

Wilson HTM Investment Group Ltd

Appendix 4D Half-Year Report

Half year ended 31 December 2014

ABN: 22 100 325 184

1. The information contained in this report is for the half year ended 31 December 2014 and all comparisons are to the previous corresponding period, 31 December 2013.

2. Results for announcement to the market.

\$A'000

2.1 Revenues from ordinary activities	down	4.6%	to	30,245
2.2 Profit from ordinary activities after tax attributable to shareholders	up	12.3%	to	2,587
2.3 Profit for the period attributable to shareholders	up	12.3%	to	2,587

Earning per share (cents) – statutory basis
(based on the weighted average number
of shares on issue over the period)

up 13.6% to 2.5 cents

2.4 A final dividend in respect of the year ended 30 June 2014 was paid on 18 September 2014 at the rate of 2.75 cents per share fully franked.

In respect of the six months to 31 December 2014 an interim dividend has been declared of 1.6 cents per share fully franked.

2.5 The record date for the interim dividend referred to above is 31 March 2015 and will be payable on 17 April 2015.

2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer "Review of operations" in the Directors Report included in the Interim Financial Report for the half year ended 31 December 2014 incorporated with this Form 4D attached.

3. Net tangible assets per security

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.54	\$0.50

Please note the net tangible asset backing excluding the net deferred tax balances is \$0.42 per ordinary security (31 Dec 2013- \$0.38)

4. Entities gained during the period

Name of entity	Details
Pinnacle International Equity Limited	Refer note 15 page 21 in the attached interim financial report.

5. Dividends / distributions

None other than noted in section 2.4 above

6. Dividend reinvestment plans

There are no plans in operation.

7. Details of associates and joint venture entities:

Name of company	Effective Ownership Interest 31 Dec 2014 %
Plato Investment Management Limited	39.6
Palisade Investment Partners Limited	28.3
Hyperion Holdings Limited	39.7
Foray Enterprises Pty Ltd	31.7
Solaris Investment Management Limited	31.7
Sigma Funds Management Pty Limited	19.8

The aggregate share of net profits of associates and joint venture entities for the current period is \$5,209,000 (previous corresponding period \$3,532,000).

8. Foreign entities – not applicable

9. Review Status

The independent review opinion is attached at page 29.

A handwritten signature in dark ink, appearing to read "Eleanor Padman". The signature is fluid and cursive, with the first name "Eleanor" written in a larger, more prominent script than the last name "Padman".

Eleanor Padman
Company Secretary

25 February 2015

Wilson HTM Investment Group Ltd

ABN 22 100 325 184

Interim Financial Report for the half year 31 December 2014

Wilson HTM Investment Group Ltd ABN 22 100 325 184

Interim Financial Report - 31 December 2014

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Directors' report

Your Directors present their report on the consolidated entity (hereafter referred to as the Group) consisting of Wilson HTM Investment Group Ltd (the Company or WIG) and the entities it controlled at the end of, or during, the half year ended 31 December 2014.

Directors

The following persons were Directors of Wilson HTM Investment Group Ltd during the whole of the half year (except where noted) and up to the date of this report:

Mr S M Skala AO
Mr C Darvall AM
Mr S M Wilson AM
Mr A Watson
Mr A W M Grant

Mrs E Lane resigned as a Director of the Company on 26 November 2014.

Review of operations

The Group has recorded a profit after tax attributable to shareholders of \$2.6 million for the six months to 31 December 2014. The result is an improvement from the profit after tax attributable to shareholders of \$2.3 million for the prior corresponding period.

The Group's basic earnings per share was 2.5 cents compared to basic earnings per share of 2.2 cents in the prior corresponding period.

The composition of the result for the half year ended 31 December 2014 and the prior corresponding period is as follows:

	Half Year	
	31 December 2014 \$'000	31 December 2013 \$'000
Pinnacle*	4,152	2,581
Wilson HTM (pre consolidation of Priority Core Fund)	107	1,711
Consolidation of Priority Core Fund **	-	2,250
Wilson HTM	107	3,961
Group costs not allocated to segments	(992)	(1,183)
Profit before tax and non-controlling interests	3,267	5,359
Income tax benefit/(expense)	186	(173)
Non-controlling interests	(866)	(2,883)
Profit attributable to Wilson HTM Investment Group Ltd	2,587	2,303

Refer also to note 2(b) of the financial statements - Segment Information.

* Includes share of Pinnacle Boutiques' profit after tax	5,209	3,532
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** Relates to the profit before tax attributable to non-controlling interests in the Wilson HTM Priority Core Fund required to be consolidated into the Group's results under AASB10. The fund was subsequently deconsolidated effective 31 December 2013 (refer note 16 to the financial statements).

Review of operations (continued)

The Group's business segments of Pinnacle Investment Management Limited (Pinnacle) and Wilson HTM were profitable for the half year ended 31 December 2014.

Revenue from operations was down by \$1.5 million or 5% on the prior corresponding period. When adjusted for Next Financial revenues, which are reducing as expected, revenues decreased by \$0.9 million or 3%.

The number of Pinnacle boutiques rose to seven in December 2014 with the establishment of Pinnacle International Equities Limited. The Pinnacle segment contributed strongly to the Group's result with \$4.2 million in segment profits for the first half 2015 financial year with an increase of \$1.6 million when compared with the prior corresponding period. Funds under management have increased by 25% since December 2013, and along with positive performance across the boutique funds underpinned a 49% increase in Pinnacle's share of profits from its boutiques to \$5.2 million.

The Wilson HTM segment reported a profit before tax of \$0.1 million for the period. This was a decrease of \$1.6 million when compared to the prior corresponding period. The Wilson HTM segment includes the Group's Securities business, mark to market gains and losses on the Group's Principal Investments portfolio, Priority Funds and Next Financial. Principal Investment mark to market losses were \$0.4 million for the first half of the 2015 financial year, which was \$1.7 million down when compared with the gains of \$1.3 million in directly held Principal Investments for the same period last year.

The Group's Securities business was down \$0.2 million to a \$0.9 million profit before tax for the first half of the 2015 financial year. Markets were flat with the All Ordinaries increasing only 0.1% for the six months to December 2015 when compared to 12% for the prior corresponding period.

Revenues were down 1% across the Securities business however Equity Capital Market deal values rose 15% with corporate revenues up \$1 million for the period. Brokerage revenues were down 6% despite brokerage transaction values being up 3%.

Commissions and incentives expense was \$9.1 million for the period, an increase of \$2.0 million on the prior corresponding period due to higher corporate finance revenues and changes in the remuneration structure.

Employee benefits expense for the six month period to 31 December 2014 decreased by 11% or \$1.7 million when compared with the six months to 31 December 2013. The six months to December 2013 included redundancy costs of \$0.6 million. Elsewhere the benefits from the relocation of premises in Sydney and Melbourne were realised with lower property costs, depreciation and amortisation expenses compared with the prior corresponding period. As a result of a lower staff headcount when compared to the same period last year, computer and communication expenses were lower during the six month period to 31 December 2014.

The Next Financial Business continued to maintain a tight focus on costs and servicing clients while reducing the remaining instalment book, which is currently valued at \$3.2 million. This process is expected to be completed by June 2015.

Net tangible assets per share (including deferred tax balances) are 54 cents, an increase from 50 cents per share reported at 31 December 2013.

The Directors have resolved to declare an interim dividend of 1.6 cents per share in relation to the profit recorded for the six months to 31 December 2014.

Cash and Principal Investments totalled \$28.0 million at 31 December 2014. This was an increase of \$1.7 million during the half year, from \$26.3 million at 30 June 2014. The increase reflects dividend distributions from Pinnacle's boutiques (all relating to the 2014 financial year) offset by the \$2.8 million dividend to WIG shareholders paid in September 2014. Pinnacle made a \$3.8m investment in equity funds managed by its subsidiary Pinnacle International Equities Limited during the half year.

The Group continues to have no corporate borrowings.

As at 31 December 2014, funds under management for the Group were \$15.9 billion, an increase of 15.6% since 30 June 2014. This includes \$14.5 billion in funds under management for Pinnacle which was up 17.8% since 30 June 2014. During this period the All Ordinaries increased by 0.1%.

Matters subsequent to the end of the reporting period

On 23 February 2015 a terms sheet for the sale of the Consolidated Entity's Wilson HTM Securities business was executed with staff of the Wilson HTM Securities business, Craigs Investment Partners and Deutsche Bank Group. The parties intend to complete the transaction by 30 June 2015, subject to further due diligence being undertaken and regulatory and WIG shareholder approval being obtained.

On 25 February 2015 the Consolidated Entity approved a long term incentive scheme for executives of the Pinnacle business. The scheme is designed to align the interests of the executives with those of the Consolidated Entity and to promote continuing stability and longevity in the leadership of the Pinnacle business.

Further details regarding these matters are provided at note 18 of the interim financial report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Mr S M Skala AO
Chairman
Melbourne
25 February 2015



Auditor's Independence Declaration

As lead auditor for the review of Wilson HTM Investment Group Ltd for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wilson HTM Investment Group Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'McDonnell'.

Michael O'Donnell
Partner
PricewaterhouseCoopers

Brisbane
25 February 2015

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Wilson HTM Investment Group Ltd ABN 22 100 325 184

Interim Financial Report - 31 December 2014

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This interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Wilson HTM Investment Group Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This financial report covers the consolidated entity consisting of Wilson HTM Investment Group Ltd and its subsidiaries.

The financial report is presented in Australian currency.

Wilson HTM Investment Group Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Wilson HTM Investment Group Ltd
Level 38, 71 Eagle Street
Brisbane QLD 4000

The financial statements were authorised for issue by the Directors on 25 February 2015.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.wilsonhtm.com.au

Wilson HTM Investment Group Ltd
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2014

		Half Year	
		31 December	31 December
		2014	2013
	Notes	\$'000	\$'000
Revenue from operations	3	30,245	31,696
Fair value (losses)/gains on financial assets at fair value through profit or loss	4	(331)	3,423
Employee benefits expense		(13,402)	(15,090)
Commissions and incentives expense		(9,117)	(7,152)
Computers and communications expense		(1,883)	(2,209)
Property expense		(1,373)	(1,614)
Market information expense		(1,359)	(1,482)
Consultants fees and payaways		(988)	(1,503)
Transaction processing expense		(961)	(1,101)
Travel and entertainment expense		(590)	(628)
Depreciation and amortisation expense		(556)	(620)
Insurance expense		(537)	(563)
Legal and professional services expense		(423)	(35)
Marketing and advertising expense		(130)	(133)
Structured product expense		(30)	(25)
Management fees		(10)	(263)
Impairment expense	5	190	83
Finance costs	5	(231)	(304)
Other expenses		(456)	(653)
Share of net profit of jointly controlled entities		5,209	3,532
Profit before income tax		3,267	5,359
Income tax benefit/(expense)	6	186	(173)
Profit for the half year		3,453	5,186
Total comprehensive income for the half year		3,453	5,186
Profit and total comprehensive income for the half year is attributable to:			
Wilson HTM Investment Group Ltd		2,587	2,303
Non-controlling interests		866	2,883
		3,453	5,186
		Cents	Cents
Earnings per share for profit attributable to the ordinary owners of the Parent Entity:			
Basic earnings per share	9	2.5	2.2
Diluted earnings per share	9	2.4	2.2

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Wilson HTM Investment Group Ltd
Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	31 December 2014 \$'000	30 June 2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	19,142	20,604
Trade and other receivables		5,549	5,592
Financial assets at fair value through profit or loss		8,878	5,746
Derivative financial assets		407	385
Loans to investors		3,231	3,959
Total current assets		37,207	36,286
Non-current assets			
Property, plant and equipment		975	1,237
Net deferred tax assets		12,449	12,263
Intangible assets		52	16
Investments accounted for using the equity method		19,068	19,362
Other non-current assets		5,903	5,850
Total non-current assets		38,447	38,728
Total assets		75,654	75,014
LIABILITIES			
Current liabilities			
Trade and other payables		9,068	9,044
Borrowings - Next Financial	11	3,198	3,215
Derivative financial liabilities		395	353
Provisions		3,748	3,616
Other current liabilities		148	305
Total current liabilities		16,557	16,533
Non-current liabilities			
Provisions		1,412	1,375
Other non-current liabilities		2,314	2,661
Total non-current liabilities		3,726	4,036
Total liabilities		20,283	20,569
Net assets		55,371	54,445
EQUITY			
Contributed equity	7	57,686	57,534
Reserves		1,400	1,231
Accumulated losses		(7,185)	(6,924)
Capital and reserves attributable to owners of Wilson HTM Investment Group Ltd		51,901	51,841
Non-controlling interests		3,470	2,604
Total equity		55,371	54,445

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

Wilson HTM Investment Group Ltd
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2014

Notes	Attributable to owners of Wilson HTM Investment Group Ltd				Non-con- trolling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000		
Opening balance at 1 July 2013	57,305	895	(11,456)	46,744	1,264	48,008
Profit and total comprehensive income for the half year	-	-	2,303	2,303	2,883	5,186
Transactions with owners in their capacity as owners:						
Transfer from reserves	361	(361)	-	-	-	-
Share-based payments	-	383	-	383	-	383
Transactions with non-controlling interests	-	-	-	-	(2,250)	(2,250)
	361	22	-	383	(2,250)	(1,867)
Closing balance at 31 December 2013	57,666	917	(9,153)	49,430	1,897	51,327
Opening balance at 1 July 2014	57,534	1,231	(6,924)	51,841	2,604	54,445
Profit and total comprehensive income for the half year	-	-	2,587	2,587	866	3,453
Transactions with owners in their capacity as owners:						
Dividends paid	8	-	(2,848)	(2,848)	-	(2,848)
Movement in treasury stock held by employee share trusts	7	18	-	18	-	18
Transfer from reserves	7	134	(134)	-	-	-
Share-based payments		-	303	303	-	303
		152	169	(2,848)	(2,527)	-
Closing balance at 31 December 2014	57,686	1,400	(7,185)	51,901	3,470	55,371

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Wilson HTM Investment Group Ltd
Consolidated Statement of Cash Flows
For the half year ended 31 December 2014

	Half Year	
	31 December	31 December
	2014	2013
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	32,379	36,843
Payments to suppliers and employees	(33,938)	(35,612)
Receipts of premiums on put options over listed securities	-	406
Payments of premiums on put options over listed securities	-	(406)
Dividends received	5,467	5,246
Interest received	354	106
Finance and borrowings costs paid	(16)	(263)
Loan facility advances - clients	728	3,539
Loan facility repayment - clients	(17)	(3,095)
Proceeds from sale of financial assets at fair value through profit or loss	385	1,313
Payments to purchase financial assets at fair value through profit or loss	(4,586)	(3,547)
Distributions received	702	-
Net cash inflow from operating activities	1,458	4,530
Cash flows from investing activities		
Repayment of loans to other entities	11	271
Payments for property, plant and equipment	(29)	(83)
Net cash (outflow)/inflow from investing activities	(18)	188
Cash flows from financing activities		
Proceeds from applications by fund unitholders	-	4,471
Payments for redemptions to fund unitholders	-	(262)
Loan advances from related parties	186	-
Loan advances to related parties	(240)	-
Dividends paid to Company's shareholders	(2,848)	-
Net cash (outflow)/inflow from financing activities	(2,902)	4,209
Net (decrease)/increase in cash and cash equivalents	(1,462)	8,927
Cash and cash equivalents at the beginning of the year	20,604	7,867
Cash and cash equivalents at end of half year	19,142	16,794

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

1 Basis of preparation of half year report

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

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Wilson HTM Investment Group Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, as disclosed in the 30 June 2014 annual report.

(b) Adjustment of prior period balances

Prior period comparatives have been adjusted where the classification of transactions has changed in the current period to ensure disclosure on a consistent basis. This has resulted in minor reclassifications in the statement of comprehensive income between depreciation and amortisation expense, impairment expense, and share of net profit of jointly controlled entities.

Deferred tax balances on the balance sheet are now disclosed on a net basis in accordance with AASB 112 Income Taxes.

These adjustments did not impact reported profit after tax or the net asset position of the Group for the prior comparative periods.

(c) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

2 Segment information

(a) Description of segments

Based on internal management reports used to make strategic decisions that are reviewed by the Board of directors, the business is segmented into two reporting segments, being Wilson HTM and Pinnacle. The business segmentation is considered from a product and services perspective and the two reportable segments identified consist of:

Pinnacle

- developing and operating funds management businesses;
- providing distribution, infrastructure support and administration services to the Pinnacle Boutiques; and
- providing distribution support to other external parties.

Wilson HTM

- corporate finance and research;
- wealth management to private clients;
- stockbroking to private and institutional clients;
- corporate superannuation and insurance services;
- speciality funds management through Priority Funds;
- selected investments as Principal; and
- servicing structured products for clients.

2 Segment information (continued)

(b) Segment Information provided to the Board of Directors

2014	Wilson HTM \$'000	Pinnacle \$'000	Consolidated \$'000
Revenue from continuing operations	26,934	2,633	29,567
Interest income on structured products	170	-	170
Other interest revenue	251	140	391
Total segment revenue	27,355	2,773	30,128
Unallocated revenue			117
Consolidated revenue			30,245
Segment result			
Segment result	107	4,152	4,259
Unallocated revenue less unallocated expenses			(992)
Profit before income tax			3,267
Income tax benefit			186
Profit for the half year			3,453
Other segment information			
Segment result attributable to non-controlling interests	-	866	866

2 Segment information (continued)

(b) Segment Information provided to the Board of Directors (continued)

Consolidated Entity 2013	Wilson HTM \$'000	Pinnacle \$'000	Consolidated \$'000
Revenue from continuing operations	27,750	3,004	30,754
Interest income on structured products	638	-	638
Other interest revenue	99	87	186
Total segment revenue	28,487	3,091	31,578
Unallocated revenue			118
Consolidated revenue			31,696
Segment result			
Segment result	3,961	2,581	6,542
Unallocated revenue less unallocated expenses			(1,183)
Profit before income tax			5,359
Income tax expense			(173)
Profit for the half year			5,186
Other segment information			
Segment result attributable to non-controlling interests*	2,250	633	2,883

* The non-controlling interest attributable to the Wilson HTM segment relates to interests in the Wilson HTM Priority Core Fund. The Fund was deconsolidated from the Group effective 31 December 2013 (refer note 16).

From 1 July 2014 the Group changed the methodology for allocating corporate overhead costs between the Wilson HTM segment and other activities of the consolidated group. The segment result for the prior corresponding period has been restated for this change in methodology to disclose the segment information on a consistent basis. The change in allocation methodology resulted in additional unallocated expenditure of \$232,000 during the period (2013 - \$273,000) and a corresponding increase in the Wilson HTM segment result.

3 Revenue from operations

	Half Year	
	31 December 2014 \$'000	31 December 2013 \$'000
<i>Services revenue</i>		
Brokerage	12,423	13,188
Fund management fees and commissions	8,148	9,169
Corporate finance equity capital markets revenue	7,231	4,830
Corporate finance advisory revenue	450	1,872
Performance fee income	-	34
Interest income on structured products (Next Financial)	170	638
Amortisation of loan establishment fees (Next Financial)	14	32
Management and advisor fees (Next Financial)	-	48
	28,436	29,811

3 Revenue from operations (continued)

	Half Year	
	31 December 2014 \$'000	31 December 2013 \$'000
<i>Other revenue</i>		
Service charges to entities under joint control	1,251	943
Interest received or due	391	186
Directors fees	30	33
Dividends	-	626
Other revenue	137	97
	<u>1,809</u>	<u>1,885</u>
	<u>30,245</u>	<u>31,696</u>

4 Fair value (losses)/gains on financial assets at fair value through profit or loss

	Half Year	
	31 December 2014 \$'000	31 December 2013 \$'000
Fair value (losses)/gains on financial assets at fair value through profit or loss		
Held as Principal *	(419)	1,270
Minority interests in the Wilson HTM Priority Core Fund ^	-	2,031
	<u>(419)</u>	<u>3,301</u>
Next Financial	7	122
Pinnacle	81	-
	<u>(331)</u>	<u>3,423</u>

* Relates to fair value gains and losses on Principal Investments held directly by the Group.

^ Represents the minority interest share of the Wilson HTM Priority Core Fund's fair value gains and losses. The Fund was deconsolidated on 31 December 2013 (refer note 16).

5 Expenses

	Half Year	
	31 December 2014	31 December 2013
	\$'000	\$'000

Profit before income tax includes the following specific expenses:

Finance costs

Interest and finance charges - corporate	121	116
Amortisation using effective interest rate	71	141
Interest and finance charges - client	39	47
	<u>231</u>	<u>304</u>

Impairment - loans to related parties and investments accounted for using the equity method

	<u>(190)</u>	<u>(83)</u>
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6 Income tax (benefit)/expense

Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable

	Half Year	
	31 December 2014	31 December 2013
	\$'000	\$'000

Profit from continuing operations before income tax expense	3,267	5,359
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	<u>980</u>	<u>1,608</u>

Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:

Non-deductible expenditure	125	162
Share of profits of jointly controlled entities	(1,563)	(1,060)
Share of profits of consolidated funds	-	(675)
Impairment	(57)	(25)
Sundry items	(29)	-
	<u>(544)</u>	<u>10</u>

Deferred tax assets not recognised*	358	163
Total income tax (benefit)/expense	<u>(186)</u>	<u>173</u>

* Relates to deferred tax assets in relation to Pinnacle Investment Management Limited which have not been recognised on the basis that it is not considered probable that the tax losses giving rise to the deferred tax assets will be recovered.

7 Contributed equity

(a) Share capital

	31 December 2014 Shares	30 June 2014 Shares	31 December 2014 \$'000	30 June 2014 \$'000
Ordinary shares				
Fully paid contributed equity - Company	103,548,150	103,548,150	57,800	57,666
Treasury stock held by employee share trusts	(461,079)	(534,398)	(114)	(132)
Total contributed equity	103,087,071	103,013,752	57,686	57,534

(b) Movements in ordinary share capital

Date	Details	Number of shares	\$'000
1 July 2014	Opening balance	103,013,752	57,534
	Add: Treasury stock held at the beginning of the year	534,398	132
	Transfer from share-based payments reserve	-	134
	Less: Treasury stock held at year end	(461,079)	(114)
31 December 2014	Balance	<u>103,087,071</u>	<u>57,686</u>

8 Dividends

(a) Ordinary shares

	Half Year 31 December 2014 \$'000	31 December 2013 \$'000
Final dividend for the year ended 30 June 2014 of 2.75 cents (2013 - \$Nil) per fully paid share paid on 18 September 2014		
Fully franked based on tax paid @ 30.0%	2,848	-

8 Dividends (continued)

(b) Dividends not recognised at the end of the half year

Half Year	
31 December 2014	31 December 2013
\$'000	\$'000

Since period end the Directors have recommended the payment of an interim dividend of 1.6 cents per fully paid ordinary share (31 December 2013 - \$Nil), fully franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 17 April 2015, but not recognised as a liability at half year end, is:

1,657	-
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9 Earnings per share

(a) Basic earnings per share

Half Year	
31 December 2014	31 December 2013
Cents	Cents

From continuing operations attributable to the ordinary equity holders of the company

2.5	2.2
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(b) Diluted earnings per share

Half Year	
31 December 2014	31 December 2013
Cents	Cents

From continuing operations attributable to the ordinary equity holders of the company

2.4	2.2
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9 Earnings per share (continued)

(c) Reconciliation of earnings used in calculating earnings per share

	Half Year	
	31 December 2014 \$'000	31 December 2013 \$'000
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	2,587	2,303
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating basic and diluted earnings per share	2,587	2,303

(d) Weighted average number of shares used as denominator

	Half Year	
	31 December 2014 Number	31 December 2013 Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	103,087,071	103,352,663
Adjustments for calculation of diluted earnings per share:		
Options	4,037,208	3,080,270
<i>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	107,124,279	106,432,933

(e) Information concerning the classification of securities

Options granted to employees under employee share schemes are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

10 Current assets - Cash and cash equivalents

	31 December 2014 \$'000	30 June 2014 \$'000
Available cash at bank and on hand	18,831	20,135
Other committed cash at bank and on hand	311	466
Cash held in trust on behalf of clients	-	3
	19,142	20,604

Restrictions on the use of cash

Other committed cash at bank and on hand includes:

- cash received for prepaid interest from instalment holders of \$148,000 (30 June 2014: \$300,000) for which a corresponding liability is included in other current liabilities.
- cash held as a requirement of Westpac Banking Corporation (Westpac) loan facility to Next Financial Limited of \$160,000 (30 June 2014 - \$161,000).

Cash held in trust is held on behalf of clients and represents uninvested funds by the client. A corresponding liability is recognised within trade and other payables.

11 Borrowings and Financing Facilities

(a) Corporate loan facilities

The Group has the following corporate loan, bank guarantee and overdraft facilities which are secured by a fixed and floating charge over the assets and undertakings of the Group (excluding entities within the Pinnacle Investment Management Limited and Next Financial Limited groups). These facilities expire on the 30 November 2015:

	Limit of facility 31 December 2014 \$'000	30 June 2014 \$'000
Intraday settlement facility (amount used at balance date - \$ Nil)	7,500	7,500
Bank overdraft (amount used at balance date - \$ Nil)	2,500	2,500
Bank guarantee (amount used at balance date \$8,235,000)	10,000	10,000

These loan facilities are supported by a negative pledge that states that (subject to certain exceptions) the Group will not provide any security over its assets and that the Group's consolidated Net Tangible Assets must not be less than \$40 million.

Ongoing compliance with these covenants is reviewed on a regular basis and compliance has been maintained during the period.

11 Borrowings and Financing Facilities (continued)

(b) Bank funding facilities for loans to clients of Next Financial Limited

	31 December 2014 \$'000	30 June 2014 \$'000
Secured		
Bank funding for loans to clients - Instalment products	3,198	3,215
Total current borrowings	3,198	3,215

Next Financial Limited utilises funding lines provided by Westpac for loans to clients through its geared investment product. These loans are secured by equitable charges over securities and cash which Next Financial Limited holds as trustee for clients.

The Westpac facility is a five year term funding agreement provided on a limited recourse basis and secured by the securities (listed equities, cash and derivatives) held in custody.

The funding facility carries specific undertakings that Next Financial Limited must comply with including:

- maintaining net equity values (collateral against drawn facility balances);
- minimum financial solvency ratios; and
- maintaining prescribed collateral, gearing and derivative margin exposure limits.

Ongoing compliance with these covenants is reviewed on a regular basis and compliance has been maintained during the period.

12 Commitments

Since the 30 June 2014 Annual Report and through to 31 December 2014 no material additional commitments have been entered into by the Group.

13 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 31 December 2014 in respect of:

Guarantees

The Group has provided guarantees in respect of the following items:

- (a) Leases of related entities (via bank guarantees) amounting to \$3,145,000 (30 June 2014 - \$3,145,000);
- (b) Australian Securities and Investments Commission (ASIC) deposit of \$40,000 (30 June 2014 - \$40,000); and
- (c) Australian Financial Services Licence Net Tangible Asset obligations (via bank guarantee) in respect of:
 - (i) Pinnacle Funds Services Limited - \$5,000,000 (30 June 2014: \$5,000,000).
 - (ii) Pinnacle RE Services Limited - \$50,000 (30 June 2014 - \$50,000)

The unused bank guarantee facility available at balance date was \$1,765,000 (30 June 2014 - \$1,765,000).

These guarantees may give rise to liabilities in the Group if the related entities do not meet their obligations under the terms of the leases or other obligations subject to the guarantees.

No material losses are anticipated in respect of any of the above contingent liabilities.

13 Contingencies (continued)

(a) Contingent liabilities (continued)

Legal Claims

The litigation involving Next Financial Limited has been concluded. Court orders were entered discontinuing proceedings on 10 December 2014.

During the year ended 30 June 2014, Wilson HTM Ltd was joined to legal proceedings in relation to investment advisory services provided by a former employee. Following the filing of Wilson HTM Ltd's defence, the plaintiffs have agreed to discontinue the proceedings with no order to pay costs. The court order was entered on 15 August 2014.

14 Related party transactions

The following significant related party transactions occurred during the current or prior comparative period:

Issue of Options - Alexander Grant

Approval was given at the Company's annual general meeting held on 26 November 2014 for 1,200,000 options to be issued to the Group's Managing Director, Mr Alexander Grant. These options were granted in November 2014.

The options were granted for no consideration and vest based on fulfilment of specified service conditions. The grant was made in two tranches of 600,000 options vesting on 27 February 2015 and 27 February 2016 respectively. Vested options are exercisable for a period of 18 weeks after vesting, at a price of \$0.595 per option.

Steven Wilson AM

In February 2014 a director of the Group, Steven Wilson AM entered into an agreement with Wilson HTM Ltd, a subsidiary of the Company, to provide investment management services. This agreement is on the same terms and conditions as other Wilson HTM Ltd advisors. For the period ended 31 December 2014 \$16,592 was paid to Mr Wilson under this agreement (31 December 2013 - \$Nil).

Chum Darvall AM

A director of the Group, Chum Darvall AM was appointed in February 2014 as a member of the Palisade Investment Partners Advisory Board, which is associated with a jointly controlled entity. For the period ended 31 December 2014 Mr Darvall received fees of \$30,000 from the entity (31 December 2013 - \$nil).

Evaellen Pty Ltd (Andrew Coppin)

On 2 July 2013 a repayment of \$116,974 was received on the loan to Evaellen Pty Ltd, an entity associated with Mr Andrew Coppin. A further repayment was made on 26 June 2014 of \$123,751 to repay the loan. Interest accrued during the period was \$nil (31 December 2013 - \$3,843). The balance of the loan at 31 December 2014 is \$nil (31 December 2013 - \$120,732).

Managed funds managed by subsidiaries

Subsidiary companies receive responsible entity, management and performance fees in relation to the management of the Wilson HTM Priority Funds and Pinnacle International Equities Funds. The Group also holds an investment in the Wilson HTM Priority Core Fund and Pinnacle International Equities Funds and these are included in financial assets at fair value through profit or loss. The gains and losses related to these investments are included in fair value gains and losses on financial assets held at fair value through profit or loss.

14 Related party transactions (continued)

Transactions with Deutsche Bank AG

The following transactions occurred with Deutsche Bank AG during the period:

	Half Year 31 December 2014 \$	31 December 2013 \$
<i>Purchase of goods / services from and payments to Deutsche Bank AG</i>		
Commission fee	-	170
	-	170

	Half Year 31 December 2014 \$	31 December 2013 \$
<i>Other transactions</i>		
Distributor commissions received from Deutsche Bank AG	-	75
Corporate finance fees received from Deutsche Bank AG	717,050	413,314
Interest revenue received from Deutsche Bank AG	-	788
	717,050	414,177

All transactions were made on normal commercial terms and conditions and at market rates.

Deutsche Bank AG is a substantial shareholder of the Company through Deutsche Australia Limited which holds 19.80% of the Company's shares (31 December 2013 - 19.80%).

In accordance with its obligations under the shareholder agreement Deutsche Bank AG provides its Australian equities research product to Wilson HTM Investment Group Ltd for use as the basis for the preparation of publications or briefing notes for distribution solely to the Company's Private Wealth Management clients under the Wilson HTM brand.

Steven Skala is a non-executive director of the Company and is a director of Deutsche Australia Limited and Vice Chairman Australia and New Zealand of Deutsche Bank AG. Chum Darvall is a non-executive director of the Company and was a Vice Chairman Australia and New Zealand of Deutsche Bank AG until 1 July 2014.

15 Business combination

(a) Current period

During September 2014 a subsidiary of the Group, Pinnacle Investment Management Limited established a wholly owned subsidiary, Pinnacle International Equities Limited (Pinnacle International). Pinnacle International entered into agreements effective 1 December 2014 with Perennial Investment Partners Limited (Perennial) and IOOF Investment Management Limited in relation to the Perennial International Equities Management boutique business.

Under the agreements:

- Pinnacle International has agreed to the transfer of employees and employee entitlements from Perennial to Pinnacle International,
- Pinnacle International has received \$246,000 as consideration for entering the agreement,

15 Business combination (continued)

(a) Current period (continued)

- Pinnacle International has become investment manager and another subsidiary of the Group, Pinnacle Funds Services Limited, has become the responsible entity of the Perennial International Equities managed investment schemes.

Details of the consideration are as follows:

	\$'000
Cash and cash equivalents received	<u>(246)</u>
Total purchase consideration received	<u>(246)</u>

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Management rights	46
Provision for employee entitlements	<u>(292)</u>
Net identifiable assets acquired	<u>(246)</u>

(i) Acquisition-related costs

Acquisition-related costs of \$42,000 are included in legal and professional services expenses in the consolidated statement of comprehensive income.

(ii) Revenue and profit contribution

Pinnacle International contributed revenues of \$117,000 and net loss of \$89,000 to the group for the period from 1 December 2014 to 31 December 2014.

If the acquisition had occurred on 1 July 2014, consolidated revenue and consolidated profit for the half year ended 31 December 2014 would have been \$30,830,000 and \$3,008,000 respectively.

16 Deconsolidation of Controlled Entity

(a) Description

Upon the adoption of AASB10 for the first time from 1 July 2013, the Group's investment in the Wilson HTM Priority Core Fund (the Fund) was consolidated into the Group's financial statements.

The Group partially redeemed its unit-holding in the Fund during the prior reporting period, so that the Group's ownership interest fell from 39.43% at 30 June 2013 to 21.84% at 31 December 2013. Due to the dilution in the Group's voting rights and reduction in exposure to variable returns from the Fund, the Group deemed that it no longer controlled the Fund, and it was deconsolidated effective 31 December 2013.

Financial information relating to the deconsolidated entity for the half year ended 31 December 2013 is provided below.

16 Deconsolidation of Controlled Entity (continued)

(b) Financial performance of controlled entity prior to deconsolidation

The financial performance presented is for the period ended 31 December 2013.

	Half Year 31 December 2013 \$'000
Fair value gains on other financial assets at fair value through profit or loss	3,467
Revenue from continuing operations	475
Management fees	(182)
Other expenses from ordinary activities	(74)
Profit	3,686
Non-controlling interest in profit	(2,250)
Profit attributable to owners of Wilson HTM Investment Group Ltd	1,436

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at the date of deconsolidation (31 December 2013) were:

	31 December 2013 \$'000
Cash and cash equivalents	921
Financial assets at fair value through profit or loss	23,236
Trade and other receivables	236
Total assets	24,393
Trade and other payables	(609)
Unitholder liabilities	(23,784)
Total liabilities	(24,393)
Net assets	-

(d) Details of the deconsolidation

As the deconsolidation was due to it being deemed that the Group no longer had control of the Fund, no disposal consideration is applicable.

17 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis:

31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	12	395	-	407
Trading securities	8,567	-	311	8,878
Total assets	8,579	395	311	9,285
Liabilities				
Derivatives used for hedging	-	395	-	395
Total liabilities	-	395	-	395
30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	46	339	-	385
Trading securities	5,287	-	459	5,746
Total assets	5,333	339	459	6,131
Liabilities				
Derivatives used for hedging	-	353	-	353
Total liabilities	-	353	-	353

17 Fair value measurement of financial instruments (continued)

The Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2014.

The Group's policy is to recognise transfers in to and transfers out of fair value hierarchy levels as at the end of the reporting period.

(b) Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group holds over-the-counter derivatives and these are valued using dealer quotes. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The carrying amounts of cash and cash equivalents trade receivables and payables, loans to investors, loans to entities under joint control and loans to shareholders are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the half year ended 31 December 2014:

	Unlisted equity securities \$'000
Opening balance 30 June 2014	459
Unrealised losses recognised in fair value (losses)/gains on financial assets at fair value through profit or loss	(148)
Closing balance 31 December 2014	311

(i) Valuation process

Trading Securities valued under Level 3 are investments in unlisted companies. Where possible, the investments are valued based on the price per security of the most recent transaction involving the securities of the individual company. Where there is no recent information or the information is otherwise unavailable, the value is derived from calculations based on the value per security of the underlying net assets of the investee company.

18 Events occurring after the reporting period

(a) Wilson HTM Securities Business

On 23 February 2015 the Consolidated Entity executed a terms sheet for the sale of its Wilson HTM Securities business with staff of the Wilson HTM Securities business (Staff), Craigs Investment Partners (Craigs) and Deutsche Bank Group (DB). The parties intend to complete the transaction by 30 June 2015, subject to further due diligence being undertaken and regulatory and Wilson HTM Investment Group Ltd (WIG) shareholder approval being obtained.

The principal commercial terms proposed are:

- WIG will transfer its shareholdings in the subsidiaries comprising its Securities business to a new corporate vehicle to be known initially as Wilson HTM Securities and Advisory, which will ultimately be owned by Staff (40%), Craigs (40%) and DB (20%);
- in order to put into effect the deconsolidation from the WIG Group, various cash, net deferred taxation asset (DTA) and accounting adjustments will be required for WIG and Wilson HTM Securities and Advisory will transfer with net tangible assets of \$5,000,000;
- WIG will receive cash consideration of \$3,000,000 from Craigs and DB and \$2,000,000 from staff, of which \$1,000,000 is vendor finance;
- WIG will also be entitled to receive a future profit share for the first two years subject to certain conditions being met. However, WIG will also have a range of contingent liabilities relating to its historical ownership of the business which will run off over time;
- following completion of the transaction, WIG and Wilson HTM Securities and Advisory will provide various services to each other to ensure a seamless transition to independence.

The financial effect of the transaction on the Consolidated Entity will be finalised upon completion, however it is estimated that the Consolidated Entity would incur a loss on disposal of approximately \$3,000,000 to \$3,500,000, primarily attributable to the net DTA associated with the Wilson HTM Securities business and inclusive of transaction costs to facilitate implementation.

Separately, the carrying value of the remaining net DTA, including the DTA for income tax losses of the Consolidated Entity (\$8,818,000 at 31 Dec 2014) will also be considered upon successful completion of the transaction and may be substantially lowered or eliminated.

(b) Pinnacle Long-Term Incentive Scheme

On 25 February 2015 the Directors of the Consolidated Entity approved a long term incentive scheme (Scheme) for executives of the Pinnacle business (Executives). The Scheme is designed to align the interests of the Executives with those of the Consolidated Entity and to promote continuing stability and longevity in the leadership of the Pinnacle business.

The Scheme comprises:

- the sale of 4.29% of Pinnacle Investment Management Limited (PIML), the holding company of the Pinnacle business, by WIG to Executives for \$3,088,000 (PIML Shares),
- loans of \$3,088,000 being made by PIML to Executives to facilitate the purchase of PIML Shares. The loans are to be with limited recourse only to the PIML Shares. Dividends on these PIML Shares are to be used to repay the loans.
- the issue of options in respect of 4,250,000 WIG shares (Options) to Executives on the following terms:
 - (i) an exercise price of the higher of a 20% premium to the Consolidated Entity's net tangible asset value per share as at 1 January 2015, or the volume weighted average price of WIG shares on the ASX from 1 Dec 2014 to 31 Mar 2015.
 - (ii) 50% of the Options will vest after 3 years and the remaining 50% will vest after 5 years, with Options able to be exercised for a period of 6 months after each vesting date.
- Should an Executive cease employment within specified timeframes, the Scheme includes mechanisms for the repurchase of relevant PIML Shares, repayment of loan and forfeiture of relevant Options.

18 Events occurring after the reporting period (continued)

(b) Pinnacle Long-Term Incentive Scheme (continued)

After the share sale the consolidated entity will retain 75.01% of Pinnacle and 24.99% will be owned by the Executives. The effects of the PIML share sale will be reflected through changes in equity and the non-controlling interest.

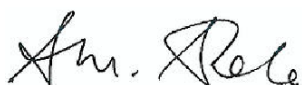
The fair value of the share based payments expense required to be recognised in relation to the Scheme will be calculated once the exercise price of the Options is finalised.

Wilson HTM Investment Group Ltd
Directors' declaration
31 December 2014

In the opinion of the Directors' of Wilson HTM Investment Group (the Company):

- (a) the Interim financial report and notes set out on pages 5 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half year ended on that date, and
- (b) 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 Directors.



Mr S M Skala AO
Chairman
Melbourne
25 February 2015

Independent auditor's review report to the members of Wilson HTM Investment Group Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wilson HTM Investment Group Ltd (the company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Wilson HTM Investment Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the half-year.

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 the 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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 Wilson HTM Investment Group Ltd, 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

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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 Wilson HTM Investment Group Ltd 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;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'MO'Donnell' in a cursive script.

Michael O'Donnell
Partner

Brisbane
25 February 2015