7'\$ ZKLFK GHFUHDVHG
IURP KDUGZDUH VDOHV DQG SURMHFW LPSOHPHQWDWLRQ UHYHQXH ,P
WRWDO RI IRU WKH VDPH FRPSDUDWLYH SHULRG

03RZHU *ROI

6HUYLFLQJ WKH JROI FOXEV DQG DVVRFLDWLRQ PDUNHWV LQ \$XVWUDO
PLOOLRQ ZKLFK LQFUHDVHG E\ IURP PLOOLRQ

7KH LQWHUQDWLRQDO JROI EXVLQHVV IURP WKH DFTXLVLWLRQ RI *ROI

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,QWHULP ILQDQFLDO UHSRUW ² 'HFHPEHU
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03RZHU *ROI FRQWULEXWHG PLOOLRQ (% ,7'\$ ZKLFK LQFUHDVHG IURP
JURZWK DV D UHVXOW RI WKH 3ULFDS DFTXLVWLRQ

7KH 'LUHFWRUV QRWH WKH FRPPHQWU\ LQ 1RWH E WR WKH LQWHULP
RQ D JRLQJ FRQFHUQ EDVLV 7KH QRWH GRHV KRZHYHU FRQFOXGH WKD
*URXS\ V DELOLW\ WR FRQWLQXH DV D JRLQJ FRQFHUQ 7KH FLUFXPVWD
WKLV DUH VHW RXW LQ GHWDLO LQ 1RWH E &RQVHTXHQWO\ WKH DX

'LYLGHQGV

1R GLYLGHQGV ZHUH SDLG WR VKDUHKROGHUV GXULQJ WKH SHULRG DQ
SHULRG

5RXQGLQJ RI DPRXQWV

7KH &RPSDQ\ LV RI D NLQG UHIHUHG LQ \$6,& &RUSRUDWLRQV 5RXQG
\$XVWUDOLDQ 6HFXULWLHV DQG ,QYHVPHQWV &RPLVVLRQ UHODWLQJ
LQWHULP ILQDQFLDO VWDWPHHQWV \$PRXQWV URXQGHG DUH URXQGHG

\$XGLWRUV ,QGSHQGHHQH 'HFODUDWLRQ

\$ FRS\ RI WKH \$XGLWRUV ,QGSHQGHHQH 'HFODUDWLRQV \$XGLWRUV
WKLV UHSRUW

6LJQHG LQ DFFRUGDQH ZLWK D UHVROXWLRQ &RUSRUDWLRQV \$PDGH SXU

2Q EHKDOI RI WKH 'LUHFWRUV



-RKQ 'RZQ
&KDLUPDQ

&UDLJ .LQURVV
0DQDJLQJ 'LUHFWRU DQG &KLHI ([HFXW

Auditor's Independence Declaration

As lead auditor for the review of MSL Solutions Limited for the half -year ended 31 December 2018 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.

This declaration is in respect of MSL Solutions Limited and the entities it controlled during the period.

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
28 February 2019

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)LQDQFLDO 6WDWHPHQWV

,QWHULP FRQVROLGDWHG VWDWHPHQW RI SURILW
PRQWKV HQGHG 'HFHPEHU

	1RWH	'HF	'HF
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5HYHQXH			
2WKHU LQFRPH			
&RVW RI VDOHV			
6DOHV DQG PDUNHWLQJ H[SHQVHV			
&XVWRPHU VXSSRUW DQG WHFKQLFDO VHUYLFHV			
5HVHDUFK DQG GHYHORSPHQW H[SHQVHV			
*HQHUDO DQG DGPLQLVWUDWLRQ H[SHQVHV			
2WKHU JDLQV DQG H[SHQVHV QHW			
'HSUHFLDWLRQ H[SHQVH			
\$PRUWLVDWLRQ H[SHQVH			
7UDQVDFWLRQ DQG UHVVWUXFWXULQJ FRVWV			
)LQDQFH FRVWV			
/RVV EHIRUH LQFRPH WD[
,QFRPH WD[EHQHILW			
/RVV IRU WKH SHULRG			
2WKHU FRPSUHKHQVLYH LQFRPH IRU WKH SHULRG			
7RWDO FRPSUHKHQVLYH ORVV IRU WKH SHULRG			
/RVV DWWULEXWDEOH WR			
2ZQHUV RI 06/ 6ROXWLRQV /LPLWHG			
7RWDO FRPSUHKQVLYH ORVV IRU WKH SHULRG DWWULEXWDEOH WR			
2ZQHUV RI 06/ 6ROXWLRQV /LPLWHG			
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\$775,%87\$%/(72 7+(25',1\$5< (48,7< +2/'(56 2) 7+(&203\$1<			
%DVLF HDUQLQJV SHU VKDUH FHQWV			
'LOXWHG HDUQLQJV SHU VKDUH FHQWV			

7KH DERYH LQWHULP FRQVROLGDWHG VWDWHPHQW RI SURILW RU ORV
DFFRPSDQ\LQJ QRWHV 3ULRU SHULRG KDV EHHQ UHVWDWHG UHIHU W

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,QWHULP FRQVROLGDWHG EDODQFH VKHHW DV DW

	1RWH	'HF	-XQ
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&XUUHQW DVVHWV			
&DVK DQG FDK HTXLYDOHQWV			
7UDGH UHFHLYDEOHV			
&RQUUDFW DVVHWV			
\$VVHWV KHOG IRU VDOH			
2WKHU FXUUHQW DVVHWV			
7RWDO FXUUHQW DVVHWV			
1RQ FXUUHQW DVVHWV			
5HFHLYDEOHV			
3URSHU\ SODQW DQG HTXLSPHQW			
,QWDQJLEOH DVVHWV	D		
2WKHU QRQ FXUUHQW DVVHWV			
7RWDO QRQ FXUUHQW DVVHWV			
7RWDO DVVHWV			
/,\$%,/,7,(6			
&XUUHQW OLDELOLWLHV			
7UDGH DQG RWKHU SD\DEOHV			
%RUURZLQJV			
3URYLVLRQV	E		
,QFRPH WD[SD\DEOH			
&RQUUDFW OLDELOLWLHV			
7RWDO FXUUHQW OLDELOLWLHV			
1RQ FXUUHQW OLDELOLWLHV			
%RUURZLQJV			
'HIHUHG WD[OLDELOW\			
3URYLVLRQV	E		
7RWDO QRQ FXUUHQW OLDELOLWLHV			
7RWDO OLDELOLWLHV			
1HW DVVHWV			
(48,7<			
&RQULEXWHG HTXLW\			
5HVHUYHV			
\$FFXPXODWHG ORVVHV			
7RWDO HTXLW\			

7KH LQWHULP FRQVROLGDWHG EDODQFH VKHHW VKRXOG EH UH DG LQ F
WR 1RWH D

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,QWHULP FRQVROLGDWHG VWDWHPHQW RI FKDQJHV
'HFHPEHU

&RQWULEXWLRQV DLQHG UHLJQ FXBNDH\EDVHG RWDQ
HTXLW\ HDUQLQJ WUDQVODWLRQW UHVHTXLYH
UHVHUYH

%DODQFH DV DW -XO\

7RWDO FRPSUHKHQVLYH LQFRPH IRU WKH SHULRG
3URILW ORVV IRU WKH SHULRG
2WKHU FRPSUHKHQVLYH LQFRPH
7RWDO FRPSUHKHQVLYH LQFRPH IRU WKH SHULRG

7UDQVDFWLRQV ZLWK RZQHUV LQ WKHLU FDSDFLW\ DV RZQHUV
&RQWULEXWLRQV RI HTXLW\ QHW RI WUDQVDFWLRQ FRVWV
7RWDO WUDQVDFWLRQV IRU WKH SHULRG

%DODQFH DV DW 'HFHPEHU

%DODQFHV DV UHSRUWHG -XQH
,PSDFW RI UHVWDWHPHQW
%DODQFH DV DW -XQH 5HVWDWHG

7RWDO FRPSUHKHQVLYH LQFRPH IRU WKH SHULRG
3URILW ORVV IRU WKH SHULRG
2WKHU FRPSUHKHQVLYH LQFRPH
7RWDO FRPSUHKHQVLYH LQFRPH IRU WKH SHULRG

7UDQVDFWLRQV ZLWK RZQHUV LQ WKHLU FDSDFLW\ DV RZQHUV
&RQWULEXWLRQV RI HTXLW\ QHW RI WUDQVDFWLRQ FRVWV
6KDUH EDVHG SD\PHQVV H[SHQVH
7RWDO WUDQVDFWLRQV IRU WKH SHULRG

&KDQJH LQ DFFRXQWLQJ SROLFLHV
5HVWDWHPHQWV \$\$6% LPSDFW
7RWDO UHVWDWHPHQWV GXH WR FKDQJH LQ DFFRXQWLQJ SROLFLHV

%DODQFH DV DW 'HFHPEHU

7KH DERYH LQWHULP FRQVROLGDWHG VWDWHPHQW RI FKDQJHV LQ HTX
KDV EHHQ UHVWDWHG UHIHU WR 1RWH D

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,QWHULP FRQVROLGDWHG VWDWHPHQW RI FDVK IO

	'HF	'HF
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&DVK IORZV IURP RSHUDWLQJ DFWLYLWLHV
5HFHLSWV IURP FXVWRPHUV
3D\PHQWV WR VXSSOLHUV HPSOR\HHV DQG RWKHUV
)LQDQFH FRVWV
\$FTXLVLWLRQ UHODWHG FRVWV
,QWHUHVW UHFHLYHG
1HW FDVK IORZV XVHG LQ RSHUDWLQJ DFWLYLWLHV

&DVK IORZV IURP LQYHVWLQJ DFWLYLWLHV
&DSLWDO H[SHQGLWXUH
\$FTXLVLWLRQ RI VXEVLGLDULHV QHW RI FDVK FDVK HTXLYDOHQWV
3URFHGGV IURP GLVSRVDOV RI LQYHVWPHQW
1HW FDVK IORZV XVHG LQ LQYHVWLQJ DFWLYLWLHV

&DVK IORZV IURP ILQDQFLQJ DFWLYLWLHV
5HSD\PHQW RI ERUURZLQJV
3URFHGGV IURP ERUURZLQJV
&RVWV SDLG RQ LVVXDQFH RI VKDUH FDSLWDO
1HW FDVK IORZV XVHG LQ ILQDQFLQJ DFWLYLWLHV

1HW FDVK RXWIORZ IRU WKH SHULRG

&DVK DW EHJLQQLQJ RI WKH SHULRG
(IIHFW RI IRUHLJQ H[FKDQJH

&DVK DW HQG RI WKH SHULRG

5HFRQFLOLDWLRQ RI FDVK
&DVK DQG FDVK HTXLYDOHQWV
%DQN RYHUGUDIW

7KH DERYH LQWHULP FRQVROLGDWHG VWDWHPHQW RI FDVKIORZV VKRX

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1RWHV WR WKH FRQVROLGDWHG ILQDQFLDO 5HSRUWLQJ HQWLW\

06/ 6ROXWLRQV /LPLWHG WKH &RPSDQ\ LV D FRPSDQ\ GRPLFLOHG LQ
SODFH RI EXVLQHVV LV /HYHO 4XHHQ 6WUHHW %ULVEDQH 4XHHQ

7KH FRQVROLGDWHG LQWHULP ILQDQFLDO UHSRUW RI WKH &RPSDQ\ DV
LWV VXEVLGDLHV WRJHWKHU UHIHUUHG WR DV WKH *URXS DQG LQGI

7KH *URXS LV D IRU SURILW HQWLW\ DQG LV SULPDULO\ LQYROYHG LQ V
VROXWLRQV WR FOLHQWV LQ WKH VSRUW OHLVXUH DQG KRVSLWDOLW\

- x *ROI FOXEV DQG DVVRFLDWLRQV
- x 5HJLVWHUHG FOXEV
- x 6WDGLD DQG DUHQDV DQG
- x 2WKHU KRVSLWDOLW\ DQG HQWHUWDLQPHQW YHQXH

D %DVLV RI SUHSDUDWLRQ

7KLV FRQVROLGDWHG LQWHULP ILQDQFLDO UHSRUW IRU WKH KDOI \HD
UHTXLUPH &RPSDQ\ DWHQV \$FFRXXQW \$1.6% 6WD, QWHULP)LQDQFLDO 5HSRUW

7KH FRQVROLGDWHG LQWHULP ILQDQFLDO UHSRUW GRHV QRW LQFOXG
\$FFRUGLQJO\ LW LV UHFRPPHQGHG WKDW WKLV LQWHULP ILQDQFLDO U
-XQH DQG DQ\ SXEOLF DQQRXQFHPHQWV PDGH E\ 06/ 6ROXWLRQV
LQ DFFRUGDQFH ZLWK FRQLQXXW &SURORXWLQW \$FWLUHPHQWV DULV

7KH DFFRXQWLQJ SROLFLHV DGRSWHG DUH FRQVLVWHQW ZLWK WKRVH I
IRU WKH DGRSWLRQ RI QHZ DQG DPHQGHHG VWDQGDUGV DV VHW RXW EH
WR DOLJQ ZLWK FXUUHQW SHULRG SUHVHQWDWLRQ 7KHVH DPHQGPHQW
3ULRU SHULRG UHVWDWHPHQW

7KH SULPDU\ VWDWHPHQWV H[FHSW IRU WKH FRQVROLGDWHG VWDWHP
EHHQ UHVWDWHG WR UHIOHFW WKH HIIHFW RI DGMXVWPHQWV LGHQWLI
ZDV QRW PDWHULDO WR WKH *URXS\ ILQDQFLDO VWDWHPHQWV +RZH
RI WKHVH LWHPV FRXOG EHFRPH PDWHULDO LQ WKH IXWXUH 7KH DGMX

- x 7LPLQJ RI UHYHQXH UHFRJQLWLRQ IRU KDUGZDUH VDOHV JURVV P
- x 'LVFRXQWLQJ LPSDFW RI QRQ FXUUHQW UHFHLYDEOHV ORVV EHIR
- x ,QFRPH WD[EHQHILW LQFUHDVH RI N IRU WKH WD[LPSDFW RI W

E *RLQJ FRQFHUQ DVVXPSWLRQ

7KH LQWHULP ILQDQFLDO VWDWHPHQWV DUH JHQUHO SXUSRVH ILQDQ
\$FFRXQWLQJ 6WDQGDUGV RWKHU DXWKRULWDWLYH SURQRXQFHPHQWV

\$V DW 'HFHPEHU WKH *URXS KDG QHW FDK RI PLOOLRQ SOX
PLOOLRQ DQG PLOOLRQ 7KH *URXS UHFRUGHG D ORVV DIWHU WD[
HQGHG 'HFHPEHU 'HFHPEHU PLOOLRQ ORVV DIWHU WD[

7KH *URXS KDV D ZRUNLQJ FDSLWDO GHILFLHQF\ RI PLOOLRQ DW
PLOOLRQ -XQH PLOOLRQ LQFOXGHG LQ WKH ZRUNLQJ FD
WKH *URXS UHODWLQJ WR UHYHQXH WR EH UHFRJQLVHG LQ WKH FRPLQ
KDV SRVLWLYH ZRUNLQJ FDSLWDO RI PLOOLRQ DW 'HFHPEHU

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7KH 'LUHFWRUV KDYH DSSURYHG FDK IORZ IRUHFDVWV WKDW LQGLFDV
PRQWKV IURP WKH GDWH RI DXWKRULVDWLRQ RI WKHVH ILQDQFLDO VW
H[SHQVH DVVXPSWLRQV XQGHUO\LQJ WKH IRUHFDVW DQG DV ZLWK DQ\
WKH *URXS¶V H[SHFWDWLRQV

,Q UHODWLRQ WR ZRUNLQJ FDSLWDO WKH *URXS KDV HQJDJHG DQ LQGH
IURP LQWHUHVWHG SDUWLHV 7KH EURNHU KDV DGYLWHG WKH *URXS K
GDWH RI WKL V UHSRUW YDOXLQJ 06/¶V WRWDO FXUUHQW KROGLQJ DW
*URXS KDV D VWURQJ IRFXV RQ WUDQVLWLRQLQJ WR UHFUULQJ UHYH
WKDQ SHUSHWXDO OLFHQVHV 7KH *URXS LV DFWLYHO\ ZRUNLQJ ZLWK
WUDQVLWLRQ

:KHWKHU WKH *URXS FDQ

x DFKLHYH LWV FDK IORZ IRUHFDVW IRU WKH QH[W PRQWKV DQG
x UHOLVH DW OHDVW PLOOLRQ LQ FDK SURFHGHV IURP WKH V
UHSUHVHQW PDWHULDO XQFHUWDLQLHV WKDW PD\ FDVW VLJQLILFDQV
WKDW LW PD\ QRW EH DEOH WR UHOLVH LWV DVVHWV DQG GLVFKDUJH
'HVSFWH WKHVH XQFHUWDLQLHV WKH 'LUHFWRUV DUH RI WKH YLHZ W
DGRSWHG WKH JRLQJ FRQFHUQ EDVLV IRU WKH SUHSDUDWLRQ RI WKH I

F 1HZ DQG DPHQGHHG VWDQGDUGV DGRSWHG E\ WKH JURXS

\$ QXPEHU RI QHZ RU DPHQGHHG VWDQGDUGV EHFDPH DSSOLFDEOH IRU V
SROLFLHV DQG PDGH UHWURVSHFWLYH DGMXVWPHQWV DV D UHVXOW RI

x \$\$6%LQDQFLDO DQG VUXPHQW
x \$\$6%5HYHQXH IURP &RQWUDFWV ZLWK &XVWRPHUV

7KH LPSDFW RI WKH DGRSWLRQ RI WKHVH VWDQGDUGV DQG WKH QHZ D
QRW KDYH DQ\ LPSDFW RQ WKH JURXS¶V DFFRXQWLQJ SROLFLHV DQG G
&HUWDLQ QHZ DFFRXQWLQJ VWDQGDUGV DQG LQWHUSUHWDWLRQV KDYH
SHULRG DQG KDYH QRW EHHQ HDUO\ DGRSWHG E\ WKH *URXS 7KH *URX
LQWHUSUHWDWLRQV LV VHW RXW EHORZ

G ,PSDFW RI VWDQGDUGV LVVXHGX EXW QRW \HW DSSOLHG E\ WKH HQ

\$\$6% ZDV LVVXHGX LQ)HEUXDU\ ,W ZLOO UHVXOW LQ DOPRVW DO
EHWZHHQ RSHUDWLQJ DQG ILQDQFH OHDVHV LV UHPRYHG 8QGHU WKH
OLDELOLW\ WR SD\ UHQWDOV DUH UHFRJQLVHG 7KH RQO\ H[FHSWLRQV

7KH DFFRXQWLQJ IRU OHVVRUV ZLOO QRW VLJQLILFDQWO\ FDKQJH

7KH VWDQGDUG ZLOO DIIHFW SULPDULO\ WKH DFFRXQWLQJ IRU WKH *UR
FDQFHODEOH RSHUDWLQJ OHDVH FRPPLWPHQWV RI PLOOLRQ +RZH
ZLOO UHVXOW LQ WKH UHFRJQLWLRQ RI DQ DVVHW DQG D OLDELOLW\ IR
FDVKIORZV

6RPH RI WKH FRPPLWPHQWV PD\ EH FRYHUHG E\ WKH H[FHSWLRQ IRU V
DUUDQJHPHQWV WKDW ZLOO QRW TXDOLI\ DV OHDVHV XQGHU \$\$6%

7KH VWDQGDUG LV PDQGDWRU\ IRU ILUVW LQWHULP SHULRGV ZLWKLQ D
QRW LQWHQG WR DGRSW WKH VWDQGDUG EHIRUH LWV HIIHFWLYH GDWH

7KHUH DUH QR RWKHU VWDQGDUGV WKDW DUH QRW \HW HIIHFWLYH DQG
IXWXUH UHSRUWLQJ SHULRGV DQG RQ IRUHVHHDEOH IXWXUH WUDQVDF

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&KDQJHV LQ DFFRXQWLQJ SROLFLHV

7KLW QRWH H[SODLQV WKH LPSDFW RI DQG DGRSWHG UHWURVSHFWLYHO\ IRP \$\$6% QWR DFW
WKH *URXS\ V ILQDQFLDO VWDWHPHQWV DQG DOVR GLVFORVHV WKH QH
GLIIHUHQW WR WKRVH DSSOLHG LQ SULRU SHULRGV

D ,PSDFW RQ WKH ILQDQFLDO VWDWHPHQWV

\$V D UHVXOW RI WKH FKDQJHV LQ WKH HQWLW\ V DFFRXQWLQJ SROLFL
E EHORZ \$\$6% DQG ZHUH DGRSWHG UHWURVSHFWLYHO\ ZLWK WK
GDWH RI LQLWLDO DSSOLFDWLRQ -XO\ 7KH UHFODVVLILFDWLRQV
WKHUHIRUH QRW UHIOHFWHG LQ WKH UHVWDWHG EDODQFH VKHHW DV D

7KH IROORZLQJ WDEOHV VKRZ WKH DGMXVPHQWV UHFRJQLVHG IRU HD
KDYH QRW EHHQ LQFOXGHG \$V D UHVXOW WKH VXE WRWDOV DQG WRW
DGMXVPHQWV DUH H[SODLQHG LQ PRUH GHWDLO EHORZ

	-XQH \$GMXVWHG \$\$6%	-XQH 5HVWDWHG \$\$6%	-XO\ 5HVWDWHG
\$66(76			
&XUUHQWDVVHWV			
7UDGH DQG RWKHU UHFHLYDEOHV			
&RQUDFW DVVHWV			
7RWDO FXUUHQW DVVHWV			
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'HIUUHG 5HYHQXH			
&RQUDFW OLDELOLWLHV			
7RWDO FXUUHQW OLDELOLWLHV			
1RQ FXUUHQW OLDELOLWLHV			
'HIUUHG WD\ OLDELO\			
7RWDO QRQ FXUUHQW OLDELOLWLHV			
7RWDO OLDELOLWLHV			
1HW DVVHWV			
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\$FFXPXODWHG ORVVHV			
7RWDO HTXLW\			

%DODQFH UHIOHFWV DGMXVPHQWV LQ QRWH D

E \$\$6% LQDQFLDO ELPSDFW RQ DGRSWLRQ

\$\$6% UHSODFHV WKH SURYLVLRQV RI \$\$6% WKDW UHODWH WR WKH
ILQDQFLDO OLDELOLWLHV GHUFRJQLWLRQ RI ILQDQFLDO LQVWUXPHQ

7KH DGRSWLRQ RI \$\$6% LQDQFLDO ,QVWUXPHQWV IURP -DQXDU\
DPRXQWV UHFRJQLVHG LQ WKH ILQDQFLDO VWDWHPHQWV 7KH QHZ DFF
WUDQVLWLRQDO SURYLVLRQV LQ \$\$6% DQG FRPSDUDWLY

7KH WRWDO LPSDFW RI WKH JURXS\ UHWDLQHG HDUQLQJV DV DW -X

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[REDACTED]

&ORVLQJ UHWDLQHG HDUQLQJV -XQH \$\$6%
,QFUHDVH LQ HVWLPLDWHG FUHGLW ORVV SURYLVLRQ IRU WUDGH UHFHLYDEOHV
,QFUHDVH LQ HVWLPLDWHG FUHGLW ORVV SURYLVLRQ IRU FRQWUDFW DVVHW
,QFUHDVH LQ HVWLPLDWHG FUHGLW ORVV SURYLVLRQ IRU GHEW LQYHVWPHQW
,QFUHDVH LQ GHIHUUHG WD[DVVHWV UHODWLQJ WR LPSDLUPHQW SURYLVLRQ
\$GMXVWPHQWV WR UHWDLQHG HDUQLQJV IURP DGRSWLRQ RI \$\$6% RQ -
2SHQLQJ UHWDLQHG HDUQLQJV -XO\ \$\$6%

L ,PSDLUPHQW RI ILQDQFLDO DVVHWV
7KH JURXS KDV WKUHH W\SHV RI ILQDQFLDO DVVHWV WKDW DUH Vxemhu

- x 7UDGH UHFHLYDEOHV IRU VDOHV IURP DOO UHYHQXH VWUHDPLV
- x &RQWUDFW DVVHWV IRU VDOHV IURP DOO UHYHQXH VWUHDPLV DQG
- x 'HEW LQYHVWPHQWV FDUULHG DW DPRUWLPHG FRVW

7KH *URXS ZDV UHTXLHG WR UHYLVH LWV LPSDLUPHQW PHWKRGORJ\ FDKQJH LQ LPSDLUPHQW PHWKRGORJ\ RQ WKH JURXS\U UHWDLQHG HD

:KLOH FDVK DQG FDVK HTXLYDOHQWV DUH DOVR Vxemhfw WR WKH LPSDLPPDWHULDO

7UDGH UHFHLYDEOHV DQG FRQWUDFW DVVHWV ZLWKRXW VLJQLILFDQW

7KH JURXS DSSOLHV WKH \$\$6% VLPSOLILHG DSSURDFK WR PHDVXULQJ IRU DOO WUDGH UHFHLYDEOHV DQG FRQWUDFW DVVHWV

7R PHDVXUH WKH H[SHFWHG FUHGLW ORVVHV WUDGH UHFHLYDEOHV DQG FDKUDFWHULVWLFV DQG WKH GD\ SDVW GXH 7KH FRQWUDFW DVVHWV DQG KDYH VXEWDQWLDOO\ WKH VDPH ULVN FDKUDFWHULVWLFV DV WK

2Q WKDW EDVLV WKH ORVV DOORZDQFH DV DW -XO\ ZDV GHWHUPLQHG SHUFHQWDJH LV DSSOLHG WR WKH UHFHLYDEOHV DQG WKH FRQWUDFW SUHVHQWDWLRQ FXUUHQF\

75\$'(5(&(.9\$%/(6 -81(\$8' 7RWDO &XUUHQW 0RQWK 0RQWK
(&/
*URVV FDUU\LQJ DPRXQW \$8'
7RWDO SURYLVLRQ \$8'

&RQWUDFW DVVHW ZLWKRXW ILQDQFLQJ FRPS
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*URVV FDUU\LQJ DPRXQW \$8'
7RWDO SURYLVLRQ \$8'

7KH ORVV DOORZDQFHV IRU WUDGH UHFHLYDEOHV DQG FRQWUDFW DVVHWV IROORZV

[REDACTED] &RQWUDFW \$VVHWV 7UDGH U

\$W -XQH SURYLVLRQ KHOG
\$PRXQW UHVWDWHG WKURXJK RSHQLQJ UHWDLQHG HDUQLQJV
2SHQLQJ ORVV DOORZDQFH DV DW -XO\ FDOFXODWHG XQHU \$\$6%

7UDGH UHFHLYDEOHV DQG FRQWUDFW DVVHWV DUH ZULWWHQ RII ZKHQ UHODVHQDEOH H[SHFWDWLRQ RI UHFRYHU\ LQFOXGH DPRQJW RWKHUV IDLOXUH WR PDNH FRQWUDFWXDO SD\PHQWV IRU D SHULRG RI JUHDWHU

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&RQWUDFW DVVHWV ZLWK VLJQLILFDQW ILQDQFLQJ FRPSRQHQWV

,Q DGGLWLRQ WR WUDGH UHFHLYDEOHV DQG FRQWUDFW DVVHWV ZLWK
LQFOXGH ILQDQFLQJ FRPSRQHQWV 7KH *URXS KDV HOHFWHG WKH VLPS
OLIHWLPH H[SHFWHG ORVV DOORZDQFH

%DVHG RQ WKH FUHGLW KLVWU\ DQG LQIRUPDWLRQ DYDLODEOH WR W
GHWHUPLQH

	&RQWUDFW YDOXH	\$OORZ
\HDU FRQWUDFWV		
\HDU FRQWUDFWV		
7RWDO		

*LYHQ WKH ORQJVWDQGLQJ UHODWLRQVKLS ZLWK WKH FXVWRPHUV WK
WKRVLH FXVWRPHUV WKH HVWLPDWHG FUHGLW ORVV KDV EHHQ DVVHV
7KH LPSDFW RQ RSHQLQJ DFFXPXODWHG ORVVHV DV DW -XO\ LV D

\$W	-XQH	SURLVLVRQ KHOG
\$PRXQWV	UHVWDWHG	WKURXJK RSHQLQJ
UHWDLQH	HUQLQJV	
2SHQLQJ	ORVV DOORZDQFH	DV DW -XO\
FDOFXODWHG	XQGHU	\$6%

'HEW LQYHVWPHQWV FDUULHG

\$OO RI WKH *URXS\ RWKHU GHEW LQYHVWPHQWV DW DPRUWLVHG FRV
GXULQJ WKH SHULRG ZDV WKHUHIRUH OLPLWHG WR PRQWKV H[SHFW
ORZ ULVN RI GHIDXOW DQG WKH LVVXHU KDV D VWURQJ FDSDFW\ WR P
2Q WKDW EDVLV WKH ORVV DOORZDQFH DW -XQH ZDV GHWHUPLQH

3UHY	5HFODVVLILFDWLRQ	5HPH	\$6%
FDUULQJ	DPRXQW	FDUL	
		DPR	

/RDQ 5HFHLYDEOH
,QLWLDO ORDQ
,QWHUHVW
([SHFWHG FUHGLW ORVV (&/ DW
5HPHDVXUHPHQW
&ORVLQJ EDODQFH

F \$6%LQDQFLDO EDVFXQWV SROLFLHV DSSOLHG IURP -XO\

L ,QYHVWPHQWV DQG RWKHU ILQDQFLDO DVVHWV
&ODVVLILFDWLRQ

)URP -XO\ WKH *URXS FODVVLILHV LWV ILQDQFLDO DVVHWV LQ WK

- x 7KRVH WR EH PHDVXUHG VXEVTXHQWO\ DW IDLU YDOXH HLWKHU
ORVV DQG
- x 7KRVH WR EH PHDVXUHG DW DPRUWLVHG FRVW

7KH FODVVLILFDWLRQ GHSHQGV RQ WKH HQWLW\ EXVLQHV PRGHO IF

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)RU DVVHWV PHDVXUHG DW IDLU YDOXH JDLQV DQG ORVVHV ZLOO HLW
WKDW DUH QRW KHOG IRU WUDGLQJ WKLW ZLOO GHSHQG RQ ZKHWKHU
DFFRXQW IRU WKH HTXLW\ LQYHVWPHQW DW IDLU YDOXH WKURXJK RWK

7KH *URXS FODVVLILHV GHEW LQYHVWPHQWV ZKHQ DQG RQO\ ZKHQ LW\

0HDXUHPHQW

\$W LQLWLDO UHFRJQLWLRQ WKH JURXS PHDVXUHV D ILQDQFLDO DVVHV
SURILW RU ORVV ³)93/' WUDQVDFWLRQ FRVWV WKDW DUH GLUHFWO\ D
ILQDQFLDO DVVHWV FDUULHG DW)93/ DUH H[SHQVHG LQ SURILW RU OR

)LQDQFLDO DVVHWV ZLWK HPEHGGHG GHULYDWLYHV DUH FRQVLGHUHG
SD\PHQW RI SULQFLSOH DQG LQWHUHV

'HEW LQVWUXPHQWV

6XEVTXHQW PHDVXUHPHQW RI GHEW LQVWUXPHQWV GHSHQGV RQ WKH
FKDUDFWHULVWLFV RI WKH DVVHW 7KHU DUH WKUHH PHDVXUHPHQW

- x \$PRUWLHG FRVW \$VVHWV WKDW DUH KHOG IRU FROOHFWLRQ RI
SD\PHQWV RI SULQFLSDO DQG LQWHUHV DUH PHDVXUHG DW DPR
ILQDQFH LQFRPH XVLQJ WKH HHHFWLYH LQWHUHV UDWH PHWKRG
SURILW RU ORVV DQG SUHVHQWHG LQ RWKHU JDLQV ORVVHV WR
SUHVHQWHG DV D VHSDUDWH OLQH LWHP LQ WKH VWDWHPHQW RI
- x)92&, \$VVHWV WKDW DUH KHOG IRU FROOHFWLRQ RI FRQWUDFWX
IORZV UHSUHVHQW VROHO\ SD\PHQWV RI SULQFLSDO DQG LQWHU
WDNHQ WKURXJK 2&, H[FHSW IRU WKH UHFRJQLWLRQ RI LPSDLUPH
ORVVHV ZKLFK DUH UHFRJQLHG LQ SURILW RU ORVV :KHQ WKH
UHFRJQLHG LQ 2&, LV UHFODVVLILHG IURP HTXLW\ WR SURILW RU
WKHVH ILQDQFLDO DVVHWV LV LQFOXGHG LQ ILQDQFH LQFRPH XVL
ORVVHV DUH SUHVHQWHG LQ RWKHU JDLQV ORVVHV DQG LPSDLU
RI SURILW RU ORVV
- x)93/ \$VVHWV WKDW GR QRW PHHW WKH FULWHULD IRU DPRUWLHG
LQYHVWPHQW WKDW LV VXEVTXHQWO\ PHDVXUHG DW)93/ LV UHF
LQ WKH SHULRG LQ ZKLFK LW DULVHV

(TXLW\ LQVWUXPHQWV

7KH JURXS VXEVTXHQWO\ PHDVXUHV DOO HTXLW\ LQYHVWPHQWV DW
JDLQV DQG ORVVHV RQ HTXLW\ LQYHVWPHQWV LQ 2&, WKHU LV QR VX
IROORZLQJ WKH GHUFRJQLWLRQ RI WKH LQYHVWPHQW 'LYLGHQGV IUR
LQFRPH ZKHQ WKH JURXS¶V ULJKW WR UHFHLYH SD\PHQWV LV HVWDEOL

&KDQJHV LQ WKH IDLU YDOXH RI ILQDQFLDO DVVHWV DW)93/ DUH UHFR
DSSOLFDEOH ,PSDLUPHQW ORVVHV DQG UHYHUVDO RI LPSDLUPHQW OR
IURP RWKHU FKDQJHV LQ IDLU YDOXH \$W WKH UHSRUWLQJ GDWH WKH

,PSDLUPHQW

)URP -XO\ WKH JURXS DVVHVHV RQ D IRUZDUG ORRNLQJ EDVLV V
DPRUWLHG FRVW DQG)92&, 7KH LPSDLUPHQW PHWKRG RORJ\ DSSOLHG
ULVN)RU WUDGH UHFHLYDEOHV WKH JURXS DSSOLHV WKH VLPSOLILH
EH UHFRJQLHG IURP LQLWLDO UHFRJQLWLRQ RI WKH UHFHLYDEOHV

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G \$\$\$6% 5HYHQXH IURP &RQWUDFWV ZLWK &XVWRPHU ² LPSDFW RI D
7KH JURXS KDV DGRSWHG \$\$\$6% 5HYHQXH IURP &RQWUDFWV ZLWK &XV
SROLFLHV DQG DGMXVWPHQWV WR WKH DPRXQWV UHFRJQLVHG LQ WKH
WKH *URXS KDV DGRSWHG WKH QHZ UXOHV UHWURVSHFWLYHO\ DQG KDV
UHWURVSHFWLYH DSSOLFDWLRQ RI \$\$\$6% GLG QRW KDYH DQ\ LPSDFW
ZHUH PDGH WR WKH DPRXQWV UHFRJQLVHG LQ WKH EDODQFH VKHHW D

	1RWH	\$\$\$6% DPRXQW	FD -XQH	5HFODVVILFDWLRQ	\$\$\$6% 5HPHDVXU DPRXQW	FD
7UDGH DQG RWKHU UHFHLYDEOHV						L
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'HIHUHG UHYHQXH						L
&RQWUDFW OLDELWLHV						L

L 3UHVHQWDWLRQ RI DVVHWV DQG OLDELWLHV UHODWHG WR
7KH *URXS KDV DOVR YROXQWDULO\ FKDQJHG WKH SUHVHQWDWLRQ RI
DQG \$\$\$6%

- x &RQWUDFW DVVHWV UHFRJQLVHG LQ UHODWLRQ WR DFFUXHG UHYH
- x &RQWUDFW OLDELWLHV LQ UHODWLRQ WR SRVW VDOHV VXSSRUW

H \$\$\$6% 5HYHQXH IURP &RQWUDFWV ZLWK FXVWRPHUV ² DFFRXQWL
7KH *URXS UHFRJQLVHV UHYHQXH IURP HLWKHU LQGLYLGXDO RU PXOWL
LV PDGH DV WR ZKHWKHU WKHVH JLYH ULVH WR VHSDUDWH SHUIRUPDQ
HDFK LQGLYLGXDO HOHPHQW FRQWDLQHG ZLWKLQ WKH FRQWUDFW

&XVWRPHU FRQWUDFWV DQQXLWLHV ² FRQWUDFW OLDELWL\

7LPLQJ RI ~~7KH *URXS~~ UHFRJQLVHV WKH UHYHQXH IURP FXVWRPHU FDUH
WKH FRQWUDFW DV WKH FXVWRPHU LV UHFHLYLQJ DQG FRQVXPLQJ WK
FRPPHQFHQW RI WKH VXSSRUW SHULRG ZLWK WKLV LQYRLFHG DPRXQ

0HDVXUHPHQW ~~5HFRJQLVHG~~ UHYHQXH SHU VXSSRUWHG OLFHQVH PRGXOH
*URXS KDV D FDQFHODWLRQ SROLF\ RI GD\

6XEVFULSWLRQ DQQXLWLHV ² FRQWUDFW OLDELWL\

7LPLQJ RI ~~7KH *URXS~~ UHFRJQLVHV WKH UHYHQXH IURP 6DD6 RU VXEVL
FRQWUDFWV IURP ZKLFK WKH FXVWRPHU LV UHFHLYLQJ DQG FRQVXPLQ
GLVWLQFW IURP HDFK RWKHU DQG DV VXFK DUH UHFRJQLVHG DV D EXQ
WKH VXEVFULSWLRQ SHULRG ZLWK WKLV LQYRLFHG DPRXQW GHIHUHG

0HDVXUHPHQW ~~5HFRJQLVHG~~ UHYHQXH IRU HDFK VXEVFULSWLRQ OLFHQVH
SULFHV

%RRNLQJ IHHV UHIHUUDO IHHV

7LPLQJ RI ~~7KH *URXS~~ DFFRXQWV IRU ERRNLQJ DQG UHIHUUDO UHYHQXH
UHYHQXH LV UHFRJQLVHG DW D SRLQW LQ WLPH ZKHQ DOO REOLJDWLR

0HDVXUHPHQW ~~5HFRJQLVHG~~ UHIHUUDO UHYHQXH LV EDVHG RQ FRPPLVVL
WKLUG SDUW\ WKLV LV DQ DJHQF\ DUUDQJHPHQW ZKHUH 06/ LV DQ DFW
DJHQF\ DUUDQJHPHQW LV UHFRJQLVHG

6\VWHP LQVWDOODWLRQV SURIHVVLRQDO VHUULFHV ² FRQWUDFW OLDEL

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7LPLQJ RI ~~5HFRJQLVHG~~ V\ VWHP LQVWDOODWLRQV LV UHFRJQLVHG RY
UHQQGHUHG)RU IL[HG SULFH FRQWUDFWV UHYHQXH LV UHFRJQLVHG ED
SURSRUWLRQ RI WKH WRWDO VHUYLFHV WR EH SURYLGHG LQSXW PHW
FRQWUDFW OLDELOLW\ RU FRQWUDFW DVVHW IRU WKL V UHYHQXH

0HDVXUHPHQW ~~VR~~ ~~IL~~ ~~WHV~~ ~~QX~~ UHYHQXH FRVW RU H[WHQW RI SURJUHVV
UHVXOWLQJ LQFUHDVHV RU GHFUHDVHV LQ WKH HVWLPDWHG UHYHQXH
FLUFXPVWDQFHV WKDW JLYH ULVH WR WKH UHVLVLRQ EHFRPH NQRZQ E

-XGJHPHQW ~~URXS~~ KDV GHWHUPLQHG WKDW LW LV D VHSDUDWH SHUIRUP

- x WKH VHUYLFHV DUH JHQHULF
- x WKH\ FRXOG EH SURYLGHG E\ D WKLUG SDUW\ DQG
- x WKH\ GR QRW VLJQLILFDQWO\ PRGL\ WKH VRIWZDUH RU KDUGZDUH

6RIWZDUH IHHV DQG UR\DOWLHV

7LPLQJ RI ~~7KH~~ ~~FR~~ ~~VL~~ ~~DOOV~~ D UDQJH RI VRIWZDUH DSSOLFDWLRQV RQ
RI WKH VRIWZDUH KDV EHHQ WUDQVIHUHG WR WKH FXVWRPHU HQDEOL
UHFRJQLVHG DW D SRLQW LQ WLPH RQFH WKLV REOLJDWLRQ LV FRPSOH
LQGLYLGXDOO\ PHDVXUH

0HDVXUHPHQW ~~VR~~ ~~IL~~ ~~WHV~~ ~~QX~~ VDOHV LV EDVHG RQ WKH SULFH VSHFLILHG
WKH WLPH RI VDOH \$FFXPXODWHG H[SHULHQFH LV XVHG WR HVWLPDWH

+DUGZDUH IHHV

7LPLQJ RI ~~7KH~~ ~~FR~~ ~~VL~~ ~~DOOV~~ D ODUJH UDQJH RI KDUGZDUH DSSOLFDWL
EHHQ WUDQVIHUHG WR WKH FXVWRPHU HQDEOLQJ WKHP WR GLUHFV V
WLPH RQFH WKLV REOLJDWLRQ LV FRPSOHWH 7KH KDUGZDUH LV SURYL

0HDVXUHPHQW ~~VR~~ ~~IL~~ ~~WHV~~ ~~QX~~ VDOHV LV EDVHG RQ WKH SULFH VSHFLILHG
WKH WLPH RI VDOH \$FFXPXODWHG H[SHULHQFH LV XVHG WR HVWLPDWH

\$GYHUWLVVLRQJ

7LPLQJ RI ~~7KH~~ ~~FR~~ ~~VL~~ ~~DOOV~~ FRJQLVHV UHYHQXH RYHU D SHULRG RI WLPH J
FRQWUDFWV UHYHQXH LV UHFRJQLVHG EDVHG RQ WKH DFWXDO VHUYLF
VHUYLFHV WR EH SURYLGHG LQSXW PHWKRQ 'HSHQGLQJ RQ WKH ELO
FRQWUDFW DVVHW IRU WKL V UHYHQXH

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6HJPHQW LQIRUPDWLRQ

D 'HVFULSWLRQ RI VHJPHQWV DQG SULQFLSDO DFWLYLWLHV

7KH *URXS\ V H[FXWLYH PDQDJHPHQW WHDP FRQVLVWLQJ RI WKH &KL
2IILFHU &KLHI 7HFKQRORJ\ 2IILFHU DQG &KLHI 3URGXFW ,QQRYDWLRQ
SHUVSHFWLYH ZLWK HQWLWLHV LQ VLPLODU PDUNHWV JURXSHG RQ D J

03RZHU 9MDMLFHV WKH VWDGLD DQG DUHQD DQG UHJLVWHUHG FO

03RZHU ~~VR~~ ~~IL~~ ~~WHV~~ ~~QX~~ JROI FOXEV DQG DVVRFLDWLRQV PDUNHW F

03RZHU (PHUJLQJ ~~WHV~~ ~~QX~~ WKH DJHG FDUH LQGXFVWU\ DQG WKH VSR

&RUSR ~~SD~~ ~~WHV~~ ~~QX~~ FRUSRUDWH JRYHUQDQFH RYHUKHDGV IRU DOO R

0DQDJHPHQW SULPDULO\ XVHV D PHDVXUH RI UHYHQXH DQG DGMXVWHG
DVVHVW WKH SHUIRUPDQFH RQ D PRQWO\ EDVLV ,QIRUPDWLRQ DERXW

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	\$	\$	\$	\$	\$
5HYHQXH IURP H[WHUQDO FXVWRPHUV					
7LPLQJ RI UHYHQXH UHFRJQLWLRQ					
\$W D SRLQW LQ WLPH					
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5HYHQXH IURP H[WHUQDO FXVWRPHUV					
7LPLQJ RI UHYHQXH UHFRJQLWLRQ					
\$W D SRLQW LQ WLPH					
2YHU WLPH					
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\$GMXVWHG (% ,7'\$					

\$GMXVWHG (% ,7'\$ H[FOXGHV WKH HIIHFWV RI VLJQLILFDQW QRQ UHFUX
TXDOLW\ RI HDUQLQJV VXFK DV WUDQVDFWLRQ FRVWV LPSDFWV IURP I
DFTXLVLWLRQ DFFRXQWLQJ

F 6HJPHQW \$GMXVWHG (% ,7'\$ UHFRQFLOLDWLRQ WR ORVV EHIRUH WD

5HFRQFLOOLDWLRQ RI 'HJPHQW'HF 5
DGMXVWHG (% ,7'\$ WR SURILW ORVV
EHIRUH LQFRPH WD[

6HJPHQW DGMXVWHG (% ,7'\$
2WKHU JDLQV DQG H[SHQVHV QHW
'HSUHFLDWLRQ H[SHQVH
\$PRUWLVDWLRQ H[SHQVH
7UDQVDFWLRQ DQG UHVWUXFWLQJ FRVWV
)LQDQFH FRVWV
/RVV EHIRUH LQFRPH WD[

6DOHV EHWZHHQ VHJPHQWV DUH FDUULHG RXW DW DUP¶V OHQJWK DQ
PHDVXUHG LQ WKH VDPH ZD\ DV LQ WKH FRQVROLGDWHG VWDWHPHQW I

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%XVLQHVV &RPELQDWLRQV

6SHFLILFV LQ UHODWLRQ WR HDFK RI WKH VH DFTXLVLWLRQV DQG FRQW

D &RQLQJHQW FRQLGHUDWLRQ

7KH WDEOH EHORZ LOOXVUDWHV WKH FRQLQJHQW FRQLGHUDWLRQ

5RFNLW	*ROI%R[3DOOLVWHU	*DPHV	3ULFD
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%DODQFH -XO\
\$GG
&XUUHQW FRQLQJHQW FRQLGHUDWLRQ

/HVV
&RQLQJHQW FRQLGHUDWLRQ SDLG

%DODQFH 'HFHPEHU

5RFNLW 3W\ /WG

\$V SDUW RI WKH GHG RI YDULDWLRQ SUHYLRXVO\ H[HFxWHG ZLWK WK
LQ OLQH ZLWK SHUIRUPDQFH WDUJHWV GHWDLOHG LQ WKLV GHG 7KH
DQ LQFUHDVH RI N IURP -XQH

*ROI%R[\$ 6 3ULFDS ;FLWH

\$OO FRQLQJHQW FRQLGHUDWLRQ DQG GHIHUUHG SD\PHQWV WR WKH

3DOOLVWHU *DPHV

\$V SDUW RI WKH DPHQGHG HDUQRXW DJUHHPHQW SD\PHQW IRU WKH D

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5HYHQXH

7KH &RPSDQ\ GHULYHV WKH IROORZLQJ W\SHV RI UHYHQXH

&RQVROLGDWHG
'HF 'HF

5HFXUULQJ UHYHQXH
&XVWRPHU FRQWUDFWV DQQXLWLHV
6XEVFULSWLRQ DQQXLWLHV
7RWDO 5HFXUULQJ UHYHQXH

1RQ UHFXUULQJ UHYHQXH
%RRNLQJ IHHV
6\ VWHP LQVWDOODWLRQV
6RIWZDUH IHHV DQG UR\DOWLHV
+DUGZDUH IHHV
\$GYHUWLVVLQJ

2WKHU
7RWDO 1RQ UHFXUULQJ UHYHQXH

5HYHQXH IURP 2SHUDWLQJ \$FWLYLWLHV

2WKHU ,QFRPH
*DLQ RQ VDOH RI DQ DVVHW
6HWWOHPHQW RI SURIHVVLRQDO PDWWHUV
,QWHUHVW
7RWDO

5HYHQXH IRU WKH SHULRG HQGHG 'HFHPEHU KDV EHHQ UHVWDWHG
-XQH ,QWHUHVW LQFRPH SUHYLRXVO\ DFFRXQWHG IRU DV 2WKHU
FRVWV RQ WKH FRQVROLGDWHG VWDWHPHQW RI SURILW RU ORVV DQG

%RUURZLQJV

,Q 2FWREHU WKH *URXS HQWHUHG D QHZ ORDQ IDFLOLW\ WR UHIUH
WKH IDFLOLW\ ZDV PLOOLRQ ZKLFK DPRUWLHV RYHU D PRQWK SHU

7KH ORDQ LV D YDULDEOH UDW \$XVUDOLDQ GROODU GHQRPLQDWHG
WKH HQWLW\ V H[SRVXUH WR IRUHLJQ H[FKDQJH DQG FDK IORZ LQWHU

)DFLOLW\ IHHV RI N ZHUH SD\DEOH WR WKH OHQGHU XSRQ VLJQLQJ W
DGPLQLVWUDWLYH H[SHQVHV \$V DW WKH UHSRUWLQJ GDWH WKHUH LV
ERUURZLQJV

7KH ORDQ DJUHHPHQW FRQWDLQV QR ILQDQFLDO FRYHQDQWV DQG WKH
,QGHPQLW\ RYHU WKH \$XVUDOLDQ HQWLWLHV RI WKH *URXS

\$V DW 'HFHPEHU WKH FRQWUDFWXDO PDWXULWLHV RI WKH *URXS

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,QWHULP ILQDQFLDO UHSRUW ² 'HFHPEHU
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&RQWUDFWXDO PDWXULMLHV RI ILQDQFLDO WZHH(7RWDO FI &DUU\LQJ
OLDELOLWLHV PRQKV \HUV FDK IORZV DVV
\$V DW 'HFHPEHU OLDE

1RQ GHULYDWLYHV
7UDGH SD\DEOHV
)LQDQFH OHDVH OLDELOLWLHV
2WKHU SD\DEOHV
%RUURZLQJV H[FOXGLQJ OHDVH OLDELOLWLHV
7RWDO

&RQWUDFWXDO PDWXULMLHV RI ILQDQFLDO WZHH(7RWDO FI &DUU\LQJ
OLDELOLWLHV PRQKV \HUV FDK IORZV DVV
\$V DW -XQH OLDE

1RQ GHULYDWLYHV
7UDGH SD\DEOHV
)LQDQFH OHDVH OLDELOLWLHV
2WKHU SD\DEOHV
'HIHUHG FRQVLGHUDWLRQ
7RWDO

7KH *URXS¶V XQGUDZQ ERUURZLQJ IDFLOLWLHV ZHUH DV IROORZV

&RQVROLGDWH
'HF

9DULDEOH UDW H[SLULQJ EH\RQG RQH \HUV

)DLU YDOXH PHDVXUHPHQW RI ILQDQFLDO LQVW

D 5HFRJQLVHG IDLU YDOXH PHDVXUHPHQWV

L)DLU YDOXH KLHUDUFK\

7KLV VHFWRU H[SODLQV WKH MXGJPHQWV DQG HVWLPDWHV PDGH LQ G
PHDVXUHG DW IDLU YDOXH LQ WKH ILQDQFLDO VWDWHPHQWV 7R SURYL
WKH *URXS KDV FODVVLILHG LWV ILQDQFLDO LQVWUXPHQWV LQWR WKH
OHYHO IROORZV XQGHUQHDWK WKH WDEOH

	/HYHO	'HF /HYHO	/HYH
)LQDQFLDO OLDELOLWLHV			
&RQLQJHQW FRQVLGHUDWLRQ	(DUQRXW	SURLVLRQ	
7RWDO ILQDQFLDO OLDELOLWLHV			

	/HYHO	-XQ /HYHO	/HYH
)LQDQFLDO OLDELOLWLHV			
&RQLQJHQW FRQVLGHUDWLRQ	(DUQRXW	SURLVLRQ	
7RWDO ILQDQFLDO OLDELOLWLHV			

7KHUH ZHUH QR WUDQVIHUV EHWZHHQ OHYHOV IRU UHFXUULQJ IDLU Y
WUDQVIHUV LQWR DQG WUDQVIHUV RXW RI IDLU YDOXH KLHUDUFK\ OHY

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,QWHULP ILQDQFLDO UHSRUW ² 'HFHPEHU
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/HYHØKH² IDLU YDOXH RI ILQDQFLDO LQVWUXPHQWV WUDGHG LQ DFWLY
IRU VDOH VHFXULWLHV LV EDVHG RQ TXRWHG PDUNHW SULFHV DW WKH
KHOG E\ WKH *URXS LV WKH FXUUHQW ELG SULFH 7KHVH LQVWUXPHQW

/HYHØKH² IDLU YDOXH RI ILQDQFLDO LQVWUXPHQWV WKDW DUH QRW W
GHHUPLQH G XVLQJ YDOXDWLRLQ WHFKQLTXHV ZKLFK PD[LPL]H WKH XV
HVWLPDWHV ,I DOO VLJQLILFDQW LQSXWV UHTXLUH WR IDLU YDOXH D

/HYHQI RQH RU PRUH RI WKH VLJQLILFDQW LQSXWV LV QRW EDVHG RQ F
FDVH IRU XQOLVWHG HTXLW\ VHFXULWLHV

LL 9DOXDWLRLQ WHFKQLTXHV XVHG WR GHHUPLQH IDLU YDOXH
6SHFLILF YDOXDWLRLQ WHFKQLTXHV XVHG WR YDOXH ILQDQFLDO LQVWU

x 7KH IDLU YDOXH RI UHPDLQLQJ ILQDQFLDO OLDELOLWLHV LV GHH
\$OO IDLU YDOXH HVWLPDWHV DUH LQFOXGHG LQ OHYHO DV WKH\ DUH
EDVHG RQ SUHVHQW YDOXHV DQG WKH GLVFRXQW UDWHV XVHG ZHUH D

LLL9DOXDWLRLQ SURFHVVHV
7KH ILQDQFH GHSDUWPHQW RI WKH *URXS LQFOXGHV D WHDP WKDW SH
SXUSRVHV LQFOXGLQJ OHYHO IDLU YDOXHV 7KLV WHDP UHSRUWV GI
DQG 5LVN &RPPLWWHH \$5& 'LVFXVVLRLQ RI YDOXDWLRLQ SURFHVVHV
VL[PRQWKV LQ OLQH ZLWK WKH *URXS KDOI \HDO\ UHSRUWLQJ SHUL

7KH PDLQ OHYHO LQSXWV XVHG E\ WKH *URXS DUH GHULYHG DQG HYD

x &RQLQJHQW FRQLGHUDWLRLQ ± H[SHFWHG FDVK LQIRZV DUH F
NQRZOHGJH RI WKH EXVLQHVV DQG KRZ WKH FXUUHQW HFRQRPLF I

&KDQJHV LQ OHYHO DQG IDLU YDOXHV DUH DQDO\VHG DW WKH HQG
WKH &)2 DQG WKH \$5& \$V SDUW RI WKLV GLVFXVVLRLQ WKH WHDP SUHV

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,QWHULP ILQDQFLDO UHSRUW ² 'HFHPEHU
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1RQ ILQDQFLDO DVVHWV DQG OLDELOLWLHV

7KLV QRWH SURYLGHV LQIRUPDWLRQ DERXW WKH *URXS¶V QRQ ILQDQFLDO
x 6SHFLILF LQIRUPDWLRQ DERXW HDFK W\SH RI QRQ ILQDQFLDO DVV
f ,QWDQJLEOH DVVHWV VHH 1RWH D
f 3URYLVLVRQ E

D ,QWDQJLEOH DVVHWV

&RQVROLGDWH
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*RRGZLOO
\$W FRVW
\$FFXPXODWHG LPSDLUPHQW _____

&RPSXWHU 6RIWZDUH RWKHU
\$W FRVW
\$FFXPXODWHG DPRUWLVDWLRQ _____

)RUPDWLRQ H[SHQVHV
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&RQWUDFWV DQG &XVWRPHU 5HODWLRQVKLSV
\$W FRVW
\$FFXPXODWHG DPRUWLVDWLRQ _____

7RWDO LQWDQJLEOH DVVHWV

7KH *URXS KDV VHHQ DQ LQFUHDVH LQ WKH YDOXH RI WKH LQWDQJLEOH
H[FKDQJH UDWHV 7KH FRUHVSRQGLQJ JURZWK KDV EHHQ DFFRXQWHG

E 3URYLVLVRQ

&RQVROLGDWH
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,QFRPH WD[

,QFRPH WD[H[SHQVH LV UHFRJQLVHG EDVHG RQ PDQDJHPHQW¶V HVWL
IRU WKH IXOO ILQDQFLDO \HDU 7KH HVWLDPDWHG DYHUDJH DQQXDO WD
VL[PRQWKV HQGHG 'HFHPEHU 7KH FKDQJH LQ WKH HIIHFWLYH WD
WKH YDULRXV JHRJUDSKLHV DW WKHLU DSSOLFDEOH WD[UDWHV)XU
LQFHQWLYHV SURYLGHG IRU UHVHDUFK DQG GHYHORSPHQW LQ ERWK \$
FRPSDUDWLYH SHULRG 7KH DFWXDO UDW HHDOLVHG IRU WKH IXOO \I
SHQGLQJ WLPLQJ RI UHYHQXH UHFRJQLWLRQ DQG RWKHU H[WHUQDO ID

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,QWHULP ILQDQFLDO UHSRUW ² 'HFHPEHU
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'LUHFWRUV 'HFODUDWLRQ

,Q DFFRUGDQFH ZLWK D UHVROXWLRQ RI WKH 'LUHFWRUV RI 06/ 6ROXW
D 7KH FRQVROLGDWHG LQWHULP ILQDQFLDO VWDWHPHQWV DQG QR
LQFOXGLQJ
L *LYLQJ D WUXH DQG IDLU YLHZ RI *URXS¶V ILQDQFLDO SRVLW
SHULRG HQGHG RQ WKDW GDWH
LL &RPSO\LQJ ZLWK \$FFRXQWLQJ 6WDQGDUG \$\$6% ,QWHULP)L
E 7KHUH DUH UHDVRQDEOH JURXQGV WR EHOLHYH WKDW 06/ 6ROXWL
GXH DQG SD\DEOH

7KH GHFODUDWLRQ LV PDGH LQ DFFRUGDQFH ZLWK D UHVROXWLRQ RI



-RKQ 'RZQ
&KDLUPDQ

&UDLJ .LQURVV
0DQDJLQJ 'LUHFWRU DQG &KLHI ([HFXW

'DWHG DW %V\HEDDQHUWKL

Independent auditor's review report to the members of MSL Solutions Limited

Report on the Half -Year Financial Report

We have reviewed the accompanying halfyear financial report of MSL Solutions Limited (the Group), which comprises the interim consolidated balance sheet as at 31 December 2018, the interim consolidated statement of changes in equity, interim consolidated statement of cash flows and interim consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for the MSL Solutions Limited Group. The Group comprises the Company and the entities it controlled during the half-year.

Directors' responsibility for the half -year financial report

The directors of the Group 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 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 Australian 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 halfyear financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2018 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 MSL Solutions 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.

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 MSL Solutions Limited is not in accordance with the Corporations Act 2001 including:

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter

We draw attention to Note 1(b) in the financial report, which indicates that the Group has a working capital deficiency of \$2.6 million as at 31 December 2018, as well as recording a loss after tax of \$3.6 million and operating cash flows of \$2.6 million for the period ended on that date. As a result, the Group is dependent upon achieving its cash flow forecasts for the next 12 months and beyond, and successfully realising at least \$2.5 million in cash proceeds from the sale of the remaining Zuuse shares. These conditions, along with other matters as set forth in Note 1(b) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers

Michael Crowe
Partner

Brisbane
28 February 2019