



Azure Healthcare Limited announces 2018 Half-year results

Melbourne, Australia, February 26 2018 - Azure Healthcare Limited (ASX:AZV) is pleased to report its Half year report for the 6 months ended 31 December 2017.

Azure highlights:

For the 6 months ended 31 December 2017:

- Consistent with previous guidance, continued profitability over the last calendar year with revenue increasing by 9.1% to \$14.24 million and Profit After Tax of \$0.44 million for the 6 months ended 31 December 2017.
- Software and Software Maintenance Agreement (SMA) revenues increased to 11.0% of revenue compared to 5.3% in the previous corresponding period.
- Gross profit increased 2.3% from 45.5% to 47.8% compared to the previous corresponding period.
- Overhead expenses decreased from \$8.26 million to \$6.40 million representing a decrease of \$1.86 million or 22.5%.
- Earnings per share (EPS) of 0.19 compared to negative 2.10 for the previous corresponding period.
- Operating cashflow was positive \$0.45 million for the 6 months ended 31 December 2017 compared to negative \$2.70 million for the 6 months ended 31 December 2016.
- Cash at bank as at 31 December 2017 of \$1.88 million after repayment of \$0.24 million in bank debt.

The following table highlights the turnaround for the last 6 months compared to the previous corresponding period:

Comparative to previous corresponding period		
	6 months ended 31 December 2017	6 months ended 31 December 2016
	\$'000	\$'000
Revenue from activities	14,242	13,054
Gross Profit %	47.8%	45.5%
EBITDA	598	(1,495)
EBIT	471	(4,499)
Overhead Expenses	6,399	8,256
Net Profit/(Loss) after tax	437	(4,555)

Commenting on the year end results, Azure's Chief Executive Officer, Mr Clayton Astles said, "We are pleased to report that Azure has now recorded profits for the last calendar year. This substantial turnaround demonstrates that our core strategies and recent restructure have been effective as we continue to deliver shareholder value by creating innovative products and solutions that will be the foundation to the Company's continued growth."

For further information, please contact:

Mr Clayton Astles
Chief Executive Officer
Telephone AUS: +61 411 531 170
Telephone US: +1 416 565 7457
Email: clayton.astles@austco.com

Mr Jason D'Arcy
Company Secretary
Telephone AUS: +61 417 677 732
Telephone US: +1 214 930 2233
Email: jason.darcy@azurehealthcare.com.au

About Azure Healthcare Limited (ASX:AZV)

Azure Healthcare Limited is an international provider of healthcare communication and clinical workflow management solutions. The company is headquartered in Australia, has subsidiaries in six countries and supports healthcare facilities through our global reseller network which includes growing markets in health, aged care and remand care. Azure Healthcare services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For further information please refer to the Company's website www.azurehealthcare.com.au

Azure Healthcare Limited

Appendix 4D - Half Year End Financial Report

For the Half Year Ended 31 December 2017

Results for Announcement to the Market

Current Reporting Period - Half Year Ended 31 December 2017

Previous Reporting Period - Half Year Ended 31 December 2016

	%	31 December 2017	31 December 2016
	Change Up/(down)	\$'000	\$'000
Revenue from activities	9.1%	14,242	13,054
Foreign Exchange	(33.3%)	26	39
Other Income		8	14
Other Income - Sale of Asset		0	460
Revenue	5.2%	14,276	13,567
Operating expenses	(9.2%)	(13,678)	(15,062)
Earnings before interest, tax, depreciation and amortisation		598	(1,495)
Depreciation and amortisation expenses		(127)	(255)
Impairment of goodwill expense		-	(2,749)
Earnings before interest and tax (EBIT)		471	(4,499)
Net interest expense		(34)	(56)
Profit before income tax expense		437	(4,555)
Income tax expense		-	-
Net Profit after tax from continuing operations		437	(4,555)
Net Profit after tax for the period attributable to members of Azure Healthcare Limited		437	(4,555)
Other comprehensive income:			
Exchange difference arising on translation of foreign operations (movement in equity reserves)		(130)	(207)
Total comprehensive income for the period attributable to members of Azure Healthcare Limited		308	(4,762)
Net Tangible Asset per Security (cents per security)		3.66	3.86
Earnings/(losses) per share attributable to the ordinary equity holders of the company (cents per security):			
Continuing Operations (Basic and Diluted)		0.19	(2.10)
Overall Earnings per Share (Basic and Diluted)		0.19	(2.10)
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)			
			Not Applicable
Dividends (distribution)		Amount per Security	Franked Amount per Security
Final dividend		n/a	n/a
Previous corresponding period		n/a	n/a
Explanation of the above information:			
Please refer to the Directors' Report - Review of Operations for further information on the Company operations over the past 6 months.			



Appendix 4D

Half Year Financial Report

For the Half Year Ended 31 December 2017
(previous corresponding period: Half Year Ended 31 December 2016)

To be read in conjunction with the 30 June 2017 Annual Report.
In compliance with Listing Rule 4.3A

Contents

Director's Report	3
Auditor's Independence Declaration	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	14
Independent Auditor's Review Report	15

Director's Report

Your Directors present their report on the consolidated entity consisting of Azure Healthcare Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2017.

Directors

The following persons were Directors of Azure Healthcare Limited during the half year and up to the date of this report:

Mr Graeme Billings	Non Executive Chairman
Mr Brett Burns	Non-Executive Director
Mr Clayton Astles	Chief Executive Officer & Director

Principal Activities

The principal activities of the Company during the half year was the manufacture, supply and service of healthcare and electronic communications equipment.

Auditors independence

The Auditors independence declaration can be found on page 5 of this report.

Financial performance

Revenue from ordinary activities increased by 9.1% compared to the previous corresponding period. Net profit after tax (NPAT) was \$0.437 million compared to a net loss of \$4.555 million for the previous corresponding period. Importantly the revenues from Software and Software Maintenance Agreements (SMA's) has increased to 11.0% of revenue compared to 5.3% in the previous corresponding period.

Net Tangible Assets (NTA): Net Tangible assets have decreased from 3.86 cents to 3.66 cents per share, largely due to the increased number of shares on issue as a result of last year's capital raising, a decrease of 5.2%.

Cash and operating cashflow: Cash as at 31 December 2017 was \$1.88 million representing an increase of \$0.37 million or 24% compared to the previous corresponding period. Operating cashflow was positive \$0.45 million for the 6 months ended 31 December 2017. Cashflow from financing activities was negative due to the repayment of bank debt of \$0.24 million.

Final Dividend: The directors have not declared a final dividend as the Group will continue to focus on short-term working capital requirements for production expansion and R&D investment.

Overhead expenses have decreased by 22.5% from \$8.26 million to \$6.4 million over the previous corresponding period due to management's cost reduction initiatives.

Operating performance

As previously announced, the Group undertook a significant program to restructure the business operations during the last financial year including the transition of its manufacturing operations to the USA and the largest review and rationalization of products in the Group's history. The benefits of these initiatives are now beginning to flow through with resulting increases in revenue, reduced operating costs and positive operating cashflows as outlined in the financial performance summary above. The significant variances when compared to the previous corresponding period are:

- Net profit after tax of \$0.437 million compared to a net loss after tax of \$4.555 million in the previous corresponding period representing an improvement of \$4.992 million;
- Revenue of \$14.24 million compared to \$13.05 million in the previous corresponding period representing an increase of 9.1% or \$1.19 million;
- Reduction in overhead expenses of \$1.86 million or 22.5% compared to the previous corresponding period.
- Group inventory decreased by 20.4% from \$9.3 million to \$7.4 million compared to the previous corresponding period.

Director's Report (continued)

Research & Development Expenditure

The Group invested \$1.72 million in research and development for the 6 months ended 31 December 2017 compared to \$1.68 million for the previous corresponding period. The Group remains committed to continuing this investment in scalable software solutions, particularly in mobile workflow solutions and 3rd party integrations, which will help boost organic growth in revenues. As a conservative approach the Group continues to expense these costs rather than capitalise them.

Rounding of amounts

The Group is a company of the kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with the class orders amount in the Directors Report and Interim Financial Report are rounded to the nearest thousand dollars, unless otherwise indicated.

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



Clayton Astles
Chief Executive Officer
Melbourne
Dated 26 February 2018

Auditor's Independence Declaration



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF AZURE HEALTHCARE LIMITED

As lead auditor for the review of Azure Healthcare Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Azure Healthcare Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Tim Fairclough' in a cursive script.

Tim Fairclough
Partner

BDO East Coast Partnership

Melbourne, 26 February 2018

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2017

	Note	31 December 2017 \$'000	Consolidated Entity 31 December 2016 \$'000
Revenue from Operations		14,242	13,054
Other Income		8	14
Foreign Exchange		26	39
Total Revenue from Ordinary Activities		14,276	13,107
Cost of Goods Sold		(7,440)	(7,117)
Gross Profit		6,836	5,990
Other Income - Sale of Asset		-	460
Employee Benefits Expense		(4,532)	(5,020)
Motor Vehicle Expenses		(75)	(90)
Occupancy Expenses		(347)	(461)
Depreciation and Amortisation Expenses		(127)	(255)
Accounting, Audit and Legal Fees		(399)	(797)
Finance Costs		(34)	(56)
Travel Expenses		(383)	(389)
Other Expenses		(502)	(1,188)
Non-operating Impairment Expense		-	(2,749)
Net Profit (Loss) Before Income Tax		437	(4,555)
Income-Tax Benefit / (Expense)		-	-
Net Profit/(Loss) after tax		437	(4,555)
Net Profit/(Loss) attributable to members of Azure Healthcare Limited		437	(4,555)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translation of Foreign Operations		(130)	(207)
Total Comprehensive Income for the Half Year		308	(4,762)
		Cents	Cents
Earnings per Share:			
Basic earnings/(loss) per share		0.19	(2.10)
Diluted earnings/(loss) per share		0.19	(2.10)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 \$'000	Consolidated Entity 30 June 2017 \$'000
Current Assets			
Cash and Cash Equivalents		1,883	1,717
Trade and Other Receivables		4,384	4,986
Inventories		7,391	9,257
Other Assets		746	775
Total Current Assets		14,404	16,735
Non-Current Assets			
Plant and Equipment		497	564
Net Deferred Tax Assets		53	53
Total Non-Current Assets		550	617
Total Assets		14,954	17,352
Current Liabilities			
Trade and Other Payables		4,943	7,202
Short Term Borrowings		891	1,128
Current Tax Liabilities		45	29
Provisions		461	688
Total Current Liabilities		6,340	9,047
Non-Current Liabilities			
Long Term Borrowings		18	22
Provisions		26	20
Total Non-Current Liabilities		44	42
Total Liabilities		6,384	9,089
Net Assets		8,570	8,263
Equity			
Contributed Equity		38,076	38,076
Option Reserves		48	48
Foreign Exchange Reserve		(999)	(869)
Accumulated Losses		(28,555)	(28,992)
Total Equity		8,570	8,263

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2017

	Consolidated Entity				Total Equity
	Contributed Equity	Accumulated Losses	Foreign Exchange Reserve	Option Reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	35,123	(22,575)	(426)	48	12,170
(Loss) after income tax expense for the year		(4,555)			(4,555)
Other comprehensive income for the year, net of tax	-	-	(207)	-	(207)
Total comprehensive income for the year	-	(4,555)	(207)	-	(4,762)
Issue of Shares	2,115	-	-	-	2,115
Balance at 31 December 2016	37,238	(27,128)	(633)	48	9,525
Balance at 1 July 2017	38,076	(28,992)	(869)	48	8,263
Profit after income tax expense for the year	-	437	-	-	437
Other comprehensive income for the year, net of tax	-		(130)	-	(130)
Total comprehensive income for the year	-	437	(130)	-	308
Balance at 31 December 2017	38,076	(28,555)	(999)	48	8,570

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2017

	Note	31 December 2017 \$'000	Consolidated Entity 31 December 2016 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		14,844	14,950
Payments to Suppliers and Employees		(14,390)	(17,535)
Borrowing Costs		-	(56)
Income Tax Paid		-	(52)
Net Cash Provided by/(Used in) Operating Activities		454	(2,693)
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments for Acquisition of Property, Plant and Equipment		(58)	(18)
Proceeds from Disposal of Property, Plant and Equipment		13	16
Proceeds from Sale of Assets		-	665
Net Cash (Used in)/Provided by Investing Activities		(45)	663
Net Cash Provided by/(Used in) Operating and Investing Activities		409	(2,030)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares		-	1,992
(Repayment) of Borrowings		(237)	(125)
Payment of Lease and Hire Purchase Liabilities		(4)	(7)
Net Cash (Used in)/Provided by Financing Activities		(241)	1,860
Net Increase/(Decrease) in Cash Held		168	(170)
Cash and Cash Equivalents at Beginning of Year		1,717	1,685
Effects of Exchange Rate Changes in Cash		(2)	2
Cash and Cash Equivalents at End of Year		1,883	1,517

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

Note 1. Basis of Preparation

This interim financial report covers the consolidated entity consisting of Azure Healthcare Limited and its controlled entities. Azure Healthcare Limited is a listed public company, incorporated and domiciled in Australia. The nature of the operations and principal activities of the consolidated entity are described within the Director's Report.

(a) Basis of Preparation

This financial report is intended to provide users with an update on the latest annual financial statements of Azure Healthcare Limited (the Company) and its controlled entities (the Group). This interim report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for for-profit oriented entities. It is recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the interim period. The principal accounting policies adapted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(b) Financial Assets and Liabilities

Financial assets and liabilities of the Group are recognised in the statement of financial position at their fair values in accordance with accounting policies set out in the 30 June 2017 financial report. In all instances the fair value of financial assets and financial liabilities approximates to their carrying value.

(c) Summary of the Significant Accounting Policies

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and Revised Accounting Standards Not Yet Effective

AASB 15 Revenue from contracts with customers

Management is currently assessing the effects of applying the new standard on the entity's revenue recognition policies and resulting effects on its financial statements. The application of AASB 15 may result in some software maintenance revenues being recognised later than under the current standard, but more areas may be identified when the assessment has been completed.

At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will continue its detailed assessments of the effect over the next six months.

AASB 16 Leases

Management is currently assessing the new standard on the entity's leases.

Notes to the Consolidated Financial Statements

(continued)

(d) Going Concern

The group has generated a profit after tax of \$0.437 million for the six months ending 31 December 2017 compared to a loss of \$4.55 million in the corresponding period ended 31 December 2016, which included a non-cash impairment of \$2.75 million for goodwill.

The group has moved from a net cash outflow position for operating and investing activities to a net cash inflow position of \$0.409 million for the 6 months ending 31 December 2017 (2016: \$2.030m). Included in current borrowings is an amount owing of \$0.891 million, which remains current as the borrowing facility is at call.

These financial statements have been prepared on the basis that the group is a going concern, which contemplates the continuity of its business, realisation of assets and settlement of liabilities in the normal course of business.

To this end, the group is expecting to fund its ongoing obligations as follows:

- The company has cash reserves at 31 December 2017 of \$1.883 million.
- The financial performance of the company has improved in the first six months of the 30 June 2018 financial year with a profit before tax of \$0.437 million and positive operating cash flow of \$0.454 million. The directors are confident of achieving the forecasted operating cash flows, through developing sales, strategic marketing placement and continued effective management of cash flows.
- Included in current liabilities of \$6.340 million are amounts that are not immediately payable. These liabilities are approximately \$1.245 million and relates to US sales tax liabilities and provisions.
- The directors are anticipating agreeing a new facility with the group's financier. The company has a track record of obtaining and renegotiating bank borrowing facilities in prior periods and the ability to repay facilities as and when they fall due.
- The group has restructured its business operations and relocated its factory operations from Australia to the US. This restructure contributed to the Group's poor financial performance over the past two financial years. The group is expecting further improvement in financial performance in the second half of the 30 June 2018 financial year.

Note 2. Dividends

The Group resolved not to declare any dividends in the period ended 31 December 2017.

Note 3. Segment Information

Management has determined the operating segments based upon reports reviewed by the Board and executive management that are used to make operational and strategic decisions. The group is organised into one major operating division, healthcare, which has four geographic segments. These segments are the basis on which the Group reports its segment information.

Healthcare

The healthcare business focuses on providing electronic communications in healthcare and development of nurse call and care management systems for hospitals and aged care markets. The healthcare business is further segmented into four geographic regions consisting of North America, Europe, Asia and Australia/New Zealand.

Notes to the Consolidated Financial Statements

(continued)

Note 3. Segment Information (continued)

	-----Healthcare-----					Eliminations		
	Austco Australia / NZ	Austco Asia	Austco Europe	Austco North America	Total	Inter company	Corporate	Group Total
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000

Period Ended 31 Decemeber 2017

Revenue - external	5,283	1,644	1,293	6,056	14,276	-	-	14,276
Revenue - intersegment	203	2	-	2,782	2,987	(2,987)	-	-
Interest Revenue	26	0	0	-	26	(26)	-	0
Total Revenue	5,512	1,646	1,293	8,838	17,289	(3,013)	-	14,276
EBITDA	1,285	(126)	276	(818)	617	99	(118)	598
Depreciation	(28)	(9)	(13)	(77)	(127)	-	-	(127)
Amortisation	-	-	-	-	-	-	-	-
EBIT	1,257	(135)	263	(895)	490	99	(118)	471
Interest	-	(1)	-	(26)	(27)	25	(32)	(34)
Income Tax	(0)	-	-	-	(0)	-	-	(0)
NPAT	1,257	(136)	263	(921)	463	124	(150)	437

Period Ended 31 December 2016

Revenue - external	5,757	2,088	976	4,287	13,108	-	-	13,108
Revenue - intersegment	3,334	22	1	3,777	7,134	(7,134)	-	-
Interest Revenue	26	-	-	-	26	(26)	-	-
Total Revenue	9,117	2,110	977	8,064	20,268	(7,160)	-	13,108
EBITDA	(262)	(238)	91	(1,170)	(1,579)	(208)	(2,440)	(4,227)
Depreciation	(47)	(14)	(4)	(78)	(143)	-	-	(143)
Amortisation	(112)	-	-	-	(112)	-	-	(112)
EBIT	(421)	(252)	87	(1,248)	(1,834)	(208)	(2,440)	(4,482)
Interest	(10)	-	-	(26)	(36)	25	(45)	(56)
Income Tax	18	-	(17)	(1)	-	-	-	-
NPAT	(429)	(252)	70	(1,275)	(1,887)	(183)	(2,485)	(4,555)

Segment Assets								
6/30/17	20,744	2,074	1,251	12,007	36,076	(38,551)	19,827	17,352
12/31/17	20,786	1,458	1,275	9,819	33,338	(27,811)	9,427	14,954
Segment Liabilities								
6/30/17	6,963	1,613	494	18,228	27,297	(19,323)	1,115	9,089
12/31/17	5,663	1,127	341	16,921	24,052	(18,533)	865	6,384

Notes to the Consolidated Financial Statements

(continued)

Note 3. Segment Information (continued)

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as depreciation, amortisation and net interest and impairment to non current assets which is disclosed separately.

Results of Segments

Segment revenues and expenses are those directly attributable to the segments where a reasonable basis of allocation exists.

Inter-segment pricing

Segment revenues, expenses and result include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the economic entity at arm's length. These transfers are eliminated on consolidation.

Note 4. Contingent Liabilities and Assets

There has been no changes in contingent liabilities and assets reported since the last annual reporting date.

Note 5. Net Tangible Assets

	31 December 2017	30 June 2017
	\$'000	\$'000
Net Tangible Assets	8,517	8,210
Weighted Average Shares	No.	No.
	232,712,827	212,529,627
	Cents	Cents
Net Tangible Assets (cents)	3.66	3.86

Directors' Declaration

The directors of the company declare that:

- 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 consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Clayton Astles
Chief Executive Officer
Melbourne
Dated 26 February 2018

Independent Auditor's Review Report



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Azure Healthcare Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Azure Healthcare Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Independent Auditor's Review Report

(continued)



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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Tim Fairclough

Tim Fairclough
Partner

Melbourne, 26 February 2018