

**UNITY PACIFIC GROUP**  
**(Comprising Unity Pacific Limited and Unity Pacific Stapled Trust**  
**and their controlled entities)**

**APPENDIX 4D**  
**HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014**  
**TO THE AUSTRALIAN SECURITIES EXCHANGE**

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**1. COMPANY DETAILS**

This report is for Unity Pacific Group (formerly Trinity Group) comprising Unity Pacific Limited (ABN 11 110 831 288, formerly Trinity Limited), Unity Pacific Stapled Trust (ARSN 111 389 596, formerly Trinity Stapled Trust) and their controlled entities.

The responsible entity of Unity Pacific Stapled Trust is Unity Pacific Investment Management Limited (ABN 47 137 565 149, AFS Licence number 338688, formerly Trinity Investment Management Limited), a subsidiary of Unity Pacific Limited.

Trinity Group changed its name to Unity Pacific Group in December 2014.

**2. REPORTING PERIOD**

**Reporting Period:** 6 months ended 31 December 2014

Previous Corresponding Period: 6 months ended 31 December 2013

This report should be read in conjunction with Unity Pacific Group's annual financial report for the year ended 30 June 2014 and any public announcements made by Unity Pacific Group during the reporting period which are available from Unity Pacific Group's website at [www.unitypacific.com.au](http://www.unitypacific.com.au) or the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX Code: UPG).

**3. RESULTS FOR ANNOUNCEMENT TO THE MARKET**

|  | <b>31 DEC 2014</b><br><b>\$'000</b> | <b>31 DEC 2013</b><br><b>\$'000</b> | <b>% change from</b><br><b>prior period</b> |
|--|-------------------------------------|-------------------------------------|---|
| Revenue and other income <sup>1</sup>                          | <b>6,528</b>                        | 4,412                               | Up 48%                                      |
| Net profit for the period attributable to members <sup>1</sup> | <b>2,561</b>                        | 20                                  | Up 12,705%                                  |
| Basic/diluted earnings per security                            | <b>7.15 cents</b>                   | 0.06 cents <sup>2</sup>             | Up 11,817%                                  |
| Distribution per security                                      | <b>0 cents</b>                      | 0 cents                             | -   |

<sup>1</sup> All items of revenue and expense are from ordinary activities. The results for the reporting period include a \$2.53 million profit on the sale of Rivergate Centre, Murarrie.

<sup>2</sup> Unity Pacific Group undertook a 1:4 security consolidation during the reporting period. The basic/diluted earnings per security for the previous corresponding period has been restated on a 1:4 basis.

**4. NET TANGIBLE ASSETS (NTA) PER SECURITY**

|                  | <b>31 DEC 2014</b> | <b>31 DEC 2013</b>  |
|------------------|--------------------|---------------------|
| NTA per security | <b>\$1.51</b>      | \$1.42 <sup>1</sup> |

<sup>1</sup> Unity Pacific Group undertook a 1:4 security consolidation during the reporting period. The NTA per security as at 31 December 2013 has been restated on a 1:4 basis. The increase in the NTA per security during the reporting period is primarily attributable to the profit on the sale of Rivergate Centre, Murarrie.

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**5. COMMENTARY ON THE RESULTS FOR THE REPORTING PERIOD**

Refer to the Directors' Report on pages 1 to 6 of Unity Pacific Group's 31 December 2014 Half Year Financial Report and the accompanying ASX announcement.

**6. DIVIDENDS / DISTRIBUTIONS**

No dividends/distributions were paid or are proposed to be paid in respect of the reporting period or the previous corresponding period.

Refer to page 13 of Unity Pacific Group's 31 December 2014 Half Year Financial Report.

**7. DIVIDEND & DISTRIBUTION REINVESTMENT PLAN**

A dividend and distribution reinvestment plan was launched in February 2007 for the securityholders of Unity Pacific Group. The plan is not available in respect of the current distribution period.

**8. ENTITIES OVER WHICH CONTROL HAS BEEN GAINED DURING THE PERIOD**

Unity Pacific Group did not gain or lose control over any entities during the reporting period.

**9. ASSOCIATES AND JOINT VENTURE ENTITIES**

Unity Pacific Group did not have any associates or joint venture entities during the reporting period.

**10. OTHER SIGNIFICANT INFORMATION**

Refer to Unity Pacific Group's 31 December 2014 Half Year Financial Report.

**11. AUDIT REVIEW REPORT**

The attached 31 December 2014 Half Year Financial Report for Unity Pacific Group has been reviewed by the auditors of Unity Pacific Group. The Independent Auditor's Review Report is included in the Half Year Financial Report. No disputes or qualifications are noted.



**Brett Heading**  
**Chairman**  
26 February 2015



**UNITY PACIFIC GROUP  
(FORMERLY TRINITY GROUP)**

**HALF YEAR FINANCIAL REPORT  
31 DECEMBER 2014**

COMPRISING THE CONSOLIDATED FINANCIAL REPORTS OF

**UNITY PACIFIC LIMITED  
(FORMERLY TRINITY LIMITED)**

ABN 11 110 831 288  
AND ITS CONTROLLED ENTITIES

AND

**UNITY PACIFIC STAPLED TRUST  
(FORMERLY TRINITY STAPLED TRUST)**

ARSN 111 389 596  
AND ITS CONTROLLED ENTITIES

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## CORPORATE DIRECTORY

### COMPANY NAME

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### REGISTRAR

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### AUDITOR

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with Unity Pacific Group's annual financial report for the year ended 30 June 2014 and any public announcements made by Unity Pacific Group and Unity Pacific Stapled Trust during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Releases, financial reports and other information are available on our website: [www.unitypacific.com.au](http://www.unitypacific.com.au)

## DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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The Directors of Unity Pacific Limited and Unity Pacific Investment Management Limited, the Responsible Entity of Unity Pacific Stapled Trust ("Responsible Entity"), present their report together with the consolidated financial statements and the auditor's report thereon for the half year ended 31 December 2014 of both:

- Unity Pacific Limited and Unity Pacific Stapled Trust and their controlled entities ("Unity Pacific Group"); and
- Unity Pacific Stapled Trust and its controlled entities ("the Trust").

In December 2014, Trinity Group changed its name to Unity Pacific Group. The names of several entities within Unity Pacific Group were also changed at that time, including the following:

| Current name                                | Former name                           |
|---|---------------------------------------|
| Unity Pacific Limited                       | Trinity Limited                       |
| Unity Pacific Investment Management Limited | Trinity Investment Management Limited |
| Unity Pacific Stapled Trust                 | Trinity Stapled Trust                 |

Unity Pacific Limited has been deemed the parent entity of Unity Pacific Stapled Trust under Accounting Standards and this financial report is prepared on this basis.

### DIRECTORS

The names of the Directors of Unity Pacific Limited and the Responsible Entity in office during the half year and until the date of this report are:

|                    |   |   |
|--------------------|---|---|
| Brett Heading      | Independent Non-Executive Chairman          | (appointed 21 August 2009)                              |
| Richard Friend     | Independent Non-Executive Director          | (appointed 25 September 2007, resigned 22 October 2014) |
| Christopher Morton | Deputy Chairman/Managing Director           | (appointed 21 August 2009)                              |
| Bevan Towning      | Executive Director/Chief Investment Officer | (appointed 22 October 2014)                             |

### COMPANY SECRETARY

The Company Secretaries of Unity Pacific Limited and the Responsible Entity as at 31 December 2014 and the date of this report are Janita Robba and Laura Fanning.

### UNITY PACIFIC GROUP

The stapled securities of Unity Pacific Group are quoted on the Australian Securities Exchange ("ASX") under the code UPG and comprise of one unit in Unity Pacific Stapled Trust and one share in Unity Pacific Limited. The unit and the share are stapled together and cannot be traded separately. Each entity forming part of Unity Pacific Group continues as a separate legal entity in its own right under the *Corporations Act 2001*.

### PRINCIPAL ACTIVITIES

Unity Pacific Group's principal activities are:

- direct investment in, and management of, income producing properties (property investment);
- direct investment in properties acquired for re-sale or development (property held as inventory); and
- funds management.

During the half year, property investment related to the following investment properties: 308 Queen Street/88 Creek Street, Brisbane and 69 Rivergate Place (Rivergate Centre), Murarrie (which was sold during the period). Property held as inventory relates to Unity Pacific Group's apartments at Cumberland Lorne Resort in Lorne, Victoria and rural land in San Remo, Victoria.

The Trust's principal activities are investment in, and management of, income producing properties (property investment).

The Responsible Entity holds an Australian Financial Services Licence (AFSL) (No 338688) issued pursuant to Section 913B of the *Corporations Act 2001* and the Trust was registered as a Managed Investment Scheme on 28 October 2004 with ARSN 111 389 596. Unity Pacific Funds Management Limited, formerly Trinity Capital Management Limited, also holds an AFSL (No 442262).

## **REVIEW OF OPERATIONS AND RESULTS**

### **FINANCIAL PERFORMANCE**

Unity Pacific Group's result for the half year ended 31 December 2014 ("half year") was a profit of \$2.56 million compared with a profit of \$0.02 million for the half year ended 31 December 2013 ("previous half year").

Unity Pacific Group's profit for the half year was primarily driven by the \$2.53 million gain on sale of its Rivergate Centre, Murarrie investment property.

Rental income and recoverable outgoings from investment properties increased during the half year by \$0.09 million or 3.2% compared to the previous half year as a result of the commencement of new leases at 308 Queen Street/88 Creek Street, Brisbane.

Two apartments at Cumberland Lorne Resort were sold during the half year, resulting in a profit of \$0.02 million (2013: a profit of \$0.23 million on the sale of two apartments, including one penthouse). Revenue and expenses relating to apartment rental were lower in the half year as a result of apartment sales that have occurred since the previous half year.

The fair value of Unity Pacific Group's investment properties did not change during the half year. However, capital expenditure incurred in relation to the properties resulted in a total write down of \$0.33 million (2013: \$0.33 million). Inventory was also written down by \$0.04 million due to costs incurred during the half year in pursuing value uplift opportunities for the land at San Remo, Victoria (2013: \$0.10 million).

Financing costs reduced by \$0.24 million or 24% on the previous half year due to debt reduction of \$25.22 million or 68% since 31 December 2013 and reductions in interest rates applying to Unity Pacific Group's debt facilities during 2014. Unity Pacific Group's debt facility was extended by two years during the half year and now expires on 31 October 2017. Interest income increased by \$0.09 million or 42% due to increased cash reserves during the half year.

Administration and overhead costs increased by \$0.20 million or 63% during the half year compared to the previous half year (excluding a one off repayment of performance fees in the previous half year as referred to in note 6). The increase was attributable to costs related to the pursuit of growth opportunities, such as legal expenses, travel and consultants' fees, which will continue to be incurred during Unity Pacific Group's growth period. Employment costs also increased in the half year, primarily as a result of personnel appointments which were made part way through the previous half year and the internalisation of the Group's property management services.

The Trust's result for the half year was a profit of \$2.56 million compared with a profit of \$3.27 million for the previous half year. The Trust owns the investment properties. The result for the half year includes a \$2.53 million gain on the sale of Rivergate Centre, Murarrie. The result for the Trust in each reporting period is also affected by movements in the provision for doubtful debts, which relate to loans between entities within Unity Pacific Group. As they are intra-group transactions, these loans eliminate upon presentation of Unity Pacific Group's consolidated result.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**PROFIT FROM OPERATIONS**

The profit for the half year and the previous half year include a number of items which, in the opinion of the Directors, do not form part of Unity Pacific Group's underlying profit from operations. In order to allow securityholders to gain a better understanding of Unity Pacific Group's underlying profit from operations, certain items which are non-cash in nature, are non-recurring or occur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities can be excluded. Profit from operations is a measure which is not calculated in accordance with International Financial Reporting Standards and has not been audited or reviewed by the auditor of Unity Pacific Group.

A reconciliation of Unity Pacific Group's profit from operations, as assessed by the Directors, to the reported profit for the half year is set out below. Further details of the profit from operations and the reconciling items can be found in note 14 Segment Reporting.

|   | UNITY PACIFIC GROUP<br>CONSOLIDATED |             | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |              |
|---|-------------------------------------|-------------|---|--------------|
|   | 31 DEC 2014                         | 31 DEC 2013 | 31 DEC 2014                                 | 31 DEC 2013  |
|   | \$'000                              | \$'000      | \$'000                                      | \$'000       |
| Profit from operations                            | 775                                 | 781         | 1,713                                       | 1,129        |
| <i>Reconciliation to profit for the half year</i> |                                     |             |   |              |
| Fair value adjustments / write downs              | (473)                               | (406)       | (434)                                       | (310)        |
| Non-cash property investment income/(expense)     | (232)                               | (123)       | (232)                                       | (123)        |
| Other non-cash income/(expenses) <sup>1</sup>     | 2,491                               | (232)       | 1,514                                       | 2,570        |
| <b>Profit for the half year</b>                   | <b>2,561</b>                        | <b>20</b>   | <b>2,561</b>                                | <b>3,266</b> |

<sup>1</sup> Includes \$2.53 million gain on sale of investment property for the half year.

**EARNINGS AND DISTRIBUTIONS**

No distributions were paid or payable to stapled securityholders for the half year (December 2013: nil).

**FINANCIAL POSITION**

The following summarises key information regarding Unity Pacific Group and the Trust's financial positions:

|   |        | UNITY PACIFIC GROUP<br>CONSOLIDATED |              | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |              |
|---|--------|-------------------------------------|--------------|---|--------------|
|   |        | 31 DEC 2014                         | 30 JUNE 2014 | 31 DEC 2014                                 | 30 JUNE 2014 |
| Total assets  | \$'000 | 66,788                              | 83,927       | 67,624                                      | 83,535       |
| Net assets  | \$'000 | 53,973                              | 51,412       | 53,842                                      | 51,281       |
| Cash and cash equivalents                           | \$'000 | 23,737                              | 17,397       | 20,109                                      | 13,520       |
| Debt (Bank bills)                                   | \$'000 | 12,000                              | 31,591       | 12,000                                      | 31,591       |
| Balance sheet gearing ratio <sup>1</sup>            | %      | -                                   | 21.3         | -   | 25.7         |
| Property loan-to-value ratio <sup>2</sup>           | %      | 30.4                                | 49.0         | n/a   | n/a          |
| Securities on issue <sup>3</sup>                    | '000   | 35,804                              | 35,804       | 35,804                                      | 35,804       |
| Net tangible assets (NTA) per security <sup>3</sup> | \$     | 1.51                                | 1.44         | 1.50  | 1.43         |
| Distributions per security                          | cents  | -                                   | -            | -   | -            |

<sup>1</sup> Debt (less unamortised borrowing costs) divided by total assets less cash and cash equivalents. At 31 December 2014 cash and cash equivalents exceed Unity Pacific Group's net debt. As a result, the balance sheet gearing is nil.

<sup>2</sup> Debt divided by bank accepted property valuations as per facility covenants.

<sup>3</sup> Unity Pacific Group undertook a 1:4 security consolidation during the half year. The securities on issue and NTA per security as at 30 June 2014 have been restated on a 1:4 basis. The increase in the NTA per security during the half year is primarily attributable to the profit on the sale of Rivergate Centre, Murarrie.

## **STATE OF AFFAIRS**

### **DIRECT PROPERTY**

At 31 December 2014, Unity Pacific Group owned three property assets, made up of one commercial property, its remaining apartments in Cumberland Lorne Resort and a parcel of rural zoned land in Victoria.

Unity Pacific Group's existing commercial property comprises a heritage listed property located at 308 Queen Street, Brisbane, which is interconnected with the modern commercial tower at 88 Creek Street. This property had a vacancy rate by net lettable area of 3.7% at 31 December 2014 (June 2014: 10.4%). The focus for these buildings over the coming year will be the leasing and management of pending office lease expiries (particularly in 2015 and 2016) in a deteriorating Brisbane CBD office market.

The heritage building at 308 Queen Street suffered damage in the severe hail storm which occurred in Brisbane on 27 November 2014. Unity Pacific Group has been working with insurers and contractors to repair the resultant damage. Due to insurance coverage, the financial loss to the Group from this weather event should be minimal. Some rectification works to the building are required to prevent future water damage to the interior of the building, should a similarly severe weather event occur in the future.

As at 31 December 2014, Unity Pacific Group owns 5 apartments at Cumberland Lorne Resort. All apartments at Lorne held by Unity Pacific Group are currently recorded at cost in the Statement of Financial Position.

Value uplift opportunities, including rezoning and large lot subdivision, continue to be pursued for the rural land located at San Remo, Victoria.

In December 2014, Unity Pacific Group sold its industrial property, being Rivergate Centre, in Murarrie, for a sale price of \$27.0 million, resulting in a \$2.53 million gain on sale.

At 31 December 2014, Unity Pacific Group was also a party to a put and call option deed to purchase a commercial property at 16 Marie Street, Milton, Brisbane for \$20.425 million. During the half year, Unity Pacific Group paid a security deposit in accordance with the agreement of \$1.009 million and incurred transaction costs of \$0.089 million. Subsequent to balance date, a further security deposit of \$1.009 million was paid pursuant to the agreement.

It is intended that the property, a 5 year old commercial building, will be acquired by a new, single asset, wholesale property trust, The Marie Street Trust, which will be managed by Unity Pacific Group as part of Unity Pacific Group's growth strategy. Should the call option be novated to The Marie Street Trust (as is the intention), the security deposits paid, and transaction costs incurred, by Unity Pacific Group will be reimbursed by The Marie Street Trust.

Subsequent to balance date, Unity Pacific Funds Management Limited has issued an information memorandum for The Marie Street Trust and is seeking to raise \$14.05 million of equity from wholesale investors, with a minimum subscription level of \$3.51 million to be reached by 6 March 2015 or such later date as is agreed.

As the property is due to settle in mid-March 2015, and as a demonstration of its belief in the value of the property being acquired, Unity Pacific Group will subscribe for any shortfall in the equity raising for The Marie Street Trust provided the minimum subscription level is met. In the event that Unity Pacific Group is required to make a shortfall subscription, it is intended that the Marie Street Trust will continue to raise replacement equity from wholesale investors to reduce Unity Pacific Group's investment over time. Unity Pacific Group's shortfall subscription will be funded by cash reserves and is capped at \$10.54 million.

If the minimum subscription level is not met, Unity Pacific Group intends to complete the acquisition and settle the property through a subsidiary of Unity Pacific Group. Unity Pacific Group will use a credit-approved, bank debt facility and existing cash reserves of up to \$12.0 million to complete the acquisition if required.

The property has a weighted average lease expiry (WALE) of 5.1 years by income (as at 1 January 2015) and only 6.6% vacancy by area.



## **FUNDS MANAGEMENT**

Unity Pacific Investment Management Limited (AFSL No 338688), a wholly owned subsidiary of Unity Pacific Limited, is the Responsible Entity of the Trust. Funds management fees paid by the Trust to the Responsible Entity are intra-group transactions and eliminate on presentation of Unity Pacific Group's consolidated result.

Unity Pacific Funds Management Limited (AFSL No 442262), also a wholly owned subsidiary of Unity Pacific Limited, is the entity through which Unity Pacific Group intends to grow its external funds management business. Unity Pacific Funds Management Limited currently is the responsibility entity of The Marie Street Trust and, subject to a minimum subscription level being reached and settlement of 16 Marie Street, Milton, may receive establishment fees, ongoing management fees and potentially performance fees in future periods.

## **CAPITAL MANAGEMENT**

### **DEBT AND GEARING**

Unity Pacific Group's total debt facilities held with National Australia Bank were fully drawn at \$12.0 million at 31 December 2014, down from \$31.59 million at 30 June 2014. These facilities have an expiry date of 31 October 2017, having been extended by 2 years during the half year.

During the half year, Unity Pacific Group applied part of the proceeds from the sale of Rivergate Centre, Murarrie and all proceeds from the sale of the two apartments at Cumberland Lorne Resort to reduce its debt facilities by \$19.59 million.

At 31 December 2014, Unity Pacific Group's cash and cash equivalents exceeded its total debt. As a result, its balance sheet gearing ratio, calculated as a percentage of net interest bearing liabilities over total tangible assets (excluding cash) was nil (June 2014: 21.3%). Unity Pacific Group's property loan-to-value ratio, calculated as debt divided by bank accepted property valuations, was 30.4% (June 2014: 49.0%).

### **CASH EQUIVALENTS AND CASHFLOW**

Unity Pacific Group's cash holdings increased by \$6.34 million during the half year to \$23.74 million at 31 December 2014. The increase resulted from the retention of part of the proceeds from the sale of Rivergate Centre, Murarrie.

### **CAPITAL INITIATIVES**

Unity Pacific Group undertook a 1:4 security consolidation during the half year. The security consolidation was approved by securityholders in November 2014 and was completed in December 2014. Following the security consolidation, Unity Pacific Group has 35,803,992 securities on issue.

## **STRATEGY PROGRESS**

In late 2013, Unity Pacific Group announced its intention to grow the business. Since then, extensive work has been undertaken by Unity Pacific Group team to identify growth opportunities in the property funds management sector. The forthcoming acquisition of 16 Marie Street, Milton, and the establishment of The Marie Street Trust are the initial steps in the building of Unity Pacific Group's own external property funds management platform. Unity Pacific Group also remains committed to acquiring interests in funds management businesses, to sit alongside Unity Pacific Group's own funds management platform, and is financially well-positioned to do so.

## **EVENTS SUBSEQUENT TO BALANCE DATE**

Other than the matters discussed above, there have been no other significant events since balance date which may affect Unity Pacific Group or the Trust's operations, the results of those operations or the state of affairs, which have not been disclosed already in this report.

## **AUDITOR'S INDEPENDENCE DECLARATION**

We confirm that we have obtained a declaration of independence from our auditors, in accordance with section 307C of the *Corporations Act 2001*, as set out on page 7.

## **ROUNDING OF AMOUNTS**

The entity is a kind of entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors of Unity Pacific Limited and Unity Pacific Investment Management Limited.



Brett Heading

Chairman

Dated in Brisbane this 26<sup>th</sup> day of February 2015

## AUDITOR'S INDEPENDENCE DECLARATION

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### DECLARATION OF INDEPENDENCE BY CRAIG JENKINS TO THE DIRECTORS OF UNITY PACIFIC LIMITED AND THE DIRECTORS OF UNITY PACIFIC INVESTMENT MANAGEMENT LIMITED AS RESPONSIBLE ENTITY FOR UNITY PACIFIC STAPLED TRUST

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

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

This declaration is in respect of Unity Pacific Group which comprises both Unity Pacific Limited and the entities it controlled during the half-year and Unity Pacific Stapled Trust and the entities it controlled during the half-year.

A handwritten signature in black ink, appearing to read 'C R Jenkins', is written over a horizontal line.

**C R Jenkins**  
Director

**BDO Audit Pty Ltd**

Brisbane, 26 February 2015

BDO Audit Pty Ltd ABN 33 134 022 870 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 Audit Pty Ltd 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.

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|  | NOTES | UNITY PACIFIC GROUP<br>CONSOLIDATED |              | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |              |
|--|-------|-------------------------------------|--------------|---|--------------|
|  |       | 31 DEC 2014                         | 31 DEC 2013  | 31 DEC 2014                                 | 31 DEC 2013  |
|  |       | \$'000                              | \$'000       | \$'000                                      | \$'000       |
| <b>Revenue and other income</b>                                      |       |                                     |              |   |              |
| Rental income and recoverable outgoings – investment properties      |       | 2,805                               | 2,718        | 2,816                                       | 2,724        |
| Revenue from Cumberland Lorne Resort assets                          |       |                                     |              |   |              |
| - Rental income  | 3     | 88                                  | 249          | -   | -            |
| - Sales of apartments  | 3     | 672                                 | 1,227        | -   | -            |
| Gain on sale of investment property                                  | 4     | 2,530                               | -            | 2,530                                       | -            |
| Interest   |       | 309                                 | 218          | 240   | 133          |
| Other revenue  |       | 124                                 | -            | 123   | -            |
| <b>Total revenue and other income</b>                                |       | <b>6,528</b>                        | <b>4,412</b> | <b>5,709</b>                                | <b>2,857</b> |
| <b>Expenses</b>  |       |                                     |              |   |              |
| Property expenses and outgoings – investment properties              |       | 629                                 | 586          | 677   | 586          |
| Expenses relating to Cumberland Lorne Resort assets                  |       |                                     |              |   |              |
| - Property expenses and outgoings                                    | 3     | 85                                  | 216          | -   | -            |
| - Costs of sale of apartments  | 3     | 649                                 | 1,008        | -   | -            |
| Employee related expenses  |       | 820                                 | 732          | -   | -            |
| Administration and overhead costs                                    | 6     | 532                                 | 453          | 47  | 50           |
| Doubtful debts – trade and other receivables                         | 5     | 6                                   | (20)         | 984   | (2,616)      |
| Responsible entity fees  |       | -                                   | -            | 242   | 260          |
| Depreciation and amortisation  |       | 7                                   | 5            | -   | -            |
| Finance costs  |       | 767                                 | 1,006        | 764   | 1,001        |
| Fair value net loss from investment properties                       | 10    | 331                                 | 333          | 331   | 333          |
| Write down of inventory to net realisable value                      |       | 38                                  | 96           | -   | -            |
| Net change in fair value of derivative financial instruments         |       | 103                                 | (23)         | 103   | (23)         |
| <b>Total expenses</b>  |       | <b>3,967</b>                        | <b>4,392</b> | <b>3,148</b>                                | <b>(409)</b> |
| <b>Profit/(loss) before tax</b>                                      |       | <b>2,561</b>                        | <b>20</b>    | <b>2,561</b>                                | <b>3,266</b> |
| Income tax (expense)/benefit   |       | -                                   | -            | -   | -            |
| <b>Net profit/(loss) for the half year</b>                           |       | <b>2,561</b>                        | <b>20</b>    | <b>2,561</b>                                | <b>3,266</b> |
| <b>Other comprehensive income for the half year, net of tax</b>      |       | <b>-</b>                            | <b>-</b>     | <b>-</b>                                    | <b>-</b>     |
| <b>Total comprehensive income for the half year</b>                  |       | <b>2,561</b>                        | <b>20</b>    | <b>2,561</b>                                | <b>3,266</b> |
| <b>Profit/(loss) for the half year attributable to:</b>              |       |                                     |              |   |              |
| Members of the parent  |       | (1,263)                             | (883)        | -   | -            |
| Unitholders of the Trust   |       | 3,824                               | 903          | 2,561                                       | 3,266        |
| <b>Profit/(loss) for the half year</b>                               |       | <b>2,561</b>                        | <b>20</b>    | <b>2,561</b>                                | <b>3,266</b> |
| <b>Total comprehensive income for the half year attributable to:</b> |       |                                     |              |   |              |
| Members of the parent  |       | (1,263)                             | (883)        | -   | -            |
| Unitholders of the Trust   |       | 3,824                               | 903          | 2,561                                       | 3,266        |
| <b>Total comprehensive income for the half year</b>                  |       | <b>2,561</b>                        | <b>20</b>    | <b>2,561</b>                                | <b>3,266</b> |
| <b>Earnings per stapled security</b>                                 |       |                                     |              |   |              |
| Basic/diluted earnings/(loss) per stapled security                   | 7     | 7.15 cents                          | 0.06 cents   | n/a   | n/a          |
| Basic/diluted earnings/(loss) per unit                               | 7     | n/a                                 | n/a          | 7.15 cents                                  | 9.04 cents   |

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

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

|  | NOTES | UNITY PACIFIC GROUP<br>CONSOLIDATED |                 | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |               |
|--|-------|-------------------------------------|-----------------|---|---------------|
|  |       | 31 DEC 2014                         | 30 JUNE 2014    | 31 DEC 2014                                 | 30 JUNE 2014  |
|  |       | \$'000                              | \$'000          | \$'000                                      | \$'000        |
| <b>Current assets</b>                                  |       |                                     |                 |   |               |
| Cash and cash equivalents                              |       | 23,737                              | 17,397          | 20,109                                      | 13,520        |
| Trade and other receivables                            |       | 329                                 | 207             | 312   | 55            |
| Inventory  | 8     | 1,424                               | 2,053           | -   | -             |
| Other current assets                                   | 9     | 1,758                               | 532             | 1,614                                       | 438           |
| <b>Total current assets</b>                            |       | <b>27,248</b>                       | <b>20,189</b>   | <b>22,035</b>                               | <b>14,013</b> |
| <b>Non-current assets</b>                              |       |                                     |                 |   |               |
| Trade and other receivables                            |       | 232                                 | 290             | 10,171                                      | 9,967         |
| Investment properties                                  | 10    | 34,977                              | 58,773          | 34,977                                      | 58,773        |
| Inventory  | 8     | 3,850                               | 3,850           | -   | -             |
| Property, plant and equipment                          |       | 36                                  | 39              | -   | -             |
| Intangible assets                                      |       | 4                                   | 4               | -   | -             |
| Other non-current assets                               | 9     | 441                                 | 782             | 441   | 782           |
| <b>Total non-current assets</b>                        |       | <b>39,540</b>                       | <b>63,738</b>   | <b>45,589</b>                               | <b>69,522</b> |
| <b>Total assets</b>                                    |       | <b>66,788</b>                       | <b>83,927</b>   | <b>67,624</b>                               | <b>83,535</b> |
| <b>Current liabilities</b>                             |       |                                     |                 |   |               |
| Trade and other payables                               |       | 633                                 | 851             | 1,671                                       | 663           |
| Derivative financial instruments                       | 11    | -                                   | 28              | -   | 28            |
| Employee benefits                                      |       | 71                                  | 73              | -   | -             |
| <b>Total current liabilities</b>                       |       | <b>704</b>                          | <b>952</b>      | <b>1,671</b>                                | <b>691</b>    |
| <b>Non-current liabilities</b>                         |       |                                     |                 |   |               |
| Trade and other payables                               |       | 9                                   | 15              | 9   | 15            |
| Interest bearing loans and borrowings                  | 11    | 11,971                              | 31,548          | 11,971                                      | 31,548        |
| Derivative financial instruments                       | 11    | 131                                 | -               | 131   | -             |
| <b>Total non-current liabilities</b>                   |       | <b>12,111</b>                       | <b>31,563</b>   | <b>12,111</b>                               | <b>31,563</b> |
| <b>Total liabilities</b>                               |       | <b>12,815</b>                       | <b>32,515</b>   | <b>13,782</b>                               | <b>32,254</b> |
| <b>Net assets</b>                                      |       | <b>53,973</b>                       | <b>51,412</b>   | <b>53,842</b>                               | <b>51,281</b> |
| <b>Equity</b>  |       |                                     |                 |   |               |
| <b>Equity attributable to members of the Company</b>   |       |                                     |                 |   |               |
| Contributed equity                                     | 13    | 43,965                              | 43,965          | -   | -             |
| Accumulated losses                                     |       | (69,182)                            | (67,919)        | -   | -             |
|  |       | <b>(25,217)</b>                     | <b>(23,954)</b> | -   | -             |
| <b>Equity attributable to unitholders of the Trust</b> |       |                                     |                 |   |               |
| Contributed equity                                     | 13    | 237,056                             | 237,056         | 237,056                                     | 237,056       |
| Reserves   |       | 200                                 | 200             | 200   | 200           |
| Deficiency   |       | (158,066)                           | (161,890)       | (183,414)                                   | (185,975)     |
|  |       | <b>79,190</b>                       | <b>75,366</b>   | <b>53,842</b>                               | <b>51,281</b> |
| <b>Total equity</b>                                    |       | <b>53,973</b>                       | <b>51,412</b>   | <b>53,842</b>                               | <b>51,281</b> |

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|   | UNITY PACIFIC GROUP<br>CONSOLIDATED |                | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |                |
|---|-------------------------------------|----------------|---|----------------|
|   | 31 DEC 2014                         | 31 DEC 2013    | 31 DEC 2014                                 | 31 DEC 2013    |
|   | \$'000                              | \$'000         | \$'000                                      | \$'000         |
| <b>Cash flows from operating activities</b>                 |                                     |                |   |                |
| Cash receipts in the course of operations                   | 3,378                               | 3,314          | 3,179                                       | 3,032          |
| Cash payments in the course of operations                   | (2,857)                             | (2,367)        | (1,562)                                     | (1,288)        |
| Interest received   | 248                                 | 211            | 176   | 128            |
| Interest and finance costs paid                             | (770)                               | (977)          | (767)                                       | (973)          |
| <b>Net cash from/(used in) operating activities</b>         | <b>(1)</b>                          | <b>181</b>     | <b>1,026</b>                                | <b>899</b>     |
| <b>Cash flows from investing activities</b>                 |                                     |                |   |                |
| Payments for investment properties and assets held for sale | (1,681)                             | (880)          | (582)                                       | (880)          |
| Proceeds from sale of inventory                             | 672                                 | 1,218          | -   | -              |
| Proceeds from sale of investment property                   | 27,000                              | -              | 27,000                                      | -              |
| Payments for capitalised development costs                  | (37)                                | (92)           | -   | -              |
| Loans to related entities                                   | -                                   | -              | (1,904)                                     | -              |
| Payments for property, plant and equipment                  | (4)                                 | (9)            | -   | -              |
| Repayment of loan from related entity                       | -                                   | -              | 657   | 2,815          |
| <b>Net cash from/(used in) investing activities</b>         | <b>25,950</b>                       | <b>237</b>     | <b>25,171</b>                               | <b>1,935</b>   |
| <b>Cash flows from financing activities</b>                 |                                     |                |   |                |
| Payment for security buyback                                | -                                   | (1,640)        | -   | (1,640)        |
| Transaction costs on security buyback                       | -                                   | (14)           | -   | (14)           |
| Repayment of borrowings                                     | (19,591)                            | (388)          | (19,591)                                    | (388)          |
| Payments for loan establishment costs                       | (18)                                | (37)           | (18)  | (37)           |
| <b>Net cash from/(used in) financing activities</b>         | <b>(19,609)</b>                     | <b>(2,079)</b> | <b>(19,609)</b>                             | <b>(2,079)</b> |
| Net (decrease)/increase in cash and cash equivalents        | 6,340                               | (1,661)        | 6,589                                       | 755            |
| Cash and cash equivalents at beginning of the half year     | 17,397                              | 15,110         | 13,520                                      | 7,874          |
| <b>Cash and cash equivalents at end of the half year</b>    | <b>23,737</b>                       | <b>13,449</b>  | <b>20,109</b>                               | <b>8,629</b>   |

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**UNITY PACIFIC GROUP  
CONSOLIDATED**

|   | ATTRIBUTABLE TO MEMBERS OF THE COMPANY |          |                       |          | ATTRIBUTABLE TO UNITHOLDERS OF THE TRUST |          |                       |         |                 |
|---|--|----------|-----------------------|----------|--|----------|-----------------------|---------|-----------------|
|   | CONTRIBUTED<br>EQUITY                  | RESERVES | ACCUMULATED<br>LOSSES | TOTAL    | CONTRIBUTED<br>EQUITY                    | RESERVES | ACCUMULATED<br>LOSSES | TOTAL   | TOTAL<br>EQUITY |
|   | \$'000                                 | \$'000   | \$'000                | \$'000   | \$'000                                   | \$'000   | \$'000                | \$'000  | \$'000          |
| <b>At 1 July 2014</b>   | 43,965                                 | -        | (67,919)              | (23,954) | 237,056                                  | 200      | (161,890)             | 75,366  | 51,412          |
| Losses for the half year attributable to members of the Company   | -                                      | -        | (1,263)               | (1,263)  | -  | -        | -                     | -       | (1,263)         |
| Profit for the half year attributable to unitholders of the Trust | -                                      | -        | -                     | -        | -  | -        | 3,824                 | 3,824   | 3,824           |
| Other comprehensive income  | -                                      | -        | -                     | -        | -  | -        | -                     | -       | -               |
| Total comprehensive income for the half year                      | -                                      | -        | (1,263)               | (1,263)  | -  | -        | 3,824                 | 3,824   | 2,561           |
| Transactions with members recorded directly in equity:            |  |          |                       |          |  |          |                       |         |                 |
| Total changes in equity as a result of transactions with members  | -                                      | -        | -                     | -        | -  | -        | -                     | -       | -               |
| <b>At 31 December 2014</b>  | 43,965                                 | -        | (69,182)              | (25,217) | 237,056                                  | 200      | (158,066)             | 79,190  | 53,973          |
| <b>At 1 July 2013</b>   | 43,965                                 | -        | (65,270)              | (21,305) | 238,701                                  | -        | (165,008)             | 73,693  | 52,388          |
| Losses for the half year attributable to members of the Company   | -                                      | -        | (883)                 | (883)    | -  | -        | -                     | -       | (883)           |
| Profit for the half year attributable to unitholders of the Trust | -                                      | -        | -                     | -        | -  | -        | 903                   | 903     | 903             |
| Other comprehensive income  | -                                      | -        | -                     | -        | -  | -        | -                     | -       | -               |
| Total comprehensive income for the half year                      | -                                      | -        | (883)                 | (883)    | -  | -        | 903                   | 903     | 20              |
| Transactions with members recorded directly in equity:            |  |          |                       |          |  |          |                       |         |                 |
| Employee share options – value of employee services               | -                                      | -        | -                     | -        | -  | 201      | -                     | 201     | 201             |
| Security buyback  | -                                      | -        | -                     | -        | (1,640)                                  | -        | -                     | (1,640) | (1,640)         |
| Transaction costs on security buyback                             | -                                      | -        | -                     | -        | (7)                                      | -        | -                     | (7)     | (7)             |
| Total changes in equity as a result of transactions with members  | -                                      | -        | -                     | -        | (1,647)                                  | 201      | -                     | (1,446) | (1,446)         |
| <b>At 31 December 2013</b>  | 43,965                                 | -        | (66,153)              | (22,188) | 237,054                                  | 201      | (164,105)             | 73,150  | 50,962          |

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

**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

| <b>UNITY PACIFIC STAPLED TRUST<br/>CONSOLIDATED</b>              | <b>CONTRIBUTED<br/>EQUITY<br/>\$'000</b> | <b>ACCUMULATED<br/>LOSSES<br/>\$'000</b> | <b>RESERVES<br/>\$'000</b> | <b>TOTAL<br/>\$'000</b> |
|--|--|--|----------------------------|-------------------------|
| <b>At 1 July 2014</b>  | <u>237,056</u>                           | <u>(185,975)</u>                         | <u>200</u>                 | <u>51,281</u>           |
| Profit for the half year attributable to unitholders             | -  | 2,561                                    | -                          | 2,561                   |
| Other comprehensive income                                       | -  | -  | -                          | -                       |
| Total comprehensive income for the half year                     | <u>-</u>                                 | <u>2,561</u>                             | <u>-</u>                   | <u>2,561</u>            |
| Transactions with members recorded directly in equity:           |  |  |                            |                         |
| Total changes in equity as a result of transactions with members | -  | -  | -                          | -                       |
| <b>At 31 December 2014</b>                                       | <u>237,056</u>                           | <u>(183,414)</u>                         | <u>200</u>                 | <u>53,842</u>           |
| <b>At 1 July 2013</b>  | <u>238,701</u>                           | <u>(189,707)</u>                         | <u>-</u>                   | <u>48,994</u>           |
| Profit for the half year attributable to unitholders             | -  | 3,266                                    | -                          | 3,266                   |
| Other comprehensive income                                       | -  | -  | -                          | -                       |
| Total comprehensive income for the half year                     | <u>-</u>                                 | <u>3,266</u>                             | <u>-</u>                   | <u>3,266</u>            |
| Transactions with members recorded directly in equity:           |  |  |                            |                         |
| Employee share options – value of employee services              | -  | -  | 201                        | 201                     |
| Security buyback   | (1,640)                                  | -  | -                          | (1,640)                 |
| Transaction costs on security buyback                            | (7)                                      | -  | -                          | (7)                     |
| Total changes in equity as a result of transactions with members | <u>(1,647)</u>                           | <u>-</u>                                 | <u>201</u>                 | <u>(1,446)</u>          |
| <b>At 31 December 2013</b>                                       | <u>237,054</u>                           | <u>(186,441)</u>                         | <u>201</u>                 | <u>50,814</u>           |

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Unity Pacific Group's annual financial report for the year ended 30 June 2014 and any public announcements made by Unity Pacific Group and Unity Pacific Stapled Trust during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and computations are consistent with those of the previous financial year and previous half year reporting period. These policies have been consistently applied to all the periods presented.

The financial statements were approved by the Board of Directors of Unity Pacific Limited and Unity Pacific Investment Management Limited on 26 February 2015.

#### a. CONSOLIDATED FINANCIAL STATEMENTS

This half year financial report includes separate financial statements for Unity Pacific Group, consisting of Unity Pacific Limited and Unity Pacific Stapled Trust and their controlled entities, and for Unity Pacific Stapled Trust and its controlled entities. Unity Pacific Limited has been deemed the parent entity of the Trust. Unity Pacific Group has presented consolidated financial statements in accordance with Class Order 13/1050.

In December 2014, Trinity Group changed its name to Unity Pacific Group. The names of several entities within Unity Pacific Group were also changed, including the following:

| Current name                                | Former name                           |
|---|---------------------------------------|
| Unity Pacific Limited                       | Trinity Limited                       |
| Unity Pacific Stapled Trust                 | Trinity Stapled Trust                 |
| Unity Pacific Investment Management Limited | Trinity Investment Management Limited |

#### b. NEW STANDARDS ADOPTED

A number of new or amended Australian Accounting Standards became applicable for the current reporting period. Unity Pacific Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

### 2. DISTRIBUTIONS PAID AND PAYABLE TO SECURITYHOLDERS

No distributions/dividends were paid or payable to stapled securityholders for the half year (December 2013: nil).

### 3. CUMBERLAND LORNE RESORT REVENUE AND EXPENSES

As a result of apartment sales at Cumberland Lorne Resort, Unity Pacific Group's apartment rental income and associated property expenses and outgoings were lower in the half year than the previous half year.

Two apartments at Cumberland Lorne Resort were sold during the half year, resulting in a profit of \$0.022 million. Two apartments, including one penthouse, were also sold during the previous half year, resulting in a profit of \$0.219 million.

At 31 December 2014, Unity Pacific Group owns 5 apartments (2013:13).

### 4. GAIN ON SALE OF INVESTMENT PROPERTY

In December 2014, Unity Pacific Group sold its industrial property, being Rivergate Centre, Murarrie, for a sale price of \$27.0 million, resulting in a \$2.53 million gain on sale.

### 5. DOUBTFUL DEBTS – TRADE AND OTHER RECEIVABLES

The Trust's provision for doubtful debts primarily relates to loans provided to entities within Unity Pacific Group. As they are intra-group transactions, these loans eliminate upon presentation of Unity Pacific Group's consolidated result. During the half year, the Trust increased the amount of an intra-group loan provision, resulting in an expense of \$0.984 million (December 2013: a net gain of \$2.616 million).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**6. ADMINISTRATION AND OVERHEAD COSTS**

|  | UNITY PACIFIC GROUP<br>CONSOLIDATED |                       | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |                       |
|--|-------------------------------------|-----------------------|---|-----------------------|
|  | 31 DEC 2014<br>\$'000               | 31 DEC 2013<br>\$'000 | 31 DEC 2014<br>\$'000                       | 31 DEC 2013<br>\$'000 |
| <b>Classified by nature</b>                    |                                     |                       |   |                       |
| Management and administration expenses         | 259                                 | 186                   | 11  | 10                    |
| Consultancy and legal fees                     | 238                                 | 105                   | 23  | 23                    |
| Accounting and audit fees                      | 35                                  | 37                    | 13  | 17                    |
| Repayment of performance fees <sup>1</sup>     | -                                   | 125                   | -   | -                     |
| <b>Total administration and overhead costs</b> | <b>532</b>                          | <b>453</b>            | <b>47</b>                                   | <b>50</b>             |

<sup>1</sup> During the previous half year, and in accordance with indemnities provided for in the contract of sale for the Trinity Funds Management Limited business in August 2011, Unity Pacific Group repaid performance fees received from Trinity Opportunistic Property Fund No 1 in 2007 and 2008 to LaSalle Investment Management. Unity Pacific Group does not expect to repay any other fees previously received.

**7. EARNINGS PER STAPLED SECURITY**

|   | UNITY PACIFIC GROUP<br>CONSOLIDATED |                       | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |                       |
|---|-------------------------------------|-----------------------|---|-----------------------|
|   | 31 DEC 2014<br>\$'000               | 31 DEC 2013<br>\$'000 | 31 DEC 2014<br>\$'000                       | 31 DEC 2013<br>\$'000 |
| <b>Earnings used in calculating earnings per stapled security</b>                           |                                     |                       |   |                       |
| Net profit / (loss) after tax attributable to securityholders                               | 2,561                               | 20                    | 2,561                                       | 3,266                 |
|   | <b>NUMBER</b>                       | <b>NUMBER</b>         | <b>NUMBER</b>                               | <b>NUMBER</b>         |
|   | <b>'000</b>                         | <b>'000</b>           | <b>'000</b>                                 | <b>'000</b>           |
| Weighted average number of ordinary securities for basic earnings per security <sup>1</sup> | 35,804                              | 36,126                | 35,804                                      | 36,126                |
| Effect of dilution  | -                                   | -                     | -   | -                     |
| Adjusted weighted average number of ordinary securities for diluted earnings per security   | 35,804                              | 36,126                | 35,804                                      | 36,126                |
|   | <b>CENTS</b>                        | <b>CENTS</b>          | <b>CENTS</b>                                | <b>CENTS</b>          |
| Basic earnings per stapled security/unit <sup>1</sup>                                       | 7.15                                | 0.06                  | 7.15  | 9.04                  |
| Diluted earnings per stapled security/unit <sup>1</sup>                                     | 7.15                                | 0.06                  | 7.15  | 9.04                  |

<sup>1</sup> Unity Pacific Group undertook a 1:4 security consolidation during the half year. The security consolidation was approved by securityholders in November 2014 and was completed in December 2014. Following the security consolidation, Unity Pacific Group has 35,803,992 securities on issue. The prior year weighted average number of ordinary securities and the prior year basic and diluted earnings per security have been restated on a 1:4 basis.

**8. INVENTORY**

|   | UNITY PACIFIC GROUP<br>CONSOLIDATED |              | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |              |
|---|-------------------------------------|--------------|---|--------------|
|   | 31 DEC 2014                         | 30 JUNE 2014 | 31 DEC 2014                                 | 30 JUNE 2014 |
|   | \$'000                              | \$'000       | \$'000                                      | \$'000       |
| <b>Current</b>  |                                     |              |   |              |
| Property held for sale - Cumberland Lorne Resort <sup>1</sup> | 1,424                               | 2,053        | -   | -            |
| Total current   | 1,424                               | 2,053        | -   | -            |
| <b>Non-current</b>  |                                     |              |   |              |
| Property under development - San Remo <sup>2</sup>            | 3,850                               | 3,850        | -   | -            |
| Total non-current   | 3,850                               | 3,850        | -   | -            |

<sup>1</sup> At 31 December 2014, Unity Pacific Group owned 5 apartments at the Cumberland Lorne Resort (June 2014: 7).

<sup>2</sup> Value uplift opportunities, including subdivision and/or rezoning, are being pursued for the rural land located at San Remo, Victoria.

**9. OTHER ASSETS**

|  | UNITY PACIFIC GROUP<br>CONSOLIDATED |              | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |              |
|--|-------------------------------------|--------------|---|--------------|
|  | 31 DEC 2014                         | 30 JUNE 2014 | 31 DEC 2014                                 | 30 JUNE 2014 |
|  | \$'000                              | \$'000       | \$'000                                      | \$'000       |
| <b>Current</b>   |                                     |              |   |              |
| Security deposit for acquisition of 16 Marie Street, Milton <sup>1</sup> | 1,099                               | -            | 1,099                                       | -            |
| Prepayments  | 260                                 | 128          | 116   | 34           |
| Lease incentives receivable  | 399                                 | 404          | 399   | 404          |
| Total current  | 1,758                               | 532          | 1,614                                       | 438          |
| <b>Non-current</b>   |                                     |              |   |              |
| Lease incentives receivable  | 441                                 | 782          | 441   | 782          |
| Total non-current  | 441                                 | 782          | 441   | 782          |

<sup>1</sup> At 31 December 2014, a wholly owned subsidiary of Unity Pacific Stapled Trust, had entered into a put and call option deed to acquire 16 Marie Street, Milton for a purchase price of \$20.425 million. During the half year, Unity Pacific Group paid a security deposit in accordance with the agreement of \$1.009 million and incurred transaction costs of \$0.089 million. Subsequent to balance date, a further security deposit of \$1.009 million was paid pursuant to the agreement.

It is intended that the property will be acquired by a new, single asset, wholesale property trust, The Marie Street Trust, which will be managed by Unity Pacific Group. Should the call option be novated to The Marie Street Trust (as is the intention), the security deposits paid, and transaction costs incurred, by Unity Pacific Group will be reimbursed by The Marie Street Trust. Unity Pacific Group is seeking to raise \$14.050 million of equity from wholesale investors.

If a minimum subscription level of \$3.513 million is reached by 6 March 2015 or such later date as is agreed, Unity Pacific Group will subscribe for any shortfall in the equity raising for The Marie Street Trust to enable the property to be settled in mid-March 2015. Unity Pacific Group's shortfall subscription will be funded by cash reserves and is capped at \$10.537 million. In the event that Unity Pacific Group is required to make a shortfall subscription, it is intended that the Marie Street Trust will continue to raise replacement equity from wholesale investors to reduce Unity Pacific Group's investment over time.

If the minimum subscription level is not met, Unity Pacific Group intends to complete the acquisition and settle the property through a subsidiary of Unity Pacific Group. Unity Pacific Group will use a credit-approved, bank debt facility and existing cash reserves of up to \$12.000 million to complete the acquisition if required.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**10. INVESTMENT PROPERTIES**

|  | UNITY PACIFIC GROUP<br>CONSOLIDATED |               | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |               |
|--|-------------------------------------|---------------|---|---------------|
|  | HALF YEAR<br>ENDED                  | YEAR<br>ENDED | HALF YEAR<br>ENDED                          | YEAR<br>ENDED |
|  | 31 DEC 2014                         | 30 JUNE 2014  | 31 DEC 2014                                 | 30 JUNE 2014  |
|  | \$'000                              | \$'000        | \$'000                                      | \$'000        |
| Investment properties at fair value              | 34,977                              | 58,773        | 34,977                                      | 58,773        |
| <b>Movements in investment properties</b>        |                                     |               |   |               |
| Balance at beginning of reporting period         | 58,773                              | 55,575        | 58,773                                      | 55,575        |
| Additions <sup>1</sup>                           | 555                                 | 649           | 555   | 649           |
| Disposals <sup>2</sup>                           | (24,020)                            | -             | (24,020)                                    | -             |
| Classified as held for sale – transfers in/(out) | -                                   | 1,405         | -   | 1,405         |
| Net gain / (loss) from fair value movements      | (331)                               | 1,144         | (331)                                       | 1,144         |
| Balance at end of reporting period               | 34,977                              | 58,773        | 34,977                                      | 58,773        |

<sup>1</sup> Additions relate to capital expenditure incurred during the reporting period.

<sup>2</sup> Rivergate Centre, Murarrie was sold in December 2014.

Fair value is determined by either a registered independent valuer or an appropriately experienced internal appraiser.

**Details of investments properties are as follows:**

| PROPERTY  | ACQUISITION<br>DATE | BOOK VALUE<br>31 DEC 2014 <sup>2</sup><br>\$'000 | BOOK<br>VALUE<br>30 JUNE 2014<br>\$'000 | LATEST<br>INDEPENDENT<br>VALUATION<br>DATE | INDEPENDENT<br>VALUATION<br>AMOUNT<br>\$'000 | CAPITAL-<br>ISATION<br>RATE <sup>3</sup><br>% | AVERAGE<br>LEASE<br>DURATION <sup>3</sup> |
|---|---------------------|--|---|--|--|---|---|
| <b>Commercial</b>   |                     |  |   |  |  |   |   |
| 308 Queen Street/88 Creek Street, QLD <sup>1</sup>  | 21/12/2006          | 34,350   | 34,350                                  | 30 June 2014                               | 34,350                                       | 8.25%   | 2.8 years                                 |
| 308 Queen Street/88 Creek Street, QLD <sup>1</sup> - TSAs   | 21/12/2006          | 1,700  | 1,700                                   | 30 June 2014                               | 1,700  | n/a   | n/a                                       |
| <b>Industrial</b>   |                     |  |   |  |  |   |   |
| Rivergate Centre, QLD <sup>1,4</sup>  | 28/02/2007          | -  | 24,200                                  | 30 June 2014                               | 24,200                                       | 7.50%   | 8.9 years                                 |
| <b>Total investment properties (including amounts classified in other assets and receivables)</b> |                     | <b>36,050</b>                                    | <b>60,250</b>                           |  |  |   |   |
| <b>Less amounts classified as:</b>  |                     |  |   |  |  |   |   |
| Investment properties held for sale   |                     | -  | -                                       |  |  |   |   |
| Other assets – lease incentives   |                     | (841)  | (1,187)                                 |  |  |   |   |
| Trade and other receivables – straight lining of operating lease rental income                    |                     | (232)  | (290)                                   |  |  |   |   |
| <b>Total investment properties</b>  |                     | <b>34,977</b>                                    | <b>58,773</b>                           |  |  |   |   |

<sup>1</sup> 100% ownership interest.

<sup>2</sup> Book values as at 31 December 2014 are based on internal valuations which have been adopted by the Directors and do not exceed independent valuations undertaken in June 2014.

<sup>3</sup> As at the latest independent valuation date.

<sup>4</sup> Rivergate Centre, Murarrie was sold in December 2014.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**11. INTEREST BEARING LOANS AND BORROWINGS**

|                             | UNITY PACIFIC GROUP<br>CONSOLIDATED |               | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |               |
|-----------------------------|-------------------------------------|---------------|---|---------------|
|                             | 31 DEC 2014                         | 30 JUNE 2014  | 31 DEC 2014                                 | 30 JUNE 2014  |
|                             | \$'000                              | \$'000        | \$'000                                      | \$'000        |
| <b>Non-current</b>          |                                     |               |   |               |
| Bank bills – secured        | 12,000                              | 31,591        | 12,000                                      | 31,591        |
| Unamortised borrowing costs | (29)                                | (43)          | (29)  | (43)          |
| <b>Total non-current</b>    | <b>11,971</b>                       | <b>31,548</b> | <b>11,971</b>                               | <b>31,548</b> |

At 31 December 2014, Unity Pacific Group has access to an aggregated facility with National Australia Bank with a fully drawn limit of \$12.000 million (June 2014: fully drawn limit of \$31.591 million).

The facility was extended in December 2014 for 2 years. The facility now expires on 31 October 2017 and is secured by:

- a first registered mortgage over the investment property of Unity Pacific Stapled Trust;
- a first registered mortgage over the real property held by San Remo Project Pty Ltd and UPG Lorne Resort Pty Ltd; and
- a general security agreement over the whole of the assets of Unity Pacific Limited, Unity Pacific Stapled Trust, UPG Prime Industrial Trust, UPG Lorne Resort Pty Ltd and San Remo Project Pty Ltd.

With effect from 24 December 2014, Unity Pacific Group's financial covenants are as follows:

- interest cover ratio – 2.0 times;
- maximum loan to value ratio – 50%; and
- hedging covenant – minimum 34.7%.

From 1 July 2014 to 24 December 2014, Unity Pacific Group's financial covenants were:

- interest cover ratio – 1.5 times;
- maximum loan to value ratio – 50.8%, but increasing to 55% to allow for adverse valuation movements; and
- hedging covenant – minimum 34.7%.

During the half year and as at 31 December 2014, Unity Pacific Group complied with the financial covenants required by its financier, National Australia Bank Limited (NAB).

At 31 December 2014, a loan facility agreement was in place between Unity Pacific Stapled Trust and other Unity Pacific Group entities on no fixed terms with an interest rate of 0% (June 2014: 0%). Loan transactions arise due to Unity Pacific Group Treasury policies and the effect of stapling.

**DERIVATIVE FINANCIAL INSTRUMENTS**

Unity Pacific Group manages its cash flow interest rate risk by using floating-to-fixed interest rate derivatives. In October 2014, Unity Pacific Group's \$16.0 million interest rate swap expired. The fair value of the interest rate swap was \$0.028 million at 30 June 2014.

In December 2014, Unity Pacific Group entered into a 4 year interest rate swap with a face value of \$8.170 million, a commencement date of 1 April 2015 and expiry date of 31 March 2019. The fair value of the interest rate swap was \$0.131 million at 31 December 2014 (June 2014: \$0). Unity Pacific Group entered into this interest rate swap on behalf of its new wholesale property trust, The Marie Street Trust, in order to give potential investors of The Marie Street Trust more certainty of investment returns. Unity Pacific Group intends to novate the interest rate swap to The Marie Street Trust once the purchase of 16 Marie St, Milton has been completed by The Marie Street Trust (refer to note 9 for further details about The Marie Street Trust and the acquisition of 16 Marie Street, Milton). If the minimum subscription level is not met, Unity Pacific Group may choose to retain the interest rate swap to manage its own interest rate risk. Refer to note 12 for further details on the fair value of the swap.

**12. FINANCIAL INSTRUMENTS**

The carrying values of Unity Pacific Group's financial assets and financial liabilities approximate their fair values as at 31 December 2014.

The following table analyses financial instruments carried at fair value, by valuation method, using the fair value hierarchy. The different levels have been defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| <b>UNITY PACIFIC GROUP CONSOLIDATED AND<br/>UNITY PACIFIC STAPLED TRUST CONSOLIDATED<br/>31 DECEMBER 2014</b> | <b>LEVEL 1</b> | <b>LEVEL 2</b> | <b>LEVEL 3</b> | <b>TOTAL</b>  |
|---|----------------|----------------|----------------|---------------|
|   | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b> |

**Liabilities**

|                                  |   |     |   |     |
|----------------------------------|---|-----|---|-----|
| Derivative financial instruments | - | 131 | - | 131 |
| Total liabilities                | - | 131 | - | 131 |

| <b>UNITY PACIFIC GROUP CONSOLIDATED AND<br/>UNITY PACIFIC STAPLED TRUST CONSOLIDATED<br/>30 JUNE 2014</b> | <b>LEVEL 1</b> | <b>LEVEL 2</b> | <b>LEVEL 3</b> | <b>TOTAL</b>  |
|---|----------------|----------------|----------------|---------------|
|   | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b> |

**Liabilities**

|                                  |   |    |   |    |
|----------------------------------|---|----|---|----|
| Derivative financial instruments | - | 28 | - | 28 |
| Total liabilities                | - | 28 | - | 28 |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**13. CONTRIBUTED EQUITY**

|  | UNITY PACIFIC GROUP<br>CONSOLIDATED |               | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |               |
|--|-------------------------------------|---------------|---|---------------|
|  | HALF YEAR<br>ENDED                  | YEAR<br>ENDED | HALF YEAR<br>ENDED                          | YEAR<br>ENDED |
|  | 31 DEC 2014                         | 30 JUNE 2014  | 31 DEC 2014                                 | 30 JUNE 2014  |
|  | \$'000                              | \$'000        | \$'000                                      | \$'000        |
| Ordinary stapled securities – fully paid | 281,021                             | 281,021       | 237,056                                     | 237,056       |

**Half year ended 31 December 2014**

During the half year the following movements in ordinary issued securities occurred:

***Contributed equity attributable to members of the Company***

|                                     | UNITY PACIFIC GROUP<br>CONSOLIDATED |        | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |        |
|-------------------------------------|-------------------------------------|--------|---|--------|
|                                     | NUMBER OF<br>SECURITIES             | \$'000 | NUMBER OF<br>SECURITIES                     | \$'000 |
| On issue at 1 July 2014             | 143,216,966                         | 43,965 | -   | -      |
| Security consolidation <sup>1</sup> | (107,412,974)                       | -      | -   | -      |
| On issue at 31 December 2014        | 35,803,992                          | 43,965 | -   | -      |

***Contributed equity attributable to members of the Trust***

|  |               |         |               |         |
|--|---------------|---------|---------------|---------|
| On issue at 1 July 2014                                  | 143,216,966   | 237,056 | 143,216,966   | 237,056 |
| Security consolidation <sup>1</sup>                      | (107,412,974) | -       | (107,412,974) | -       |
| On issue at 31 December 2014                             | 35,803,992    | 237,056 | 35,803,992    | 237,056 |
| Total contributed equity attributable to securityholders |               | 281,021 |               | 237,056 |

<sup>1</sup> During the half year, Unity Pacific Group's securities were consolidated on a 1:4 basis.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**13. CONTRIBUTED EQUITY (continued)**

**Year ended 30 June 2014**

During the financial year the following movements in ordinary issued securities occurred:

**Contributed equity attributable to members of the Company**

|                               | UNITY PACIFIC GROUP<br>CONSOLIDATED |        | UNITY PACIFIC STAPLED TRUST<br>CONSOLIDATED |        |
|-------------------------------|-------------------------------------|--------|---|--------|
|                               | NUMBER OF<br>SECURITIES             | \$'000 | NUMBER OF<br>SECURITIES                     | \$'000 |
| On issue at 1 July 2013       | 149,598,535                         | 43,965 | -   | -      |
| Security buyback <sup>2</sup> | (6,381,569)                         | -      | -   | -      |
| On issue at 30 June 2014      | 143,216,966                         | 43,965 | -   | -      |

**Contributed equity attributable to members of the Trust**

|                                       |             |         |             |         |
|---------------------------------------|-------------|---------|-------------|---------|
| On issue at 1 July 2013               | 149,598,535 | 238,701 | 149,598,535 | 238,701 |
| Security buyback <sup>2</sup>         | (6,381,569) | (1,639) | (6,381,569) | (1,639) |
| Transaction costs on security buyback | -           | (6)     | -           | (6)     |
| On issue at 30 June 2014              | 143,216,966 | 237,056 | 143,216,966 | 237,056 |

|  |  |         |  |         |
|--|--|---------|--|---------|
| Total contributed equity attributable to securityholders |  | 281,021 |  | 237,056 |
|--|--|---------|--|---------|

<sup>2</sup> An on-market buyback of up to 14,959,854 securities (10% of securities on issue at that time) was approved by members on 19 June 2013. In July and August 2013, Unity Pacific Group bought back 6,381,569 securities at a cost of \$1.640 million. The securities were acquired at an average price of \$0.257, with prices ranging from \$0.255 to \$0.260. The buyback was funded from the Trust.

**14. SEGMENT REPORTING**

**UNITY PACIFIC GROUP CONSOLIDATED**

Unity Pacific Group comprises the following reporting segments, as reviewed by executive management (the chief operating decision makers). The following summary describes the operations in each of Unity Pacific Group's operating segments:

| Operating segments         | Products/Services   |
|----------------------------|---|
| Funds management           | Establishment and management of property investment vehicles  |
| Property investment        | Investment and management of income producing properties<br>(308 Queen Street/88 Creek Street and Rivergate Centre) |
| Property held as inventory | Properties acquired for re-sale or development activities<br>(Cumberland Lorne Resort apartments and San Remo)      |

**UNITY PACIFIC STAPLED TRUST CONSOLIDATED**

The Trust operates in predominantly one operating segment being property investment.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**14. SEGMENT REPORTING (CONTINUED)**

| UNITY PACIFIC GROUP<br>HALF YEAR ENDED 31 DECEMBER 2014 | FUNDS<br>MANAGEMENT<br>\$'000 | PROPERTY<br>INVESTMENT<br>\$'000 | PROPERTY<br>HELD AS<br>INVENTORY<br>\$'000 | OTHER<br>\$'000 | TOTAL<br>\$'000 |
|---|-------------------------------|----------------------------------|--|-----------------|-----------------|
| <b>Segment revenue and other income</b>                 |                               |                                  |  |                 |                 |
| External revenue  | -                             | 3,037                            | 760  | -               | 3,797           |
| Inter-segment revenue                                   | 290                           | 11                               | -  | (301)           | -               |
| Interest revenue  | 68                            | 240                              | 1  | -               | 309             |
| Other revenue   | 1                             | 123                              | -  | -               | 124             |
| <b>Total segment revenue and other income</b>           | <b>359</b>                    | <b>3,411</b>                     | <b>761</b>                                 | <b>(301)</b>    | <b>4,230</b>    |
| <b>Segment expenses</b>                                 |                               |                                  |  |                 |                 |
| Property expenses and outgoings                         | -                             | (677)                            | (85)                                       | 48              | (714)           |
| Employee related expenses                               | (820)                         | -                                | -  | -               | (820)           |
| Administration and overhead costs                       | (483)                         | (47)                             | (1)  | -               | (531)           |
| Inter-segment expenses                                  | (11)                          | (242)                            | -  | 253             | -               |
| Doubtful debts – trade and other receivables            | (6)                           | -                                | -  | -               | (6)             |
| Finance costs   | (1)                           | (732)                            | (2)  | -               | (735)           |
| Other costs, including Lorne                            | -                             | -                                | (649)                                      | -               | (649)           |
| <b>Total segment expenses</b>                           | <b>(1,321)</b>                | <b>(1,698)</b>                   | <b>(737)</b>                               | <b>301</b>      | <b>(3,455)</b>  |
| <b>Segment net profit/(loss) before tax</b>             | <b>(962)</b>                  | <b>1,713</b>                     | <b>24</b>                                  | <b>0</b>        | <b>775</b>      |
| <b>Reconciliation to reported profit/(loss)</b>         |                               |                                  |  |                 |                 |
| Fair value adjustments / (write downs)                  |                               |                                  |  |                 |                 |
| - Investment properties                                 | -                             | (331)                            | -  | -               | (331)           |
| - Inventory   | -                             | -                                | (39)                                       | -               | (39)            |
| - Derivative financial instruments                      | -                             | (103)                            | -  | -               | (103)           |
| Total fair value adjustments / (write downs)            | -                             | (434)                            | (39)                                       | -               | (473)           |
| Non-cash income/(expenses) - property investment        |                               |                                  |  |                 |                 |
| - Straight-line lease income                            | -                             | (59)                             | -  | -               | (59)            |
| - Lease incentive and lease cost amortisation           | -                             | (173)                            | -  | -               | (173)           |
| Total non-cash income/(expenses) - property investment  | -                             | (232)                            | -  | -               | (232)           |
| Non-cash income/(expenses) - other                      |                               |                                  |  |                 |                 |
| - Amortisation of finance costs                         | -                             | (32)                             | -  | -               | (32)            |
| - Depreciation and amortisation                         | (7)                           | -                                | -  | -               | (7)             |
| - Gain on sale of investment properties                 | -                             | 2,530                            | -  | -               | 2,530           |
| - Employee options expense                              | -                             | -                                | -  | -               | -               |
| - Doubtful Debts – intra-group loans                    | -                             | (984)                            | -  | 984             | -               |
| Total non-cash income/(expenses) - other                | (7)                           | 1,514                            | -  | 984             | 2,491           |
| Income tax benefit/(expense)                            | (6)                           | -                                | 6  | -               | -               |
| <b>Total adjustments</b>                                | <b>(13)</b>                   | <b>848</b>                       | <b>(33)</b>                                | <b>984</b>      | <b>1,786</b>    |
| <b>Profit/(loss) for the half year</b>                  | <b>(975)</b>                  | <b>2,561</b>                     | <b>(9)</b>                                 | <b>984</b>      | <b>2,561</b>    |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**14. SEGMENT REPORTING (CONTINUED)**

| UNITY PACIFIC GROUP<br>HALF YEAR ENDED 31 DECEMBER 2013 | FUNDS<br>MANAGEMENT | PROPERTY<br>INVESTMENT | PROPERTY<br>HELD AS<br>INVENTORY | OTHER          | TOTAL          |
|---|---------------------|------------------------|----------------------------------|----------------|----------------|
|   | \$'000              | \$'000                 | \$'000                           | \$'000         | \$'000         |
| <b>Segment revenue and other income</b>                 |                     |                        |                                  |                |                |
| External revenue  | -                   | 2,841                  | 1,476                            | -              | 4,317          |
| Inter-segment revenue                                   | 260                 | 6                      | -                                | (266)          | -              |
| Interest revenue  | 84                  | 133                    | 1                                | -              | 218            |
| <b>Total segment revenue and other income</b>           | <b>344</b>          | <b>2,980</b>           | <b>1,477</b>                     | <b>(266)</b>   | <b>4,535</b>   |
| <b>Segment expenses</b>                                 |                     |                        |                                  |                |                |
| Property expenses and outgoings                         | -                   | (586)                  | (216)                            | -              | (802)          |
| Employee related expenses                               | (532)               | -                      | -                                | -              | (532)          |
| Administration and overhead costs                       | (276)               | (49)                   | (1)                              | -              | (326)          |
| Inter-segment expenses                                  | (6)                 | (260)                  | -                                | 266            | -              |
| Doubtful debts – trade and other receivables            | -                   | 20                     | -                                | -              | 20             |
| Finance costs   | (1)                 | (976)                  | (4)                              | -              | (981)          |
| Other costs, including Lorne                            | (125)               | -                      | (1,008)                          | -              | (1,133)        |
| <b>Total segment expenses</b>                           | <b>(940)</b>        | <b>(1,851)</b>         | <b>(1,229)</b>                   | <b>266</b>     | <b>(3,754)</b> |
| <b>Segment net profit/(loss) before tax</b>             | <b>(596)</b>        | <b>1,129</b>           | <b>248</b>                       | <b>-</b>       | <b>781</b>     |
| <b>Reconciliation to reported profit/(loss)</b>         |                     |                        |                                  |                |                |
| Fair value adjustments / (write downs)                  |                     |                        |                                  |                |                |
| - Investment properties                                 | -                   | (333)                  | -                                | -              | (333)          |
| - Inventory   | -                   | -                      | (96)                             | -              | (96)           |
| - Derivative financial instruments                      | -                   | 23                     | -                                | -              | 23             |
| Total fair value adjustments / (write downs)            | -                   | (310)                  | (96)                             | -              | (406)          |
| Non-cash income/(expenses) - property investment        |                     |                        |                                  |                |                |
| - Straight-line lease income                            | -                   | (42)                   | -                                | -              | (42)           |
| - Lease incentive and lease cost amortisation           | -                   | (81)                   | -                                | -              | (81)           |
| Total non-cash income/(expenses) - property investment  | -                   | (123)                  | -                                | -              | (123)          |
| Non-cash income/(expenses) - other                      |                     |                        |                                  |                |                |
| - Amortisation of finance costs                         | -                   | (26)                   | -                                | -              | (26)           |
| - Depreciation and amortisation                         | (5)                 | -                      | -                                | -              | (5)            |
| - Employee options expense                              | (201)               | -                      | -                                | -              | (201)          |
| - Doubtful Debts – intra-group loans                    | -                   | 2,596                  | -                                | (2,596)        | -              |
| Total non-cash income/(expenses) - other                | (206)               | 2,570                  | -                                | (2,596)        | (232)          |
| Income tax benefit/(expense)                            | 46                  | -                      | (46)                             | -              | -              |
| <b>Total adjustments</b>                                | <b>(160)</b>        | <b>2,137</b>           | <b>(142)</b>                     | <b>(2,596)</b> | <b>(761)</b>   |
| <b>Profit/(loss) for the half year</b>                  | <b>(756)</b>        | <b>3,266</b>           | <b>106</b>                       | <b>(2,596)</b> | <b>20</b>      |

**15. CONTINGENT ASSETS AND LIABILITIES**

Unity Pacific Group and the Trust are unaware of any contingent assets or contingent liabilities as at 31 December 2014.

**16. COMMITMENTS**

Unity Pacific Group and the Trust have entered into a contract to acquire 16 Marie Street, Milton for a purchase price of \$20.425 million. Refer to note 9 for further details.

**17. EVENTS SUBSEQUENT TO BALANCE DATE**

Other than the matters discussed above, there have been no other significant events since balance date which may affect Unity Pacific Group or the Trust's operations, the results of those operations or the state of affairs, which have not been disclosed already in this report.

**DIRECTORS' DECLARATION**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

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The Directors of Unity Pacific Limited and Unity Pacific Investment Management Limited as Responsible Entity for Unity Pacific Stapled Trust declare that they are of the opinion that:

- (a) the attached financial statements and notes on pages 8 to 23 comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporate Regulations 2001* and other mandatory professional reporting requirements; and
- (b) the attached financial statements and notes on pages 8 to 23 give a true and fair view of Unity Pacific Group's and the Trust's financial position as at 31 December 2014 and of their performance for the half year ended on that date; and
- (c) there are reasonable grounds to believe that Unity Pacific Group and the Trust will be able to pay their debts as and when they become due and payable.

Signed in accordance with resolutions of the Boards of Directors of Unity Pacific Limited and Unity Pacific Investment Management Limited made pursuant to section 303(5) of the *Corporations Act 2001*.



Brett Heading

Chairman

Dated in Brisbane this 26<sup>th</sup> day of February 2015

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the security holders of Unity Pacific Group

### Report on the Half-Year Financial Report

Unity Pacific Group ("Unity Pacific Group") comprises both Unity Pacific Limited ("Parent Entity") and the entities it controlled during the half-year, and Unity Pacific Stapled Trust and the entities it controlled during the half-year ("the Trust").

We have reviewed the accompanying half-year financial report of Unity Pacific Group, which comprises the statements of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 of both Unity Pacific Limited and Unity Pacific Investment Management Limited as Responsible entity for Unity Pacific Stapled Trust.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the Parent Entity and the directors of Unity Pacific Investment Management Limited as Responsible Entity for Unity Pacific Stapled Trust 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Unity Pacific Group's and the Trust's financial position as at 31 December 2014 and their 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 Unity Pacific 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 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 both Unity Pacific Limited and Unity Pacific Investment Management Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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

- A. giving a true and fair view of Unity Pacific Group's and the Trust's financial position as at 31 December 2014 and of their performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'C R Jenkins', is written over a faint, larger signature that is partially obscured. The signature is written in a cursive, flowing style.

## C R Jenkins

Director

Brisbane, 26 February 2015