
SubZero Group Limited

ABN 68 009 161 522

Interim report- 31 December 2014

Contents

Page

Directors' report

Interim financial report

Consolidated statement of comprehensive income

Consolidated balance sheet

Consolidated statement of changes in equity

Consolidated statement of cash flows

Notes to the consolidated financial statements

Directors' declaration

Independent auditor's review report to the members

This interim 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 the annual report for the year ended 30 June 2014 and any public announcements made by SubZero Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your directors present their report on the consolidated entity consisting of SubZero Group Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2014.

Directors

The following persons were directors of SubZero Group Limited during the whole of the half-year and up to the date of this report:

Mr Malcolm Jackman
Mr Scott Farrell *
Mr Graeme (Joe) Clayton **
Mr Bruce Arnott
Mr Frank O'Halloran, AM

* Mr Scott Farrell was the managing director from the beginning of the financial year until 11 November 2014.

** Mr Graeme (Joe) Clayton has acted in the role of interim CEO and executive director since 12 November 2014. From the beginning of the financial year to 11 November 2014 he was a non-executive director. Mr Clayton has been appointed CEO on a permanent basis as at 27 February 2015.

Review of operations

On 5 January 2015 the Group was granted a suspension from official quotation on the Australian Stock Exchange in order to undertake either a strongly preferred recapitalisation of the Group or a sale of all or parts of the business (the Process). The suspension was requested to remain in place until the Process has been completed. The directors draw attention to the material uncertainties outlined in Note 1(a) of the financial statements around the use of the going concern assumption as the basis of preparing the financial statements. Notwithstanding these material uncertainties, on the basis that the directors have received an independent report confirming they have a viable turnaround plan and continue to have ongoing discussions with interested parties, the directors consider that the Group will be able to maintain the support of its major financier and key stakeholders, and that the Company will be able to secure necessary additional funding through the completion of a recapitalization. Further, financial performance for the month of February 2015 demonstrates a marked improvement in the order book and trading results, and provides strong evidence of the effectiveness of the costs reduction and turnaround plan in establishing a return to profitability for the Company's commercial operations. Whilst these initiatives are progressing, the additional funding has not been completed at the time of signing this report and hence a material uncertainty does exist.

SubZero Group Limited (ASX:SZG) today reported a statutory net loss after tax for the half year ended 31 December 2014 of \$22.688m, with the amount attributable to members being \$22.741m. The underlying net loss after tax was \$11.036m as per the below reconciliation. Underlying earnings before interest, tax, depreciation and amortization (EBITDA) was a loss of \$6.658m.

	EBITDA	Net Profit/(Loss) After Tax
	\$'000	\$'000
Statutory Financial Statements		
Net loss after tax (including non-controlling interests)	(22,688)	(22,688)
Tax expense	198	
Finance costs	1,898	
Borrowing costs write off	1,480	1,480
Impairment of assets held for sale	2,401	2,401
Impairment of intangible assets	941	941
Depreciation and amortisation	2,282	
Statutory EBITDA	(13,488)	
Provision for non recovery of related party indemnity	1,952	1,952
Redundancies	1,498	1,498
Inventory obsolescence	1,327	1,327
Harness Master International debt and investment written off	1,381	1,381
Restructuring costs	673	673
Underlying EBITDA and NPAT	(6,658)	(11,036)

The underlying sales and profit results in the half year ended 31 December 2014 continued to be negatively impacted by the general downturn in the mining sector as well as the restructuring of the business. The underlying gross margin of 10.1% for the period was adversely affected by a single contract that reported a \$1.4m loss for the period. This contract is now completed, the margin adjusted for this loss is 15.1%.

The plan is to strengthen the balance sheet and provide working capital for growth which will involve looking at all available options, including the Board's strong preference of recapitalisation or the alternative of a sale of all or parts of the business. New funding from a recapitalisation will be used to address creditors and also provide SubZero with greater working capital headroom to support growth in the business.

Through taking these actions it is believed that SubZero will not only be able to better seize the existing opportunities that mining in the Hunter Valley has to offer, but be well positioned to take advantage of when the general downturn in the mining sector reverses and commodity prices start to rise again.

Rounding of amounts

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



Mr Malcolm Jackman
Chairman



Mr Greame Clayton
CEO & Executive Director

16 March 2015



Auditor's Independence Declaration

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

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

This declaration is in respect of Subzero Group Limited and the entities it controlled during the period.

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

Darren Turner
Partner
PricewaterhouseCoopers

Newcastle
16 March 2015

SubZero Group Limited
Consolidated statement of comprehensive income
For the half year ended 31 December 2014

	Note	Half-year	
		2014 \$'000	2013 \$'000
Revenue from continuing operations		29,731	33,841
Cost of sales	5	(27,984)	(23,354)
Gross profit		1,747	10,487
Other income		95	-
General and administration expenses	5	(6,199)	(3,253)
Vehicle and equipment costs		(935)	(1,178)
Depreciation and amortisation		(2,282)	(1,893)
Impairment of non-current assets	5	(4,723)	-
Finance costs		(3,378)	(1,020)
Employee benefits expense	5	(5,235)	(3,844)
Rental expense		(1,580)	(1,266)
Profit/(loss) before income tax		(22,490)	(1,967)
Income tax (expense)/benefit		(198)	(266)
Profit/(loss) for the year		(22,688)	(2,233)
Profit/(loss) is attributable to:			
Owners of SubZero Group Limited		(22,741)	(2,233)
Non-controlling interests		53	-
		(22,688)	(2,233)
Other comprehensive income			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		(22,688)	(2,233)
Total comprehensive income for the year is attributable to:			
Owners of SubZero Group Limited		(22,741)	(2,233)
Non-controlling interests		53	-
		(22,688)	(2,233)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per ordinary share:			
(cents per share)		(9.0)	(1.2)
Diluted earnings per ordinary share:			
(cents per share)		(9.0)	(1.2)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

SubZero Group Limited
Consolidated balance sheet
For the half year ended 31 December 2014

		31 December 2014	30 June 2014
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents		61	782
Trade and other receivables		13,400	12,927
Inventories		2,406	4,402
Total current assets		<u>15,867</u>	<u>18,111</u>
Non-current assets			
Property, plant and equipment	6	10,966	14,865
Deferred tax assets		-	198
Financial assets		18	188
Intangible assets	7	-	542
Total non-current assets		<u>10,984</u>	<u>15,793</u>
Total assets		<u>26,851</u>	<u>33,904</u>
Current liabilities			
Trade and other payables		27,118	14,672
Borrowings		22,166	17,865
Current tax liabilities		234	234
Provisions		33	29
Total current liabilities		<u>49,551</u>	<u>32,800</u>
Non-current liabilities			
Borrowings		3,005	4,102
Provisions		371	390
Total non-current liabilities		<u>3,376</u>	<u>4,492</u>
Total liabilities		<u>52,927</u>	<u>37,292</u>
Net liabilities		<u>(26,076)</u>	<u>(3,388)</u>
Equity			
Contributed equity	4	18,383	18,383
Reserves		(502)	(502)
Retained earnings		<u>(44,063)</u>	<u>(21,322)</u>
Capital and reserves attributable to owners of SubZero Group Limited		<u>(26,182)</u>	<u>(3,441)</u>
Non-controlling interests		106	53
Total equity		<u>(26,076)</u>	<u>(3,388)</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

SubZero Group Limited
Consolidated statement of changes in equity
For the half year ended 31 December 2014

	Attributable to owners of SubZero Group Limited				Non-controlling interest	Total equity
	Contributed Equity	Reserves	Retained earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	10,286	(502)	(8,324)	1,460	-	1,460
Profit for the half year	-	-	(2,233)	(2,233)	-	(2,233)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,233)	(2,233)	-	(2,233)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	8,111	-	-	8,111	-	8,111
Balance at 31 December 2013	18,397	(502)	(10,557)	7,338	-	7,338
Balance as at 1 July 2014	18,383	(502)	(21,322)	(3,441)	53	(3,388)
Profit for the half year	-	-	(22,741)	(22,741)	53	(22,688)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half year	-	-	(22,741)	(22,741)	53	(22,688)
Balance at 31 December 2014	18,383	(502)	(44,063)	(26,182)	106	(26,076)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

SubZero Group Limited
Consolidated statement of cash flows
For the half year ended 31 December 2014

	Half-year	
	2014	2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from Customers	31,496	34,507
Payments to suppliers and employees (inclusive of goods and services tax)	(30,710)	(36,121)
Other revenue	54	(12)
Interest paid	(1,239)	(1,020)
Net cash (outflow) inflow from operating activities	(399)	(2,646)
Cash flows from investing activities		
Payments for software, capitalised R&D & patent costs	(503)	(10)
Payments for property, plant and equipment	(13)	(982)
Receipts from financial assets	169	-
Receipts from disposals of property, plant and equipment	41	-
Net cash (outflow) inflow from investing activities	(306)	(992)
Cash flows from financing activities		
Transaction costs from issue of shares	-	(591)
Proceeds from issue of shares	-	8,701
Repayment of borrowings	(1,791)	(4,365)
Proceeds from borrowings	1,775	813
Net cash (outflow) inflow from financing activities	(16)	4,558
Net increase (decrease) in cash and cash equivalents	(721)	920
Cash and cash equivalents at the beginning of the year	782	125
Cash and cash equivalents at the end of the year	61	1,045

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of the half-year report

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Going Concern

The financial statements have been prepared on a going concern basis which is based on the assumption that assets and liabilities are recorded on the basis that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 31 December 2014, the Group has incurred a loss after tax for the half year of \$22.7m (31 December 2013: loss of \$2.2m), the Group has a deficiency in net current assets of \$33.7m (30 June 2014: deficiency of \$14.7m). The Group has a net liability position at 31 December 2014 of \$26.1m (30 June 2014: \$3.4m).

Additionally, the Group was in breach of its bank loan covenants as at 31 December 2014 leading to the reclassification of the total loan amount as current. At the date of this report an amending deed has been signed and executed waiving the breaches and providing a further \$1.5m overdraft facility for the Group.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group has undertaken successful cost cutting processes and is currently pursuing initiatives to fund working capital requirements. The continuing viability of the Group and its ability to continue as a going concern and meet its debt and commitment obligations depend upon the Group being successful in:

- Completion of a successful recapitalisation;
- Ensuring the continued support from its financiers;
- Negotiating settlement terms on obligations with statutory creditors
- Continued improvement in the order book and trading results in the coming months and throughout FY16

The Group has received a report from Vantage Performance ("Vantage") detailing the steps required to turnaround the Group ("Turnaround Plan"). The major findings are being implemented and the Board has appointed Vantage to monitor this process. These initiatives as well as earlier cost cutting, have seen the Group break even at the EBITDA level (unaudited) in February, with expectations, due to increased volumes of work and the holding of the cost cutting initiatives, that March will be profitable at the EBITDA level. The Group believes that the turnaround in the underlying business and the identification and focus on key initiatives around labour efficiency will realise further improvement.

Notwithstanding these material uncertainties, on the basis that the directors have received an independent report confirming they have a viable Turnaround Plan and continue to have ongoing discussions with interested parties, the directors consider that the Group will be able to maintain the support of its major financier and key stakeholders, and that the Company will be able to secure necessary additional funding through the completion of a successful recapitalisation. Further, financial performance for the month of February 2015 demonstrates a marked improvement in the order book and trading results, and provides strong evidence of the effectiveness of the costs reduction and Turnaround Plan in establishing a return to profitability for the Company's commercial operations. Whilst these initiatives are progressing, the additional funding has not been completed at the time of signing this report and hence a material uncertainty does exist.

The directors believe that the Company and Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. The directors are also of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report. Accordingly, no adjustments have been made to the financial report relating to the carrying amounts and classifications of assets and liabilities that might be necessary should the Group not continue as a going concern.

2 Segment information

The SubZero Group operates in a single segment, Mining Services, in Australia. The various products and services all relate to the same economic characteristics and are sold to a common set of customers. Based on the operation of a single segment and geography, separate segment numbers have not been provided as the financial statements represent the one segment.

3 Fair value measurement of financial instruments

(a) Fair value hierarchy

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

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

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(b) Fair values of other financial instruments

The group had bank loans which were previously recorded with their value netted off with the borrowing costs which were capitalised in order to obtain those loans. Those borrowing costs have now been recognised as fully impaired, meaning that the loans are now recorded at their fair value.

That impairment cost was recognised on the consolidated statement of comprehensive income during the period as an additional cost of \$1.480m. The effect can be seen on the underlying loss reconciliation in the directors' report's review of operations.

Due to their short term nature, the carrying amounts of the current receivables, current payables and current borrowings is assumed to approximate their fair value.

4 Equity Securities issued

Issues of ordinary shares during the half-year

	31 December 2014 Shares	30 June 2014 Shares	31 December 2014 \$'000	30 June 2014 \$'000
(a) Share capital				
Share capital				
Fully paid	252,915,402	252,915,402	18,383	18,383
Total contributed equity			18,383	18,383

(b) Movements in ordinary share capital:

Date	Details	Number of shares	\$'000
1 July 2014	Opening balance	252,915,402	18,383
	Closing balance	252,915,402	18,383

5 Significant items

Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

	31 December 2014 \$'000	31 December 2013 \$'000
Impairment of intangible assets	941	-
Provision for non recovery of related party indemnity	1,952	-
Borrowing costs write off	1,480	-
Impairment of property, plant & equipment	2,401	-
Harness Master International debt and investment written off	1,381	-
Restructuring costs	673	-
Inventory obsolescence	1,327	-
Redundancies	1,498	-
	11,652	-

6 Property, plant and equipment

	Pooled Assets \$'000	Motor Vehicles \$'000	Leasehold improve- ments \$'000	Plant and equipment \$'000	Furniture and Fixtures \$'000	Total \$'000
At 30 June 2014						
Cost or fair value	245	10,150	445	22,541	821	34,202
Accumulated depreciation	(157)	(6,210)	(62)	(12,353)	(555)	(19,337)
Net book amount	88	3,940	383	10,188	266	14,865
Half year ended 31 December 2014						
Opening net book amount	88	3,940	383	10,188	266	14,865
Additions	1	-	-	9	4	13
Disposals	-	(3)	(14)	(76)	-	(93)
Impairments	-	-	(210)	(2,086)	(105)	(2,401)
Depreciation charge	(17)	(421)	(10)	(937)	(33)	(1,418)
Closing net book amount	72	3,517	148	7,097	131	10,966
At 31 December 2014						
Cost or fair value	247	10,165	419	22,462	824	34,117
Provision for impairment	-	-	(210)	(2,086)	(105)	(2,401)
Accumulated depreciation	(175)	(6,648)	(60)	(13,279)	(589)	(20,750)
Net book amount	72	3,517	148	7,097	131	10,966

7 Intangible assets

	Goodwill \$'000	R&D \$'000	Software \$'000	Patents, trademarks & other \$'000	Total \$'000
At 30 June 2014					
Cost	833	589	506	42	1,970
Accumulated amortisation and impairment	(833)	(589)	-	(6)	(1,428)
Net book amount	-	-	506	36	542
Half year ended 31 December 2014					
Opening net book amount	-	-	506	36	542
Additions	-	-	438	-	438
Amortisation charge	-	-	(38)	(1)	(39)
Impairment charge	-	-	(906)	(35)	(941)
Closing net book amount	-	-	-	-	-
At 31 December 2014					
Cost or fair value	833	589	944	42	2,408
Accumulated amortisation and impairment	(833)	(589)	(944)	(42)	(2,408)
Net book amount	-	-	-	-	-

8 Related parties

The Group is currently negotiating an agreement with Mr Scott Farrell and his related entities to secure amounts owing to the company over future rental commitments. The Group and Mr Farrell have agreed to offset existing debts and receivables as part of the settlement process.

9 Events occurring after the reporting period

On 5 January 2015 the Group was granted a suspension from official quotation on the Australian Stock Exchange in order to undertake either a strongly preferred recapitalisation of the Company or a sale of all or parts of the business. The suspension was requested to remain in place until the Process has been completed. It is anticipated that the process will be completed by 31 March 2015.

The plan is to strengthen the balance sheet and provide working capital for growth which will involve looking at all available options, including the Board's strong preference of recapitalisation or the alternative of a sale of all or parts of the business. In this connection, the Board announces that it has appointed Patersons Securities Limited (Patersons) as Lead Manager for the recapitalisation and Lusona Capital (Lusona) has been appointed corporate advisor to assist the Board.

To assist with the process, Vantage Performance has been appointed and has just completed an independent report and 100 day plan on the business and profit improvement programme that the Board has commenced in August 2014.

In addition, the secured bank lenders have provided an additional \$1.5m in loan facilities until the Process has been completed. The secured bank lenders have also indicated that in the event of a recapitalisation they would agree to part of the facility being forgiven and/or converted to equity as well as a resetting of covenants and interest rates to provide greater flexibility.

New funding from a recapitalisation will be used to address creditors and also provide SubZero with greater working capital headroom to support growth in the business.

Material Uncertainty

The directors draw attention to the material uncertainties outlined in Note 1(a) of the financial statements. Notwithstanding these material uncertainties, on the basis that the directors have received an independent report confirming they have a viable turnaround plan and continue to have ongoing discussions with interested parties, the directors consider that the Group will be able to maintain the support of its major financier and key stakeholders, and that the Company will be able to secure necessary additional funding through a completion of a recapitalisation. Further, financial performance for the month of February 2015 demonstrates a marked improvement in the order book and trading results, and provides strong evidence of the effectiveness of the costs reduction and turnaround plan in establishing a return to profitability for the Company's commercial operations. Whilst these initiatives are progressing, the additional funding has not been completed at the time of signing this report and hence a material uncertainty does exist.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 10 are in accordance with the Corporations Act 2001, including
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial year ended on that date and
- (b) there are reasonable grounds to believe that SubZero Group Limited will be able to pay its debts as and when they become due and payable.

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



Mr Malcolm Jackman
Chairman



Mr Graeme (Joe) Clayton
CEO and Executive Director

Sydney
16 March 2015



Independent auditor's review report to the members of SubZero Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of SubZero Group Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for SubZero Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SubZero Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Basis for adverse conclusion

With regard to the ability of the consolidated entity to continue as a going concern, the following matters are noted:

The consolidated entity has recorded a loss of \$22,688,000 for the 6 months ended 31 December 2014 and losses of \$12,945,000 and \$6,064,000 were recorded for the years ended 30 June 2014 and 30 June 2013 respectively. The consolidated entity has a net asset deficiency of \$26,076,000 at 31 December 2014 and has overdue federal and state taxes which are not covered by a payment agreement. In addition, the consolidated entity is in breach of debt covenants with its financier, with a waiver provided in relation to the breaches. As at the date of this report, the company has been unable to secure additional sources of funding.

These matters indicate that the going concern assumption used in the preparation of the half-year financial report is inappropriate, and the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, we disagree with the Directors position that has resulted in the financial report being prepared on a going concern basis.

Adverse conclusion

Based on our review, which is not an audit, because of the significance of the matters described in the Basis for Adverse Conclusion paragraphs above, the half-year financial report of SubZero Group Limited is not in accordance with the *Corporations Act 2001* and does not:

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

PRICEWATERHOUSE COOPERS

PricewaterhouseCoopers

D A Turner

Darren Turner
Partner

Newcastle
16 March 2015