Freedom Insurance Group Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Freedom Insurance Group Ltd
ABN:	14 608 717 728
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

The Group has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 31 December 2018. The adoption of the Accounting Standards did not have a material impact on the financial position and performance of the Group.

				$'000
Revenues from ordinary activities	down	116.6%	to	(4,702)
Loss from ordinary activities after tax attributable to the owners of Freedom Insurance Group Ltd	down	529.8%	to	(33,400)
Loss for the half-year attributable to the owners of Freedom Insurance Group Ltd	down	529.8%	to	(33,400)

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

Comments
The loss for the Group after providing for income tax amounted to $33,400,000 (31 December 2017: profit of $7,771,000).

Further information on the 'Review of operations' is detailed in the Directors' report which is part of the Interim Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (as at 31 December 2018)	14.29	23.55

Refer Note 3 of the Interim Financial Report for the updated Net tangible assets at 31 May 2019.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors. The review report is attached as part of the Interim Report. The auditors review report includes an emphasis of matter drawing users attention to the financial statements being prepared on a basis other than going concern.

10. Attachments

Details of attachments (if any):

The Interim Report of Freedom Insurance Group Ltd for the half-year ended 31 December 2018 is attached.

11. Signed

Signed ____________________ Date: 9 July 2019

Pauline Bernadette Vamos
Chairman
Sydney

Freedom Insurance Group Ltd

ABN 14 608 717 728

Interim Report - 31 December 2018

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Directors	Pauline Bernadette Vamos Doug Halley Maxwell James Green
Company secretaries	Malcolm McCool Anand Sundaraj
Registered office	Levels 12 and 13 20 Bond Street Sydney, NSW 2000 Tel: 1300 884 488
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, VIC 3067 Tel: 1300 787 272
Auditor	KPMG International Tower 3 300 Barangaroo Avenue Sydney, NSW 2000
Stock exchange listing	Freedom Insurance Group Ltd shares are listed on the Australian Securities Exchange (ASX code: FIG)
Website	www.freedominsurance.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Freedom Insurance Group Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

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

Pauline Bernadette Vamos - Chairman	Appointed 12 November 2018
Doug Halley	Appointed 29 April 2019
Maxwell James Green	Appointed 29 April 2019
Stephen Menzies	Resigned 29 April 2019
Andrew Jensen	Resigned 29 April 2019
Keith Cohen	Resigned 2 October 2018
Katrina Glendinning	Resigned 12 November 2018
David Hancock	Resigned 15 November 2018

Principal activities

The Group was an insurance business that specialised in the development, distribution and administration of life risk insurance products that were issued by Australian Prudential Regulation Authority ('APRA') regulated life insurers. The Group was not an APRA regulated life insurer.

During the half-year ended 31 December 2018, the Group ceased development and distribution of life risk insurance products on 2 October 2018. The Group continued to administer life risk insurance products, which ceased at the transition date of 31 May 2019.

Refer to the note below, ‘Significant changes in the state of affairs’ for matters which impacted the principal activities of the Group.

Review of operations

The loss for the Group after providing for income tax amounted to $33,400,000 (31 December 2017: profit of $7,771,000).

The statutory financial results for the financial half-year and the prior corresponding period were:

	31 Dec 2018 $'000	31 Dec 2017 $'000	Change $'000	Change %
Revenue	(4,702)	28,343	(33,045)	(117%)
Other income	-	3,288	(3,288)	(100%)
Expenses	29,139	20,819	8,320	40%
(Loss)/profit before tax	(33,841)	10,812	(44,653)	(413%)
(Loss)/profit after tax	(33,400)	7,771	(41,171)	(530%)

Significant changes in the state of affairs

On 30 August 2018, the Australian Securities and Investment Commission ('ASIC'), as the primary regulator of the sale of insurance products in Australia, released its review of the life insurance industry ('ASIC Report 587 The sale of direct life insurance'). Whilst Freedom was not part of the review, ASIC’s report included a number of recommendations that significantly affected the Group’s sales model.

Following the release of the ASIC Report 587, the Group commenced a process of consultation with ASIC to understand the ramifications for the business. As a result, the Group launched a strategic review on 6 September 2018.

In light of the ASIC Report 587 and through preliminary findings of the strategic review, the Group announced a restructure of its business and changes to its senior management on 2 October 2018.

The restructure resulted in the following:

- The immediate suspension of new business sales on all products;
- A continued focus on its administration service; and
- A restructure of operations which saw a reduction in approximately 90 employees including the replacement of the Chief Executive Officer and Chief Financial Officer. These costs were paid in the period to 31 December 2018.

On 6 December 2018, the Group announced that the Board had completed its strategic review. Following this assessment, the Board determined that there is no immediate commercially viable options to recommence sale of its life products. Furthermore, in the absence of any responsive action, the Group advised that it may face a liquidity shortfall in 2019 which is caused by the timing of payments on commission clawbacks in absence of receipts of commission from new business sales. On the same day, the Group announced that ASIC had commenced an investigation into possible past misconduct highlighted during the Group's appearance at the Royal Commission into Misconduct in the Banking Superannuation and Financial Services Industry. Consistent with ASIC's expectations, the Group determined that it was required to develop a remediation program to affected customers.

The planned acquisition of St Andrews Australia Pty Ltd was mutually terminated by the parties involved on 10 December 2018. The parties were unable to agree an extension of timeframes for the satisfaction of transaction conditions precedent including regulatory approval by APRA.

Matters subsequent to the end of the financial half-year

Events affecting the distribution and administration of direct life insurance policies

Post 31 December 2018, a series of events affecting the distribution and administration of direct life insurance policies have had a significant impact on the Group's operations and on its financial performance and position which resulted in a net asset position of $3,478,000 as at 31 May 2019.

The Group experienced an increase in clawback payments caused by an increase in underlying lapses. As a result, the Group sought a trading halt from the Australian Securities Exchange on 5 February 2019. On 7 February 2019, the Group's shares were suspended from official quotation and has remained since.

On 15 April 2019, the Group announced that it had agreed in principle to transfer its policy administration business to a third party and was to receive a cash settlement in consideration of terminating its rights to ongoing fees and commissions from the respective insurers. Formal agreements were executed on 26 April 2019 with the following implications on the financial position of the Group as outlined in an ASX release as follows:

- Following an allowance for customer remediation, the Group will receive a cash payment of $5,000,000 immediately following completion of the transition of the administration services with this amount being used to pay creditors, wind down remaining operations, meet any final regulatory obligations and return any excess to shareholders. The payment amount reflects the value of net trail commissions after offsetting commission clawbacks, expected administration costs and allowance for a customer remediation program;
- The Group's distribution and administration arrangements with AIA Australia Limited, NobleOak Life Limited and Swiss Re Life & Health Australia Limited ('Swiss Re') (together 'the insurers') will terminate and the Group will transfer its policy administration services to Genus Life Insurance Services Pty Ltd. Consequently, the Group will no longer receive any future trail commission or other revenue from the insurers nor will it be required to make further clawback payments to Swiss Re (with deferred clawback amounts owing being reflected in the settlement);
- Swiss Re agreed to assume responsibility for designing and managing Freedom's customer remediation program;
- Approximately 43 employees were transferred to Genus Life Insurance Services Pty Ltd, with remaining employees being made redundant; and
- It intends to wind down the Company's operations and return any excess funds to shareholder.

The transition of the administrative services was completed on 25 June 2019 with a cash settlement of $5,000,000 subsequently being received by the Group.

Events affecting the Spectrum Wealth Advisers Pty Ltd ('Spectrum')

On 15 November 2018 the Group announced the intention to sell its non-core Spectrum business. This decision was re-affirmed on 15 April 2019.

The outcomes of the Royal Commission into Misconduct in Banking, Superannuation and Financial Services Industry and other regulatory reviews into financial advice, have resulted in significant devaluation of financial planning businesses, including Spectrum.

On 31 May 2019, the Group announced that Spectrum is unable to continue to meet all conditions of its Australian Financial Services License. Consequently, the Group commenced winding down the Spectrum business.

Group position post these events
As a result of the subsequent events documented above the unaudited net tangible assets position of the Group is summarised below as at 31 May 2019:

	Consolidated $'000
Assets (i)	9,454
Liabilities (ii)	(5,976)
Net Assets	3,478
Net tangible assets per ordinary security (in cents)	1.45

The above does not include any future operating losses to be incurred post 31 May 2019.

(i) Comprising predominantly of the settlement receivable from Swiss Re which has been received as at the date of this report, cash and cash equivalents, and receivables for revenue attributed to the period up to 31 May 2019.
(ii) Comprised predominantly of operating payables including employee entitlements and future premises rent payable.

No further matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts
The Company is of a kind referred to in Australian Securities and Investments Commission Corporations Instrument 2016/191 dated 24 March 2016 and, in accordance with that legislative instrument, amounts in the directors' report and financial report have been rounded to the nearest thousand dollars unless otherwise indicated.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Pauline Bernadette Vamos
Chairman

9 July 2019
Sydney

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Freedom Insurance Group Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Freedom Insurance Group Ltd for the half-year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Andrew Reeves
Partner

Sydney
9 July 2019

Freedom Insurance Group Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31 Dec 2018 $'000	Consolidated 31 Dec 2017 $'000
Revenue	5	(4,775)	28,027
Net gain on disposal of investment in NobleOak Life Ltd		-	3,288
Interest revenue calculated using the effective interest method		73	316
Expenses			
Employee benefits expense	6	(8,550)	(10,947)
Remediation provision		(3,500)	-
Impairment of assets	6	(5,818)	-
Management and professional fees		(1,060)	(888)
Marketing and promotion		(3,530)	(5,746)
Occupancy costs		(1,080)	(835)
Telecommunication and information technology expense		(658)	(1,432)
Non-operating expenses	6	(3,178)	-
Other expenses		(1,765)	(971)
Total expenses		(29,139)	(20,819)
(Loss)/profit before income tax benefit/(expense)		(33,841)	10,812
Income tax benefit/(expense)	7	441	(3,041)
(Loss)/profit after income tax benefit/(expense) for the half-year attributable to the owners of Freedom Insurance Group Ltd		(33,400)	7,771
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Freedom Insurance Group Ltd		(33,400)	7,771
		Cents	Cents
Basic earnings per share	17	(13.93)	3.24
Diluted earnings per share	17	(13.93)	3.20

We draw the readers' attention to Note 3 that sets out significant events that impact these financial statements post 31 December 2018.

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

Freedom Insurance Group Ltd
Statement of financial position
As at 31 December 2018

	Note	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Assets			
Current assets			
Cash and cash equivalents	8	6,016	18,359
Trade and other receivables	9	594	4,325
Net present value of trail commission	10	64,551	8,570
Property, plant and equipment		4	-
Other	12	2,324	316
Total current assets		73,489	31,570
Non-current assets			
Goodwill	13	-	5,818
Net present value of trail commission		-	65,401
Total non-current assets		-	71,219
Total assets		73,489	102,789
Liabilities			
Current liabilities			
Trade and other payables	14	6,924	3,478
Employee benefits		585	589
Clawback provision	11	17,642	16,338
Deferred tax	7	14,092	-
Total current liabilities		39,243	20,405
Non-current liabilities			
Deferred tax	7	-	14,533
Employee benefits		-	205
Total non-current liabilities		-	14,738
Total liabilities		39,243	35,143
Net assets		34,246	67,646
Equity			
Contributed capital		32,589	32,589
Reserves		49	49
Retained profits		1,608	35,008
Total equity		34,246	67,646

We draw the readers' attention to Note 3 that sets out significant events that impact these financial statements post 31 December 2018.

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

Freedom Insurance Group Ltd
Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Contributed capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2017	32,589	49	21,855	54,493
Profit after income tax expense for the half-year	-	-	7,771	7,771
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	7,771	7,771
Balance at 31 December 2017	32,589	49	29,626	62,264

Consolidated	Contributed capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2018	32,589	49	35,008	67,646
Loss after income tax benefit for the half-year	-	-	(33,400)	(33,400)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(33,400)	(33,400)
Balance at 31 December 2018	32,589	49	1,608	34,246

We draw the readers' attention to Note 3 that sets out significant events that impact these financial statements post 31 December 2018.

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

Freedom Insurance Group Ltd
Statement of cash flows
For the half-year ended 31 December 2018

	Consolidated	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Cash flows from operating activities		
(Loss)/profit before income tax benefit/(expense) for the half-year	(33,841)	10,812
Adjustments for:		
Impairment of assets	5,818	-
Net gain on disposal of non-current assets	-	(3,288)
Remediation provision	3,500	-
Interest received	(73)	(316)
	(24,596)	7,208
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,731	(1,034)
Increase in prepayments	(1,078)	(105)
Decrease/(increase) in other operating assets	8,490	(11,996)
Decrease in trade and other payables	(54)	(827)
Increase/(decrease) in employee benefits	(209)	180
Increase in other provisions	1,304	277
	(12,412)	(6,297)
Interest received	73	316
Net cash used in operating activities	(12,339)	(5,981)
Cash flows from investing activities		
Payments for property, plant and equipment	(4)	(3)
Proceeds from disposal of investments	-	6,990
Net cash (used in)/from investing activities	(4)	6,987
Cash flows from financing activities		
Net cash from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(12,343)	1,006
Cash and cash equivalents at the beginning of the financial half-year	18,359	26,856
Cash and cash equivalents at the end of the financial half-year	6,016	27,862

We draw the readers' attention to Note 3 that sets out significant events that impact these financial statements post 31 December 2018.

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

Note 1. General information

The financial statements covers the consolidated entity consisting of Freedom Insurance Group Ltd and the entities it controlled at the end of, or during, the half-year (the 'Group'). The financial statements are presented in Australian dollars, which is Freedom Insurance Group Ltd's functional and presentation currency.

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

Levels 12 and 13
20 Bond Street
Sydney, NSW 2000

The Group was an insurance business that specialised in the development, distribution and administration of life risk insurance products that were issued by Australian Prudential Regulation Authority ('APRA') regulated life insurers. The Group was not an APRA regulated life insurer.

During the half-year ended 31 December 2018, the Group ceased development and distribution of life risk insurance products on 2 October 2018. The Group continued to administer life risk insurance products, which ceased at the transition date of 31 May 2019.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 July 2019.

Note 2. Significant accounting policies

These general purpose financial statements have been prepared on a basis other than going concern due to the events discussed in Note 3 of the financial statements. The financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Impact of preparing the financial statements other than going concern
In accordance with AASB 101 'Presentation of Financial Statements', all assets have been classified as current based on the order of liquidity as the Group expects to realise these assets in the next 12 months. Liabilities are also classified as current as the Group intends to settle these liabilities in the next 12 months. Comparatives have not been restated as the Group was a going concern at 30 June 2018.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following new Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments
AASB 9 addresses classification, measurement and recognition of financial assets and financial liabilities. The standard replaces the guidance in AASB 139 that relates to the classification and measurement of financial instruments.

Note 2. Significant accounting policies (continued)

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new standard requires the recognition of expected credit losses from the moment when receivables are first recognised, rather than when a trigger event occurs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information. The Group has reviewed its financial assets and liabilities and identified that commission receivable is affected by the new accounting standard. The Group assumes that the credit risk on commission receivable has increased significantly if it is more than 90 days past due.

The new standard requires provision to be made for the expected non-recoverable portion of trade and other receivable and net present value of trail commission at the time it is recognised.

The Group initially applied AASB 9 at 1 July 2018 on a prospective basis in accordance with the transition provisions of AASB 9, under which the comparative information is not required to be restated. The cumulative effect of applying the new standard was recognised in opening retained earnings as at 1 July 2018. There is no material impact arising from the adoption of AASB 9 due to the events discussed under Note 3.

AASB 15 Revenue from Contracts with Customers
The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

The Group initially applied AASB 15 at 1 July 2018. It chose to apply the transition option in paragraph C3(b) of AASB 15 under which the comparative information is not required to be restated. The cumulative effect of applying the new standard was recognised in opening retained earnings as at 1 July 2018. There is no material impact arising from the adoption of AASB 15 as the Group currently has a revenue recognition policy which recognises revenue when performance obligations are satisfied with probability of revenue recognition continuing to meet the highly probable requirements.

Australian Accounting Standards issued and not yet effective

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. The Group will adopt this standard from 1 July 2019 and the main lease being the Sydney premises in which the Group operates, will be brought onto the statement of financial position as an asset with a corresponding liability.

Note 2. Significant accounting policies (continued)

The Group is in the process of assessing the impact of AASB 16 based on the events discussed under Note 3 and is not yet able to reasonably estimate the impact on its financial statements.

Note 3. Significant events and events after reporting period

Events affecting the distribution and administration of direct life insurance policies

The recent events affecting the distribution and administration of direct life insurance policies have had a significant impact on the Group’s operations and on its financial performance and position which resulted in a net asset position of $3,478,000 as at 31 May 2019.

On 30 August 2018, the Australian Securities and Investment Commission ('ASIC'), as the primary regulator of the sale of insurance products in Australia, released its review of the life insurance industry ('ASIC Report 587 The sale of direct life insurance'). Whilst Freedom was not part of the review, ASIC's report included a number of recommendations that significantly affected the Group’s sales model.

Following the release of the ASIC Report 587, the Group commenced a process of consultation with ASIC to understand the ramifications for the business. As a result, the Group launched a strategic review on 6 September 2018.

In light of the ASIC Report 587 and through preliminary findings of the strategic review, the Group announced a restructure of its business and changes to its senior management on 2 October 2018.

The restructure resulted in the following:
- The immediate suspension of new business sales on all products;
- A continued focus on its administration service; and
- A restructure of operations which saw a reduction in approximately 90 employees including the replacement of the Chief Executive Officer and Chief Financial Officer. These costs were paid in the period to 31 December 2018.

On 6 December 2018, the Group announced that the Board had completed its strategic review. Following this assessment, the Board determined that there is no immediate commercially viable options to recommence sale of its life products. Furthermore, in the absence of any responsive action, the Group advised that it may face a liquidity shortfall in 2019 which is caused by the timing of payments on commission clawbacks in absence of receipts of commission from new business sales. On the same day, the Group announced that ASIC had commenced an investigation into possible past misconduct highlighted during the Group’s appearance at the Royal Commission into Misconduct in the Banking Superannuation and Financial Services Industry. Consistent with ASIC’s expectations, the Group determined that it was required to develop a remediation program to affected customers.

The planned acquisition of St Andrews Australia Pty Ltd was mutually terminated by the parties involved on 10 December 2018. The parties were unable to agree an extension of timeframes for the satisfaction of transaction conditions precedent including regulatory approval by APRA.

Post 31 December 2018, the Group experienced an increase in clawback payments caused by an increase in underlying lapses. As a result, the Group sought a trading halt from the Australian Securities Exchange on 5 February 2019. On 7 February 2019, the Group’s shares were suspended from official quotation and has remained since.

Note 3. Significant events and events after reporting period (continued)

On 15 April 2019, the Group announced that it had agreed in principle to transfer its policy administration business to a third party and was to receive a cash settlement in consideration of terminating its rights to ongoing fees and commissions from the respective insurers. Formal agreements were executed on 26 April 2019 with the following implications on the financial position of the Group as outlined in an ASX release as follows:

- Following an allowance for customer remediation, the Group will receive a cash payment of $5,000,000 immediately following completion of the transition of the administration services with this amount being used to pay creditors, wind down remaining operations, meet any final regulatory obligations and return any excess to shareholders. The payment amount reflects the value of net trail commissions after offsetting commission clawbacks, expected administration costs and allowance for a customer remediation program;
- The Group's distribution and administration arrangements with AIA Australia Limited, NobleOak Life Limited and Swiss Re Life & Health Australia Limited ('Swiss Re') (together 'the insurers') will terminate and the Group will transfer its policy administration services to Genus Life Insurance Services Pty Ltd. Consequently, the Group will no longer receive any future trail commission or other revenue from the insurers nor will it be required to make further clawback payments to Swiss Re (with deferred clawback amounts owing being reflected in the settlement);
- Swiss Re agreed to assume responsibility for designing and managing Freedom's customer remediation program;
- Approximately 43 employees were transferred to Genus Life Insurance Services Pty Ltd, with remaining employees being made redundant; and
- It intends to wind down the Company's operations and return any excess funds to shareholders.

The transition of the administrative services was completed on 25 June 2019 with a cash settlement of $5,000,000 subsequently being received by the Group.

Accounting treatment in regards to events affecting the distribution and administration of direct life insurance policies
AASB 110, 'Events after the Reporting Date' defines adjusting subsequent events as those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period). The standard defines non-adjusting subsequent events as those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

The Board has identified the following as non-adjusting events:

- The transfer of rights and obligation to future revenue and future expenses under the distribution agreement being the net present value of trail commission and the clawback provisions;
- The transfer of responsibility of the customer remediation program;
- The transfer of the administration business to Genus Life Insurance Services Pty Ltd as from 31 May 2019; and
- The transfer of 43 employees Genus Life Insurance Services Pty Ltd, with remaining employees being made redundant (not provided for as at 31 December 2018).

All above events are considered non-adjusting due to the fact that formal discussions with Swiss Re to transfer the distribution, administration, remediation program began in 2019 due to the liquidity shortfall faced by the Group.

The impact of the above resulted in a receivable amounting to $5,000,000 which as at the date of this report has been collected.

The following illustrates the impact of the transition agreement (excluding Spectrum):

	$'000
Net present value of trail commission as at 31 December 2018 (Note 10)	64,392
Provision for commission clawbacks as at 31 December 2018 (Note 11)	(17,579)
Reduction in value of trail asset to 31 May 2019	(1,248)
Reduction in value of clawback provision to 31 May 2019	7,212
Transfer of customer remediation program	(5,000)
Deferred clawback expense from 2019	(8,000)
Net present value of expected future administration fee receipt (i)	35,574
Net present value of expected future administration costs (ii)	(70,351)
Cash settlement received	5,000

(i) Represents the expected revenue that the group would be entitled to if the contract was not commuted.
(ii) Represents the expected cost to transfer the administration to Genus Life Insurance Services Ltd.

Note 3. Significant events and events after reporting period (continued)

The transfer of the remediation program to Swiss Re does not alleviate the Group from future regulatory and/or legal action. This may have an impact on the timing and nature of any future corporate restructure.

Events affecting the Spectrum Wealth Advisers Pty Ltd ('Spectrum')

On 15 November 2018 the Group announced the intention to sell its non-core Spectrum business. This decision was re-affirmed on 15 April 2019.

The outcomes of the Royal Commission into Misconduct in Banking, Superannuation and Financial Services Industry and other regulatory reviews into financial advice, have resulted in significant devaluation of financial planning businesses, including Spectrum.

On 31 May 2019, the Group announced that Spectrum is unable to continue to meet all conditions of its Australian Financial Services License. Consequently, the Group commenced winding down the Spectrum business.

Accounting treatment in regards to events affecting Spectrum
The Board has identified that the movement in advisers post 31 December 2018, represents a subsequent adjusting event. In the 5 months to 31 May 2019 more than 65% of the advisers left Spectrum. It became apparent to the Board that Spectrum was unable to meet its Australian Financial Services (AFS) licence conditions and the Board made a decision to wind down its operations.

The Board has adjusted the value of trail commission and provision for commission clawback as at 31 December 2018 based on the amounts collected from 1 January 2019 to 31 May 2019.

Group position post these events
As a result of the subsequent events documented above the unaudited net tangible assets position of the Group is summarised below as at 31 May 2019:

	Consolidated $'000
Assets (i)	9,454
Liabilities (ii)	(5,976)
Net Assets	3,478
Net tangible assets per ordinary security (in cents)	1.45

The above does not include any future operating losses to be incurred post 31 May 2019.

(i) Comprising predominantly of the settlement receivable from Swiss Re which has been received as at the date of this report, cash and cash equivalents, and receivables for revenue attributed to the period up to 31 May 2019.
(ii) Comprised predominantly of operating payables including employee entitlements and future premises rent payable.

No further matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 4. Operating segments

Identification of reportable operating segments
The Group operates in one segment being the provision of insurance policies, principally in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and is therefore not duplicated.

Note 5. Revenue

	Consolidated	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Sales revenue		
Commissions	3,049	14,167
Movement in net present value of trail commission	(9,420)	11,996
Movement in commission clawbacks	(1,304)	(277)
Revenue from Adviser - Spectrum	821	760
Administration fees	2,076	1,369
	(4,778)	28,015
Other revenue		
Other revenue	3	12
Revenue	(4,775)	28,027

Commissions represent initial, trail and variable commissions received, and clawback refunded for cancelled policies.

The movement in net present value of trail commission and commission clawbacks represents the movements between 1 July 2018 and 31 December 2018. Refer to Notes 10 and 11 respectively for further information.

Administration fees represent revenue from administration services performed up to 31 December 2018.

Note 6. Expenses

	Consolidated	
	31 Dec 2018 $'000	31 Dec 2017 $'000
(Loss)/profit before income tax includes the following specific expenses:		
Employee benefits expense		
Wages, salaries and other benefits	7,267	10,170
Defined contribution superannuation expense	544	777
Redundancy cost and associated defined contribution expense (Refer Note 3)	739	-
Total employee benefits expense	8,550	10,947
Impairment of assets		
Goodwill	5,818	-
Non-operating expenses		
Royal Commission related expenses	2,845	-
Business acquisition associated expenses	333	-
Non-operating expenses	3,178	-

Note 7. Income tax

	Consolidated 31 Dec 2018 $'000	Consolidated 31 Dec 2017 $'000
Income tax expense/(benefit)		
Current tax	-	(171)
Deferred tax - origination and reversal of temporary differences	(441)	3,425
Over provision of deferred tax and provision for income tax	-	(213)
Aggregate income tax expense/(benefit)	(441)	3,041
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
(Loss)/profit before income tax benefit/(expense)	(33,841)	10,812
Tax at the statutory tax rate of 30%	(10,152)	3,244
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	1,056	10
Current year losses for which no deferred tax assets were recognised	4,977	-
Reversal of tax benefits where deferred tax was previously recognised	3,421	-
Current year deductions for which no deferred tax assets were recognised	177	-
Over provision of deferred tax and provision for income tax	-	(213)
Sundry items	80	-
Income tax expense/(benefit)	(441)	3,041

	Consolidated 31 Dec 2018 $'000	Consolidated 31 Dec 2017 $'000
Amounts credited directly to equity		
Deferred tax assets	-	(211)
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	22,870	-
Potential tax benefit @ 30%	6,861	-

The above potential tax benefit for tax losses has not been recognised in the statement of financial position because of the uncertainty of their realisation. These tax losses available may be utilised in the future if the continuity of ownership test is passed.

Note 7. Income tax (continued)

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Deferred tax		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	1,884
Accrued expenses	-	769
S40-880 blackhole deduction	-	362
Provision for clawback	5,274	4,239
Net present value trail commission	(19,366)	(22,191)
Other	-	193
	(14,092)	(14,744)
Amounts recognised in equity:		
Capital raising costs	-	211
Deferred tax liability	(14,092)	(14,533)
Movements:		
Opening balance	(14,533)	(8,410)
Credited/(charged) to profit or loss	441	(8,168)
Credited to equity	-	211
Deferred tax on losses	-	1,884
Prior period adjustment	-	(50)
Closing balance	(14,092)	(14,533)

Franking credits

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Franking account closing balance	1,772	1,772

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Cash at bank	5,058	17,401
Cash on deposit	958	958
	6,016	18,359

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Trade receivables	744	4,475
Less: Allowance for expected credit losses	(150)	(150)
	594	4,325

All trade receivables recognised as at 31 December 2018 has been collected subsequently.

Upon the adoption of AASB 9, Financial Instruments the provision for impairment of receivables which was estimated on incurred loss basis was reversed.

Note 10. Current assets - net present value of trail commission

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Net present value of trail commission	64,551	8,570

The $8,570,000 represents the current portion of the net present value of trail commission as at 30 June 2018. An amount of $65,401,000 was disclosed as a non-current asset as at 30 June 2018. As at 31 December 2018, the total net present value of trail commission has been deemed to be a current asset.

Trail commissions are ongoing fees for customers introduced to insurance providers. Trail commissions represent commissions earned calculated as a percentage of the value of the underlying policies. The Group is entitled to receive trail commissions without having to perform further services. On initial recognition, trail revenue and receivables are recognised at fair value, being the net present value of expected future cash flows of trail commission, discounted using discounted cash flow valuation techniques.

Subsequent to initial recognition and measurement, the trail commission asset is measured at amortised cost. The carrying amount of the asset is adjusted to reflect actual and revised estimated cash flows by recalculating the carrying amount through computing the present value of estimated future cash flows at the original effective interest rate. The resulting adjustment is recognised in profit or loss.

A fair value is placed on trail commission using the present value of expected future commissions based on a discounted cash flow approach. The key assumptions used are based on internally observable data, and the impact of changes in those key assumptions are quantified below. The trail commission has been significantly impacted by events subsequent to year end and this note should be read in conjunction with Note 3.

At 31 December 2018, the most significant assumptions underlying the fair value calculations of trail commission receivable at the reporting date is policy lapses.

Note 10. Current assets - net present value of trail commission (continued)

Movements in net present value of trail commission

	Freedom Insurance Group Ltd $'000	Spectrum Wealth Advisers Pty Ltd $'000	Consolidated $'000
Balance as at 30 June 2018	72,159	1,813	73,972
New business written up to 2 October 2018 (i)	4,181	-	4,181
Unwinding of discount (ii)	(2,551)	-	(2,551)
Reassessment of lapse rates (iii)	(9,397)	-	(9,397)
Write down due to the cessation of adviser business (iv)	-	(1,654)	(1,654)
Balance as at 31 December 2018 (v)	64,392	159	64,551

(i) This is the net present value of future trail commission for the new business written over the 6 months to 31 December 2018 expected to be remaining in force as at 31 December 2018. This amount is smaller than previous periods as Freedom ceased sales in October 2018.
(ii) This is the expected reduction in the net present value over the 6 months to 31 December 2018 based on the projected cash flows and unwinding of the discount rate.
(iii) Due to the cessation of certain retention activities, the Group projected that future lapse rates would deteriorate. As a consequence, the Group has revised its lapse assumptions such that lapse rates by duration were increased by 5% (i.e. lapse rates were multiplied by 105%) compared to those used in the 30 June 2018 valuation. In addition, the Group increased the lapse rates over the first quarter of 2019.
If lapse rates from the 30 June 2018 valuation continued to be applied as at 31 December 2018, the resultant net present value of trail assets is $75,600,000.
(iv) As described in Note 3, this represents the cash-value of the trail commissions received from 1 January 2019 to 31 May 2019 (date of cessation).
(v) Due to the events described in Note 3, the Group is not exposed to future assumption changes, no sensitivity analysis has been illustrated.

Note 11. Current liabilities - clawback provision

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Clawback provision	17,642	16,338

The clawback provision is determined using the same valuation techniques and assumptions as applied in calculating the net present value of trail commission (Refer Note 10).

For the clawback provision, the key assumption is the lapse rates assumed in the first 2 years of a policy. These rates are reviewed annually taking into consideration the current policy experience.

Note 11. Current liabilities - clawback provision (continued)

Movements in clawback provision

	Freedom Insurance Group Ltd $'000	Spectrum Wealth Advisers Pty Ltd $'000	Consolidated $'000
Balance as at 30 June 2018	16,213	125	16,338
Amount utilised	(5,907)	-	(5,907)
New business written up to 2 October 2018 (i)	1,214	-	1,214
Unwinding of discount (ii)	1,625	-	1,625
Reassessment of lapse rates (iii)	4,434	-	4,434
Write down due to the cessation of adviser business (iv)	-	(62)	(62)
Balance as at 31 December 2018 (v)	17,579	63	17,642

(i) The provision at 31 December 2018 is increased due to new business sold over the period as that generates new initial commissions that are subject to clawback. This amount is smaller than previous periods as Freedom ceased sales in October 2018.

(ii) This is the expected reduction in the provisions over the 6 months to 31 December 2018 based on the projected cash flows and unwinding of the discount rate.

(iii) Due to the cessation of certain retention activities, the Group envisage that future lapse rates would increase. As a consequence, the Group has revised its lapse assumptions such that lapse rates by duration were increased by 5% (i.e. lapse rates were multiplied by 105%) compared to those used in the 30 June 2018 valuation. In addition, the Group increased the lapse rates over the first quarter of 2019.
If lapse rates from the 30 June 2018 valuation continued to be applied as at 31 December 2018, the resultant provision of clawback is $13,300,000.

(iv) As described in Note 3, this represents the cash-value of the clawback paid from 1 January 2019 to 31 May 2019 (date of cessation).

(v) As the Group is not exposed to future assumption changes, no sensitivity analysis has been disclosed.

Note 12. Current assets - other

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Prepaid expenses (i)	1,394	316
Other current assets (ii)	930	-
	2,324	316

(i) Prepaid expenses comprises the 2019 insurances policies and IT services fees paid in advance
(ii) Other current assets comprises predominately GST receivable

Note 13. Non-current assets - goodwill

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Goodwill - at cost	5,818	5,818
Less: Impairment (i)	(5,818)	-
	-	5,818

Note 13. Non-current assets - goodwill (continued)

(i) Goodwill arose on the acquisition of Finwealth Holdings Pty Ltd during the year ended on 30 June 2016. The goodwill was allocated to the Spectrum Wealth Advisers Pty Ltd ('Spectrum') cash-generating unit.
The recoverable amount of the goodwill has been determined based on fair value less cost of disposal. The carrying amount exceeded the recoverable amount and an impairment was required.
The Board believes based on the circumstances described in Note 3 in regards to the Spectrum cash-generating unit, to the recoverable amount as at 31 December 2018 is $nil.

The Board has identified that the movement in advisers post 31 December 2018, represents a subsequent adjusting event. In the 5 months to 31 May 2019 more than 65% of the advisers left Spectrum. It became apparent to the Board that Spectrum was unable to meet its Australian Financial Services (AFS) licence conditions and the Board made a decision to wind down its operations. Consequently the Board has adjusted the value of the goodwill to its recoverable amount as at 31 December 2018.

The Board has adjusted the value of trail commission and provision for commission clawback as at 31 December 2018 based on the amounts collected from 1 January 2019 to 31 May 2019 (refer to Notes 10 and 11).

Note 14. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Trade payables	550	858
Commissions payable	1,038	983
Remediation provision accrual (i)	3,500	-
Other creditors	806	902
Accruals	1,030	735
	6,924	3,478

(i) The Remediation expense of $3,500,000 was recognised as at 31 December 2018 representing the Group’s best estimate based on investigatory work performed up to that date, and benchmarking against similar provisions recognised by a comparable market participant. Refer to additional discussion in Note 3.

Note 15. Contingent liabilities

Freedom advised in December 2018 that it is under investigation by ASIC into possible past misconduct. That investigation is continuing.

Note 16. Related party transactions

Following the restructure on 2 October 2018 (refer to Note 3), both the Chief Executive Officer, Keith Cohen and Chief Financial Officer, Jenny Andrews ceased employment. Craig Orton was appointed the Chief Executive Officer from 2 October 2018 but subsequently tendered his resignation and left the Group on 31 December 2018. On 14 December 2018 Sean Williamson was appointed the Chief Executive Officer and Adam Scobie the acting Chief Financial Officer.

In addition there were changes made to the Board of Directors with Directors changes during the first half-year as follows:

Pauline Bernadette Vamos - Chairman	Appointed 12 November 2018
Doug Halley	Appointed 29 April 2019
Maxwell James Green	Appointed 29 April 2019
Stephen Menzies	Resigned 29 April 2019
Andrew Jensen	Resigned 29 April 2019
Keith Cohen	Resigned 2 October 2018
Katrina Glendinning	Resigned 12 November 2018
David Hancock	Resigned 15 November 2018

There were no transactions with related parties not made on normal commercial terms and conditions and at market rates.

Note 17. Earnings per share

	Consolidated	
	31 Dec 2018 $'000	31 Dec 2017 $'000
(Loss)/profit after income tax attributable to the owners of Freedom Insurance Group Ltd	(33,400)	7,771
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	239,723,495	239,723,495
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	2,830,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	239,723,495	242,553,495
	Cents	Cents
Basic earnings per share	(13.93)	3.24
Diluted earnings per share	(13.93)	3.20

2,112,709 options over ordinary shares during the current period have been excluded from the current period calculation of the weighted average number of ordinary shares used in calculating diluted earnings per share as they are non-dilutive.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Pauline Bernadette Vamos
Chairman

9 July 2019
Sydney

Independent Auditor's Review Report

To the shareholders of Freedom Insurance Group Ltd

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Freedom Insurance Group Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Freedom Insurance Group Ltd 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 of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Freedom Insurance Group Ltd (the Company and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

Emphasis of matter – basis of preparation other than going concern

We draw attention to Note 1 and 2 of the Interim Financial Report, which describes that the financial report has been prepared on a basis other than going concern; and Note 3 which describes the events subsequent to the balance date which have had a material impact on the Company and Group's financial position and the Directors consideration of going concern matters. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim 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 *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Freedom Insurance Group Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim 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.

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

KPMG

KPMG

Andrew Reeves
Partner

Sydney

9 July 2019