



AstiVita Limited ABN 46 139 461 733

12th February 2015

AstiVita Recovery Continues

AstiVita announced today an after tax loss of \$186,000, an improvement of 75.78% compared to a loss of \$768,000 for the 31 December 2013 half year.

	2015	2014	2013
	\$'000	\$'000	\$'000
1 st half trading loss	(186)	(768)	(1,252)

The table highlights the significant improvement in the AstiVita trading performance for the first half of 2015. The Company achieved positive cash flow since May and has repaid borrowings of the Rainrose Pty Ltd loan of \$1million since May 2014, including a repayment of \$350,000 in January 2015.

Product Rationalisation & Customer Strategy

AstiVita has developed a clear strategy to acquire more customers throughout Queensland, New South Wales and Victoria. Critical to this strategy is providing customers with products that offer competitive advantage against the major players within the industry. The Board will continue with its product rationalization strategy over the next 12 months.

Future Outlook / Guidance

The Board recognises that there is still significant improvements required but are starting to see genuine signs of further operating efficiencies and continued liquidation of aged stock.

In the next 6 months we expect to launch our web based business to business strategy. The Board is reviewing further e-commerce opportunities as our existing Enterprise Resource Planning System is capable of supporting multiple e-commerce strategies without significant further expense.

Management have successfully implemented the latest version of our Enterprise Resource Planning System, including superior Cognos reporting capabilities and the activation of the customer relationship module in July at a cost of 20% of the original quoted estimate.

The Board would like to take this opportunity to thank our new General Manager, Scott Ison, who has been with the Company since 2003. Along with our Purchasing Manager, Ray Law, and the rest of the staff, they have willingly embraced the changes at AstiVita and are ready for the challenges ahead in the next 12 months.

The Board thanks the understanding and patience of our shareholders and sincerely hopes that we return to profitability in the near future.

Lev Mizikovsky
Non-executive Chairman

**Appendix 4D – Interim Financial
Report for Half Year Ended
31 December 2014**



AstiVita Limited ABN 46 139 461 733

Name of Entity: **ASTIVITA LIMITED**
 ABN: **46 139 461 733**
 Current period: **1 July 2014 to 31 December 2014**
 Previous corresponding period: **1 July 2013 to 31 December 2013**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information				\$'000
Revenue from ordinary activities	down	22.93%	to	5,195
Profit after tax from continuing activities attributable to members	reduced by	75.78%	to	(186)
Net Profit attributable to members	reduced by	75.78%	to	(186)

Dividends Paid and Proposed

The Board considers that no interim dividend will be paid

NET TANGIBLE ASSETS PER SHARE

Net tangible assets per share

Half-year Ended 31 December 2014	Half-year Ended 31 December 2013
17.19 cents	20.30 cents
(0.59 cents)	(2.47 cents)

EARNINGS PER SHARE

Basic earnings per share

CONTROL GAINED OR LOST OVER ENTITIES IN THE HALF YEAR

Subsidiaries

No changes to control over subsidiaries during the half year

Associates and joint venture entities

The Group has no associates or joint ventures

AstiVita Limited

ABN: 46 139 461 733

Interim Financial Statements

For the Half Year Ended 31 December 2014

ABN: 46 139 461 733

ASX Code: AIR

AstiVita Limited

ABN: 46 139 461 733

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AstiVita Limited

ABN: 46 139 461 733

Directors' Report

For the Half Year Ended 31 December 2014

Your Directors present their report on AstiVita Limited ("AstiVita") for the half year ended 31 December 2014.

Directors

The names of the directors in office at any time during, or since the end of, the half year are:

Names	Position
L Mizikovsky	Non-executive Chairman
R Dudurovic	Non-executive Director
R Lynch	Non-executive Director
G Acton	Non-executive Director

Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

Principal activities and significant changes in nature of activities

During the half year the principal continuing activities of AstiVita Limited consisted of sale of household products under one entity. The main household products are:

- Bathroom products;
- Photovoltaic ("PV") panels
- Energy efficient hot water systems
- Italian kitchen appliances.

There were no significant changes in the nature of AstiVita Limited's principal activities during the half year.

Review of Operations and Results

The Result

AstiVita incurred an after tax loss of \$186,000 for the six months ended 31 December 2014 an improvement of 75.7% compared to the same corresponding period.

Despite the loss, the half-year result for AstiVita highlights a continued improvement in the operations of the business including the generation of positive cashflows, with the total repayment of \$1million of the Rainrose Pty Ltd loan since May 2014 including a \$350,000 repayment in January 2015.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the half year.

Dividends

The Board considers that no interim dividend will be paid.

Directors' Report

For the Half Year Ended 31 December 2014

Events after the reporting date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

ASIC class order 98/100 rounding of amounts

The Company has applied the relief available to it in ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended has been received and can be found on page 3 of the financial report.

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



Non-executive Chairman

Dated 12 February 2015

AstiVita Limited

ABN 46 139 461 733

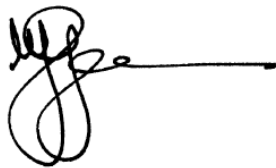
Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014, there have been:

- i. no contraventions of the auditor's 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.

HANRICK CURRAN AUDIT

HANRICK CURRAN AUDIT PTY LTD



M. J. Green
Director

Brisbane, 12 February 2015

AstiVita Limited

ABN: 46 139 461 733

**Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2014**

		31 December 2014	31 December 2013
		\$'000s	\$'000s
	Note	\$	\$
Revenue - trading	3	5,195	6,741
Other income	3	227	282
Labour, raw materials and consumables used		(3,837)	(5,778)
Employee benefits expense		(653)	(937)
Depreciation and amortisation expense		(245)	(75)
Other expenses		(969)	(1,249)
Finance costs		(87)	(18)
Profit/(Loss) before income tax		(369)	(1,034)
Income tax expense		183	266
Profit/(Loss) from continuing operations		(186)	(768)
Profit/(Loss) for the half year		(186)	(768)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(186)	(768)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(0.59)	(2.47)
Diluted earnings per share (cents)		(0.59)	(2.47)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position**As At 31 December 2014**

	31 December 2014 \$'000s \$	30 June 2014 \$'000s \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,494	348
Trade and other receivables	4 2,406	3,426
Inventories	5 4,489	5,498
Other assets	366	286
TOTAL CURRENT ASSETS	8,755	9,558
NON-CURRENT ASSETS		
Property, plant and equipment	320	359
Intangible assets	581	719
Deferred tax assets	2,482	2,292
TOTAL NON-CURRENT ASSETS	3,383	3,370
TOTAL ASSETS	12,138	12,928
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	557	821
Provisions	304	319
TOTAL CURRENT LIABILITIES	861	1,140
NON-CURRENT LIABILITIES		
Borrowings	2,745	3,108
Provisions	41	10
Deferred tax liabilities	79	72
TOTAL NON-CURRENT LIABILITIES	2,865	3,190
TOTAL LIABILITIES	3,726	4,330
NET ASSETS	8,412	8,598
EQUITY		
Issued capital	7,284	7,284
Retained earnings	1,128	1,314
TOTAL EQUITY	8,412	8,598

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Half Year Ended 31 December 2014

	Issued Capital \$'000s	Retained earnings \$'000s	Total \$'000s	Non- Controlling Interests \$'000s	Total \$'000s
Note	\$	\$	\$	\$	\$
Balance at 1 July 2014	7,284	1,314	8,598	-	8,598
Comprehensive income for the half year					
Profit/(Loss) for the half year	-	(186)	(186)	-	(186)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive income for the half year	-	(186)	(186)	-	(186)
Balance at 31 December 2014	7,284	1,128	8,412	-	8,412

	Issued Capital \$'000s	Retained earnings \$'000s	Total \$'000s	Non- Controlling Interests \$'000s	Total \$'000s
Note	\$	\$	\$	\$	\$
Balance at 1 July 2013	7,284	2,812	10,096	(245)	9,851
Comprehensive income for the half year					
Profit/(Loss) for the half year	-	(768)	(768)	-	(768)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive income for the half year	-	(768)	(768)	-	(768)
Transfer of non-controlling interests	-	-	-	245	245
Balance at 31 December 2013	7,284	2,044	9,328	-	9,328

Statement of Cash Flows

For the Half Year Ended 31 December 2014

	31 December 2014 \$'000s \$	31 December 2013 \$'000s \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	6,582	7,114
Payments to suppliers and employees (including GST)	(4,930)	(8,604)
Exchange gain	3	-
Interest received	9	5
Interest paid	-	(3)
Finance costs	(87)	-
Income tax paid	-	7
Net cash provided by operating activities	<u>1,577</u>	<u>(1,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(26)	(17)
Purchase of intangible assets	(42)	-
Net cash (used by) / provided by investing activities	<u>(68)</u>	<u>(17)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	1,600
Share buy-back payment	-	(812)
Repayment of borrowings	(363)	-
Net cash used by financing activities	<u>(363)</u>	<u>788</u>
Net increase / (decrease) in cash and cash equivalents held	1,146	(710)
Cash and cash equivalents at beginning of half-year	348	1,169
Cash and cash equivalents at end of the half year	<u>1,494</u>	<u>459</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2014 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Tamawood Limited and controlled entities ("the Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within AstiVita Limited. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of AstiVita Limited for the year ended 30 June 2014, together with any public announcements made during the half year.

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Accounting Policies

Except as described below in Note 1(c), 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.

(b) Going concern

The directors have prepared the half-year financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is deemed to be appropriate notwithstanding that the Company has incurred losses for the half-year of \$186,000 (31 December 2013: \$768,000). As at 31 December 2014, the Company has net assets of \$8,412,000 (30 June 2014: \$8,598,000).

The Company's ability to continue as a going concern is dependent of its ability to reverse the currently occurring operating losses by restructuring operations, increasing sales, realising the value inherent in inventory on-hand, recovering trade debtors and, if necessary, obtaining replacement debt or equity funding. Rainrose Pty Ltd, a related party, has advanced the Company \$3,108,000. AstiVita has repaid \$1million of the advance since May 2014 including \$350,000 repaid in January 2015.

At the date of this report and having considered the above factors, the Directors are confident of restructuring operations and sales and generating sufficient cashflows from operations so that the company will be able to continue as a going concern. Notwithstanding this, there is significant uncertainty whether it will continue its normal business activities and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

1 Summary of Significant Accounting Policies (continued)

(c) Adoption of new and revised accounting standards

During the current half year, the following standards became mandatory and have been adopted retrospectively by the Company:

- *AASB 1031 Materiality*
- *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*
- *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments Part B*
- *AASB 2014-1 Amendments to Australian Accounting Standards [Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles]*
- *AASB 2014-1 Amendments to Australian Accounting Standards [Part B – Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)]*
- *AASB 2014-1 Amendments to Australian Accounting Standards [Part C – Materiality]*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses. However, the adoption of these standard had no material impact on the reported financial position or performance as discussed below.

AASB 1031 Materiality is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. The adoption of this standard had no material impact on the reported financial position or performance.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (AASB-132) adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard. The adoption of this standard had no material impact on the reported financial position or performance.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031. The adoption of this standard had no material impact on the reported financial position or performance.

AASB 2014-1 Amendments to Australian Accounting Standards [Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles] makes various amendments to Australian Accounting Standards arising from the issuance by IASB of IFRSs Annual Improvements to IFRS 2010- 2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

AASB 2014-1 Amendments to Australian Accounting Standards [Part B – Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)] apply to contributions from employees or third parties to defined benefit plans.

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

1 Summary of Significant Accounting Policies (continued)

(d) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2019	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.	The entity has not yet determined the magnitude of any changes which may be needed.
AASB 15 Revenue from Contracts with Customers	30 June 2018	This standard provides guidance on the recognition of revenue from customers.	The entity has not yet determined the magnitude of any changes which may be needed.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

An allowance for inventory obsolescence of \$526,000 (30 June 2014: \$773,000) has been recognised by the Company at 31 December 2014. The allowance was determined after taking into account the sales history and age of various products on hand at 31 December 2014, in accordance with the methodology established and used by the Company at 30 June 2014.

An allowance for doubtful debts of \$76,000 (30 June 2014: \$177,000) has been recognised by the company at 31 December 2014. The allowance was determined after taking into account historical collection rates, specific knowledge of the debtor, past bad debt experience and contractual performance against allowed credit terms. All of these matters were considered in accordance with the methodology established and used by the Company at 30 June 2014.

A provision for warranty costs of \$243,000 (30 June 2014: \$243,000) has been recognised by the Company at 31 December 2014. The provision is in accordance with the methodology established and used by the Company at 30 June 2014. The provision is based on past claims and expected future costs, having regard to recent trends and available information.

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

2 Critical Accounting Estimates and Judgments (continued)

Deferred tax assets of \$2,482,000 (30 June 2014: \$2,292,000) have been recognised by the company at 31 December 2014. The Company has exercised judgments in determining the probability of future taxable profits being generated against which the recognised tax losses will be able to be offset.

3 Revenue and Other Income

	31 December 2014 \$'000s \$	31 December 2013 \$'000s \$
Revenue		
- Bathroom products	1,571	3,715
- Solarpower products & REC's income	2,227	3,021
- Kitchen appliances	623	-
- Renewable energy certificates	762	-
Interest	9	5
Other items	3	-
	<u>5,195</u>	<u>6,741</u>
Other Income		
- Other	227	282
	<u>5,422</u>	<u>7,023</u>

4 Trade and other receivables

	31 December 2014 \$'000s \$	30 June 2014 \$'000s \$
CURRENT		
Trade receivables	2,482	3,603
Provision for impairment	(76)	(177)
	<u>2,406</u>	<u>3,426</u>
Total current trade and other receivables	<u>2,406</u>	<u>3,426</u>

**Notes to the Financial Statements
For the Half Year Ended 31 December 2014**

5 Inventories

	31 December 2014 \$'000s \$	30 June 2014 \$'000s \$
CURRENT		
At cost:		
Finished goods	4,617	5,730
Goods in transit	398	541
Provision for obsolescence	(526)	(773)
	<u>4,489</u>	<u>5,498</u>
	<u>4,489</u>	<u>5,498</u>

6 Dividends

No interim dividend will be payable.

7 Contingencies

In the opinion of the Directors, the Company did not have any contingent liabilities at 31 December 2014 (31 December 2013:None). At 31 December 2014, the Group has commenced legal action in New Zealand against our former New Zealand Distributor with a view to recovering our AstiVita Brand Name, and restoring associated revenues from the New Zealand Market. No Contingent assets have been recognised in respect of this litigation.

8 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

9 Company Details

The registered office of the company is:

AstiVita Limited
172 Ingram Road
Acacia Ridge
QLD 4110

10 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Amounts receivable from related parties for the sale and purchase of goods and services are unsecured and interest free and are included in the balances of trade and other receivables. Balances are settled within normal trading terms or as per agreement with the Board. No provisions for doubtful debts have been recognised on these outstanding

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

balances, nor have any bad debt expenses been incurred.

(a) The Company's main related parties are as follows:

(i) Key management personnel ("KMP"):

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Tamawood Limited and its controlled entities ("Tamawood") and ERC Traders Pty Ltd are deemed to be related parties of AstiVita by virtue of Mr L Mizikovsky and G Acton Non-executive Directors of Tamawood Limited, having a controlling interest in AstiVita. Transactions between the Company and the above related parties are disclosed below.

Transactions with Associates, KMP and their related parties, excluding remuneration, are shown below. Amounts disclosed below are rounded to the nearest dollar.

(b) Loans to/from related parties

At the Annual General Meeting in November 2013, the shareholders unanimously approved an unsecured loan facility of up to \$2,000,000 with further advances available at the discretion of Rainrose Pty Ltd, an entity controlled by the Non-executive Chairman. As at 31 December 2014 the loan amounted to \$2.745 million. The loan is due for repayment in July 2016.

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
Loans from Rainrose Pty Ltd					
Half Year ended 31/12/2014	3,108,200	2,745,134	-	86,933	-
Year ended 30/06/2014	-	3,108,200	-	88,200	-

(c) Transactions with related parties

(i) Sale of goods and services

	31 December 2014 '000s \$	31 December 2013 '000s \$
Tamawood Limited		
Sales to Tamawood Ltd	1,039,140	671,980

Notes to the Financial Statements

For the Half Year Ended 31 December 2014

(ii) Purchase of goods and services

	31 December 2014 \$'000s \$	31 December 2013 \$'000s \$
<i>Key management personnel:</i>		
Mr L Mizikovsky - Non-executive Director		
- Rental payments for premises to an entity controlled by Mr L Mizikovsky	244,550	195,390
<i>Related parties:</i>		
ERC Traders Pty Ltd		
- Administration and payroll processing services provided by an entity controlled by Mr G Acton	22,860	74,863
Tamawood Ltd		
- Advertising and IT Services	34,620	42,900

(iii) Outstanding balances

	31 December 2014 \$'000s \$	30 June 2014 \$'000s \$
<i>Related parties:</i>		
Tamawood Limited		
- Amounts receivable for sales	280,229	453,751
- Amounts payable for purchases	3,948	14,400
Rainrose Pty Ltd		
- Amounts receivable	2,810	-
ERC Traders Pty Ltd		
- Amounts payable for purchases	-	6,352

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2014 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.



Non-executive Chairman

Dated 12 February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ASTIVITA LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of AstiVita Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 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 gives a true and fair view and 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 consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AstiVita Renewables Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Basis for Qualified Conclusion

At 31 December 2014, the financial report of AstiVita Limited included \$2,482,000 of trade receivables, against which an allowance for impairment of \$76,000 was recognised, and \$4,617,000 of finished goods inventory, against which an allowance for impairment of \$526,000 was recognised. Note 1 to the half-year financial report describes the estimates and judgements about valuation allowances for inventory and receivables. As a result of the material inherent uncertainty regarding the future cash flows associated with each of these balances, we are unable to form a view as to the valuation of the allowances for impairment at 31 December 2014. Had we been able to form a view as to the valuation allowances, matters might have come to our attention indicating that adjustments might be necessary to the 31 December 2014 half-year financial report.

Qualified Conclusion

Except for adjustments to the 31 December 2014 half-year financial report that we might have become aware of had it not been for the situation described above, 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 AstiVita Limited is not in accordance with the *Corporations Act 2001* including:

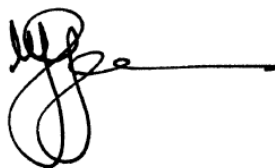
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and,
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Going Concern

Without modifying our conclusion, we draw attention to Note 1 to the half-year financial report which indicates that the company incurred a net loss of \$186,000 during the half-year ended 31 December 2014. This condition, along with other matters set forth in Note 1, indicates the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

HANRICK CURRAN AUDIT

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M. J. Green
Director

Brisbane, 12 February 2015