
Phileo Australia Limited and Controlled Entities

A.C.N. 007 608 755

A.B.N. 52 007 608 755

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2016

This report should be read in conjunction with the
2016 Annual Report for the financial year ended
30 June 2016.

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES

*A.C.N. 007 608 755
A.B.N. 52 007 608 755*

INTERIM FINANCIAL REPORT HALF-YEAR ENDED 31 DECEMBER 2016

	<i>Page No.</i>
Appendix 4D	1 - 2
Directors' Report	3 - 5
Auditor's Independence Declaration	6
Financial Statements	7 -15
Directors' Declaration	16
Independent Review Report by Auditor	17

Appendix 4D

Half yearly report

Name of entity

Phileo Australia Limited and Controlled Entities

ABN or equivalent company reference

52 007 608 755

Half yearly
(tick)

X

Preliminary
final (tick)

Financial year ended ('current period')

31 December 2016

Results for announcement to the market

(All comparisons to half-year ended 31 December 2015 unless stated otherwise)

\$AUD'000

Revenues from ordinary activities	UP	525%	To	41,144
Profit from ordinary activities after tax	UP	7097%	To	2,735
Net profit for the period attributable to members	UP	7292%	To	2,735
Net tangible asset backing per ordinary security	\$3.58 (30/06/2016: \$3.50)			
Entities over which control was gained or lost during the period	None (30/06/2016: Shuttlecrest Pty Ltd – 75% owned subsidiary was deregistered)			
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend <i>(Preliminary final report only)</i>	Nil¢		Nil¢	
Interim dividend <i>(Half yearly report only)</i>	Nil¢		Nil¢	
Previous corresponding period <i>(Preliminary final report; half yearly report)</i>	Nil¢		Nil¢	
Record date for determining entitlements to the dividend	<div>N/A</div>			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Revenue for the period includes:				
<ul style="list-style-type: none">revenue of \$35,000,000 from the sale of a development site, Rocklea Homemaker Centre in Bendigo.rental income of \$4,490,000 (2015: \$4,935,000) mainly from the 30-storey commercial building at 303 Collins Street, Melbourne. The reduction in rental income was mainly due to the main ground floor retail lease ending on 30th June 2016. This resulted in loss of rental income of approximately \$500,000 for the period. During the period the company has secured Westpac Banking Corporation as a replacement tenant for this vacancy. The rental income from this new tenancy will commence from April 2017;revenue from the Hotel operations of \$1,654,000 (2015: \$1,645,000).				

Appendix 4D: Half Yearly Report (continued)**Phileo Australia Ltd and Controlled Entities****Period ended 31 December 2016**

The consolidated net operating profit before income tax for the period was \$3,901,000 (2015: \$51,000). The increase in profit by \$3,850,000 (before tax) for the period was mainly due to the following:

- The current period profit includes the profit before tax of \$3,730,000 from the sale of a development site, Rocklea Homemaker Centre in Bendigo. No development sites were sold in 2015
- The current period includes a gain of \$1,258,000 (2015: \$50,000) from the fair value of accounting of this interest swap.
- The above increase in current period profit was reduced by lower profitability from the rental operations and net asset impairment loss to the carrying value of the vacant land adjoining to the Rocklea Homemaker Centre in Bendigo ("Vacant Land, Bendigo"):
 - I. The rental activities contributed profit before tax of \$613,000 (2015:\$1,184,000). As explained above, the loss in rental income resulted in lower net profitability from rental activity of 303 Collins Street, Melbourne of approximately \$500,000;
 - II. The current period loss also includes a net asset impairment loss of \$451,000 to the carrying value of the vacant land recognised to reflect its market valuation. No assets were impaired during 2015.

The consolidated net profit for the period after income tax was \$2,735,000 (2015: \$38,000).

The directors do not recommend the payment of an interim dividend for the half year. No interim dividend was declared in respect of the previous corresponding period.

A fully franked final dividend of 2 cents per share totalling \$578,400, for 30 June 2016, was paid in October 2016.

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2016.

Directors

The names of the directors who held office during or since the end of the half year:

Mr Graham Homes, Chairman and Non-executive Director
Mr Rudy Eng Wah Koh, Managing Director
Mr Alfred Sung, Executive Director
Mr Michael Tan Chung Loke, Non-executive Director
Mr Andrew Chooi Seng Hang, Non-executive Director

REVIEW OF OPERATION

The consolidated entity's total revenue for the period was \$42,496,000 (2015: \$6,701,000). The revenue for the period includes:

- rental income of \$4,490,000 (2015: \$4,935,000), which includes rental inclusive of recovery of outgoings from the following major rental properties:
 - the 30-storey commercial office building at 303 Collins Street, Melbourne: rental income of \$3,358,861 (2015: 3,753,000)
 - Rocklea Homemaker Centre in Bendigo ("Rocklea Homemaker Centre"): rental income of \$1,054,000 (2015:\$1,103,000);

The decrease in rental revenue was mainly due to the following:

- The main ground floor retail lease ending on 30th June 2016. This resulted in loss of rental income of approximately \$500,000 for the period. During the period the company has secured Westpac Banking Corporation as a replacement tenant for this vacancy. The rental income from this new tenancy will commence from April 2017;
- revenue from the 108-room Ramada Encore business class hotel owned by wholly owned subsidiary Sequoia Management Pty Ltd (ABN 62 108 168 243). The hotel operation is operated from the property owned by the parent entity at McCrae Street, Dandenong earning revenue of \$1,654,000 (2015: \$1,645,000); and
- revenue of \$35,000,000 (2015: \$nil) from the sale of Rocklea Homemaker Centre in Bendigo.
- gain of \$1,258,000 (2015:\$50,000) from the fair value of accounting of the interest swap.

The consolidated net operating profit before income tax for the period was \$3,901,000 (2015: \$51,000). The increase in profit by \$3,850,000 (before tax) for the period was mainly due to the following:

- The current period profit includes the profit before tax of \$3,730,000 from the sale of a development site, Rocklea Homemaker Centre in Bendigo. No development sites were sold in 2015
- The current period includes a gain of \$1,258,000 (2015: \$50,000) from the fair value of accounting of this interest swap.

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
DIRECTORS' REPORT (continued)

- The above increase in current period profit was reduced by lower profitability from the rental operations and net asset impairment loss to the carrying value of the vacant land in Bendigo:
 - I. The rental activities contributed profit before tax of \$613,000 (2015:\$1,184,000). As explained above, the loss in rental income resulted in lower net profitability from rental activity of 303 Collins Street, Melbourne by approximately \$500,000;
 - II. The current period loss includes a net asset impairment loss of \$451,000 to the carrying value of the vacant land in Bendigo recognised to reflect its market valuation. No assets were impaired during 2015.

The consolidated net profit for the period after income tax was \$2,735,000 (2015: \$38,000).

The company is currently holding a vacant land in Bendigo. This vacant land is currently zoned as Residential land. The company intends to apply for rezoning of this vacant land to service industry zone and is in initial discussions with the relevant authorities. If successful, the company is considering developing and selling workshops suitable for small to medium sized business.

The land at Black Forest Road, Wyndham Vale (The Land) is held by Daleston Pty Ltd (ABN 31 111 517 885), a wholly-owned subsidiary of Phileo Australia Limited. The land is currently leased for cattle grazing activities.

The land is within Victoria's urban growth corridor with significant upside potential in a future development. Subject to approval from the relevant authorities, the land of 360 Hectares is likely to yield approximately 4,500 to 5,000 lots of about 300 to 600 sqm each. The Company is considering development of this project in stages. Stage 1 could be available for sale in 18-24 months' time and would require approximately \$40 million expenditure on infrastructure before commencement of sales. The company will continue to explore all possibilities including sale of the land, sale in super lots, or enter into a joint venture to develop the land, at the appropriate time.

On 25th May 2016 the company informed the market the valuation of the land as determined by a well-recognised independent valuer, Knight Frank Valuations. The valuer adopted Direct Comparison methodology to arrive at the valuation of \$120 million. In view of recent sale events in the surrounding area and in order to keep market appropriately informed about any significant movement in the value of the property held by the company, the company is committed to obtaining an updated independent valuation of this property before 30 June 2017 and will make an appropriate market announcement.

During the period, the entity continued to hold the vacant land that has been rezoned for the 79-unit Mont Albert Rise proposed residential townhouse development at Box Hill ("Box Hill property") for future development. Preliminary designs for the development of the site are being prepared. This design aims to incorporate the entire land rather than only the virgin land as previously contemplated. At this stage, it is difficult to estimate a timeframe as the development of this land is dependent on the resolution of some outstanding matters with the Environmental Protection Authority (EPA) in relation to the former landfill site and with Heritage Victoria for preservation of the Brickwork site.

The Company has repaid its debt of \$13,500,000 secured over the Rocklea Homemaker Centre in Bendigo from the sale proceeds received from its sale. The company intends to use the remaining proceeds to fund its working capital and the development of its properties.

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT
DIRECTORS' REPORT (continued)

At 31 December 2016 the consolidated entity's property portfolio had a carrying value of \$145,766,000 (2015: \$158,845,000).

As at 31 December 2016, the consolidated entity's net tangible asset backing was \$3.58 (30 June 2016: \$3.50).

Earnings per share during for the period was a profit of 9.46 cents (2015: 0.13 cents).

TAX CONSOLIDATION

The company may set up a tax consolidated group. The company is currently assessing impact of the tax consolidation on the assets and liabilities of the group. This effect of tax consolidation will be included in the future financial reports if a decision to implement a tax consolidation structure is made.


ROUNDING OFF OF AMOUNTS

The company is of the kind referred to in ASIC Class Order 98/0100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

AUDITOR'S DECLARATION

The lead auditor's independence declaration under Section 307 of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.


.....
Rudy Eng Wan Koh
Managing Director
Melbourne
Dated: 24 February 2017

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000

T +61 (0)3 9608 0100

F +61 (0)3 9608 0192

E victoria@moorestephens.com.au

www.moorestephens.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PHILEO AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the six months ended 31 December 2016, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne, Victoria

24 February 2017

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES

Interim Financial Report

**Consolidated Statement of Comprehensive Income for the
half year ended 31 December 2016**

	Consolidated Group	
	6 months	6 months
	ended	ended
	31-12-16	31-12-15
	\$'000	\$'000
Revenue from sales or services		
Sale of development property	35,000	-
Rental income from properties	4,490	4,935
Hotel operation	1,654	1,645
Total revenue from operations	41,144	6,580
Other Income:		
Interest revenue	10	8
Gain on fair value adjustment of financial instrument	1,258	50
Other	84	63
Total other income	1,352	121
Total revenue	42,496	6,701
Expenses		
Expenses from Ordinary Activities		
. Direct rental costs	-1,899	-1,893
. Hotel operating expenses	-1,305	-1,278
. Development activity	-736	-762
. Other	-338	-253
	-4,278	-4,186
Cost of development property	-31,270	-
Borrowing expenses	-1,640	-1,605
Administrative expenses	-956	-859
Net loss on impairment of inventories	-451	-
Total expenses	-38,595	-6,650
Profit before income tax	3,901	51
Income tax benefit (expense)	-1,166	-13
Profit from continuing operations	2,735	38
(Loss)/profit from discontinued operations	-	-
Profit for the period	2,735	38
Other comprehensive loss	-	-
Total comprehensive profit for the period	2,735	38
Loss attributable to:		
Members of the parent entity	2,735	37
Non-controlling interest	-	1
	2,735	38
Total comprehensive profit attributable to:		
Members of the parent entity	2,735	37
Non-controlling interest	-	1
	2,735	38
Earnings per share		
<u>From continuing and discontinued operations:</u>		
Basic earnings per share (cents)	9.46	0.13
Diluted earnings per share (cents)	9.46	0.13
<u>From continuing operations:</u>		
Basic earnings per share (cents)	9.46	0.13
Diluted earnings per share (cents)	9.46	0.13

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES

Interim Financial Report

Consolidated Statement of Financial Position

half year ended 31 December 2016

	Consolidated Group	
	31-12-16	30-06-16
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	21,120	924
Trade and other receivables	27	138
Other assets	847	646
	<u>21,994</u>	<u>1,708</u>
NON-CURRENT ASSETS		
Inventories	37,143	65,828
Investment properties	108,623	108,000
Plant and equipment	761	794
Deferred tax assets	6,786	7,276
Other assets	1,964	2,813
	<u>155,277</u>	<u>184,711</u>
TOTAL ASSETS	<u>177,271</u>	<u>186,419</u>
CURRENT LIABILITIES		
Trade and other creditors	1,986	1,230
Income tax payable	2,878	129
Provisions	307	287
	<u>5,171</u>	<u>1,646</u>
NON-CURRENT LIABILITIES		
Financial liabilities	45,000	56,500
Interest swap	3,943	5,201
Trade and other creditors	610	610
Deferred tax liabilities	18,978	21,050
Provisions	48	47
	<u>68,579</u>	<u>83,408</u>
TOTAL LIABILITIES	<u>73,750</u>	<u>85,054</u>
NET ASSETS	<u>103,521</u>	<u>101,365</u>
EQUITY		
Issued capital	19,911	19,911
Reserves	13	13
Retained earnings	83,597	81,441
TOTAL EQUITY	<u>103,521</u>	<u>101,365</u>

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
Interim Financial Report
Consolidated Statement of Changes in Equity for the
half year ended 31 December 2016

	Issued Capital Ordinary \$'000	Other Reserves \$'000	Retained Earnings \$'000	Non- controlling Interests \$'000	Total \$'000
Balance at 1 July 2015					
Profit attributable to members of the parent entity	19,911	13	72,483	-1	92,406
Profit/ (Loss) for the period	-	-	9,537	1	9,538
Total other comprehensive income/(loss) for the period	-	-	-	-	-
Subtotal	19,911	13	82,020	-	101,944
Dividends paid or provided for	-	-	-579	-	-579
Balance at 30 June 2016	19,911	13	81,441	-	101,365
Balance at 1 July 2016					
Profit attributable to members of the parent entity	19,911	13	81,441	-	101,365
Profit/ (Loss) for the period	-	-	2,735	-	2,735
Total other comprehensive income/(loss) for the period	-	-	-	-	-
Subtotal	19,911	13	84,176	-	104,100
Dividends paid or provided for	-	-	-579	-	-579
Balance at 31 December 2016	19,911	13	83,597	-	103,521

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
Interim Financial Report
Consolidated Statement of Cash Flows for the
half year ended 31 December 2016

	Consolidated Group	
	6 months	6 months
	ended	ended
	31-12-16	31-12-15
	\$'000	\$'000
CASHFLOW FROM OPERATING ACTIVITIES		
Proceeds from sale of property	34,682	-
Receipts from ordinary activities	8,609	6,305
Payment to suppliers & employees	-5,717	-4,226
Payment for property development	-3,034	-1,522
Income tax paid	-	-
<i>Net Cash produced (used) in Ordinary Activities</i>	<u>34,540</u>	<u>557</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Payment for purchase of plant & equipment	-13	-9
Payment for improvement to investment properties	-622	-233
<i>Cashflow from Investing Activities</i>	<u>-635</u>	<u>-242</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Interest paid	-1,640	-1,605
Interest received	10	8
Dividend paid	-579	-579
Proceeds from borrowing	2,000	2,000
Repayment of borrowings	-13,500	-8
<i>Cashflow from Financing Activities</i>	<u>-13,709</u>	<u>-184</u>
Net increase (decrease) in cash	20,196	131
Cash at beginning of period	924	993
Cash at end of period	<u><u>21,120</u></u>	<u><u>1,124</u></u>

**PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT**

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

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 ("the period") have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Phileo Australia Limited and its controlled entities ("the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, unless otherwise stated.

There were no new accounting standards adopted during the period.

Where applicable, certain comparative figures have been reclassified or adjusted in the previous year so as to be comparable, to the extent possible, with the figures presented for the period.

NOTE 2: DIVIDENDS

A fully franked final dividend of 2 cents per share totaling to \$578,400 was paid in October 2016 in respect of the 12 months ended 30 June 2016.

NOTE 3: BUSINESS COMBINATIONS

There were no acquisitions or disposals, or changes to any business combinations during the period (30 June 2016: None).

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT

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

NOTE 4: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the end of the last annual reporting period.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any significant events subsequent to the reporting date.

NOTE 6: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the property development and asset holding processes;
 - the services provided by the segment;
 - the type or class of customer for the products or service;
 - external regulatory requirements.
- (i) Development
The Group develops properties for sale, undertaking both commercial and residential projects. Supplementary revenues as described below are generated from some properties during their period of development.
- (ii) Rental
A number of the Group's development properties generate rental revenues for the Group. These properties comprise both office and retail spaces in both the Melbourne metropolitan area and country Victoria.
- (iii) Hotel Operation
The Group operates a business class hotel that provides accommodation, food and beverage services.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted.

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT

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

NOTE 6: OPERATING SEGMENTS (continued)

Inter-segment transactions

Inter-segment transactions are limited to interest charges on loans between Group entities. Interest is charged on an arms length basis under commercial loan agreements. All such transactions are eliminated on consolidation in the Group's financial report.

Segment assets

There are no assets which require allocation across multiple segments. All assets are measured within each segment using the same accounting policies as apply to the Group's annual financial report.

Segment liabilities

There are no liabilities which require allocation across multiple segments. All liabilities are measured within each segment using the same accounting policies as apply to the Group's annual financial report.

Comparative information

Where applicable, comparative information has been re-stated to conform to the requirements of the Standard.

(iv) Revenue by geographical region

All revenue was derived within Australia (31 December 2015: Same).

(v) Assets by geographical region

All segment assets were located within Australia (30 June 2016: Same).

(vi) Major tenants

The Group has a number of tenants to which it derives rental revenues.

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
Interim Financial Report
Operating Segments
half year ended 31 December 2016

(i) Segment performance

	Rental \$'000	Hotel \$'000	Develop- ment \$'000	Other \$'000	Total \$'000
6 months ended 31 December 2016					
Revenue					
External sales	4,490	1,654	35,000	1,342	42,486
Inter-segment sales	384	-	-	-	384
Interest revenue	-	-	-	10	10
Total segment revenue	4,874	1,654	35,000	1,352	42,880

*Reconciliation of segment revenue
to group revenue*

Inter-segment elimination	-384	-	-	-	-384
Total group revenue	4,490	1,654	35,000	1,352	42,496

Segment net profit/(loss) before tax

Reconciliation of segment result

to group net profit/(loss) before tax

Segment net profit/(loss) before tax	613	349	2,994	-55	3,901
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Net Profit/(Loss) before tax from
continuing operations

3,901

6 months ended 31 December 2015

Revenue					
External sales	4,935	1,645	-	113	6,693
Inter-segment sales	378	-	-	-	378
Interest revenue	-	-	-	8	8
Total segment revenue	5,313	1,645	-	120	7,079

*Reconciliation of segment revenue
to group revenue*

Inter-segment elimination	-378	-	-	-	-378
Total group revenue	4,935	1,645	-	120	6,701

Segment net profit/(loss) before tax

Reconciliation of segment result

to group net profit/(loss) before tax

Segment net profit/(loss) before tax	1,184	366	-762	-737	51
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Net Profit/(Loss) before tax from
continuing operations

51

PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
Interim Financial Report
Operating Segments
half year ended 31 December 2016

(ii) Segment assets

	Rental \$'000	Hotel \$'000	Develop- ment \$'000	Other \$'000	Total \$'000
As at 31 December 2016					
Segment assets	111,250	9,013	28,421	28,587	177,271
Total group assets from continuing operations				<u>177,271</u>	
As at 30 June 2016					
Segment assets	141,065	9,048	27,405	8,901	186,419
Total group assets from continuing operations				<u>186,419</u>	

(iii) Segment liabilities

	Rental \$'000	Hotel \$'000	Develop- ment \$'000	Other \$'000	Total \$'000
As at 31 December 2016					
Segment liabilities	51,278	224	-	22,248	73,750
Total group liabilities from continuing operations				<u>73,750</u>	
As at 30 June 2016					
Segment liabilities	51,744	175	-	33,135	85,054
Total group liabilities from continuing operations				<u>85,054</u>	

**PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES
INTERIM FINANCIAL REPORT**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on the pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



.....
Rudy Eng Wah Koh
Managing Director
Melbourne
Date: 24 February 2017

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000

T +61 (0)3 9608 0100

F +61 (0)3 9608 0192

E victoria@moorestephens.com.au

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PHILEO AUSTRALIA LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Phileo Australia Limited and its controlled entities (**the company**), which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

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

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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 the company is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



ANDREW JOHNSON

Partner

Audit & Assurance Services

Melbourne, Victoria

24 February 2017