

BuildingIQ, Inc.

Interim Report – 30 June 2015

**BuildingIQ, Inc.
Directors' report
30 June 2015**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of BuildingIQ, Inc. (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 June 2015.

Directors

The following persons were directors of BuildingIQ, Inc. during the whole of the financial year and up to the date of this report, unless otherwise stated:

Alan Cameron (appointed 14 April 2015)
Tanya Cox (appointed 17 August 2015)
William Deane
Gerd Goette
Michael Nark
Ken Pentimonti

Principal activities

BuildingIQ, Pty. Ltd. was founded in Australia in 2009 to commercialize technology developed by the Commonwealth Scientific and Industrial Research Organization (CSIRO). In December 2012, BuildingIQ, Inc. was incorporated in Delaware and BuildingIQ Pty. Ltd. became a 100% wholly-owned subsidiary of BuildingIQ, Inc.

BuildingIQ, Inc. (the "Company") is a leading provider of energy efficiency solutions for facilities throughout the United States and Australia. The Company's principal service is the development, design, engineering and installation of integrated software projects that reduce the energy and operations and maintenance costs of the customers' facilities. These projects typically include a variety of measures customized for the facility and are designed to improve the efficiency of major building systems, such as heating, ventilation, air conditioning and lighting systems.

Review of operations

Revenues consist primarily of software license fees, software implementation, hardware sales, project management services, installation, consulting, and post-sale maintenance support.

The majority of our revenue arrangements involve multiple deliverables, which combine two or more of the following: system software, hardware, installation, and/or project management services. Due to the lack of vendor specific objective evidence (VSOE) of fair value for each of the deliverables, revenue is recognized evenly over the maintenance service period. VSOE is generally limited to the price charged when the same or similar product is sold separately or, if applicable, the stated renewal rate in the agreement. Because the product or service is seldom sold separately, it is unlikely that VSOE can be determined for the product or service.

The Company also receives grants and tax incentives from certain government entities in Australia.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on the following page.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Michael Nark
Director

23 October 2015
Sydney

DECLARATION OF INDEPENDENCE BY TIM SYDENHAM TO THE DIRECTORS OF BUILDINGIQ, INC.

As lead auditor for the review of BuildingIQ, Inc. for the half-year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of BuildingIQ, Inc. and the entities it controlled during the period.



Tim Sydenham
Partner

BDO East Coast Partnership

Sydney, 23 October 2015

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General information

The financial statements cover BuildingIQ, Inc. as a consolidated entity consisting of BuildingIQ, Inc. and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is BuildingIQ, Inc.'s presentation currency.

BuildingIQ, Inc. is incorporated in Delaware USA. Its registered office and principal place of business are:

Registered office

1065 East Hillsdale Blvd, Suite 310
Foster City CA 94404-1689 USA

Principal place of business

1065 East Hillsdale Blvd, Suite 310
Foster City CA 94404-1689 USA

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 October 2015. The directors have the power to amend and reissue the financial statements.

BuildingIQ, Inc.
Consolidated Statement of profit or loss and other comprehensive income
30 June 2015

		Consolidated	
		6 Months	Year
		ended	ended
		30 June	31 December
	Note	2015	2014
		\$	\$
Revenue from continuing operations		1,870,073	1,418,646
Cost of sales		<u>(697,795)</u>	<u>(960,046)</u>
Gross Profit		1,172,278	458,600
Interest revenue		821	11,098
Other income		275,531	548,139
Expenses			
Sales and marketing	2	(670,420)	(1,389,367)
Research costs	2	(272,426)	(266,922)
Administrative expenses	2	(2,185,744)	(3,602,816)
Other expenses	2	(317,156)	(872,319)
Finance costs	2	<u>(411,560)</u>	<u>(231,545)</u>
Loss before income tax expense from continuing operations		(2,408,676)	(5,345,132)
Income tax expense	3	<u>-</u>	<u>-</u>
Loss after income tax expense for the period		(2,408,676)	(5,345,132)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(552,542)	270,652
Other comprehensive income for the period, net of tax		<u>(552,542)</u>	<u>270,652</u>
Total comprehensive income for the period attributable to owners of BuildingIQ, Inc.		<u>(2,961,218)</u>	<u>(5,074,480)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

BuildingIQ, Inc.
Consolidated Statement of financial position
As at 30 June 2015

		Consolidated 6 Months ended 30 June 2015 \$	Year ended 31 December 2014 \$
	Note		
Assets			
Current assets			
Cash and cash equivalents		994,341	579,766
Trade and other receivables		3,733,544	2,039,517
Other		46,216	53,448
Total current assets		<u>4,774,101</u>	<u>2,672,731</u>
Non-current assets			
Property, plant and equipment	4	88,038	81,185
Intangible assets	5	835,388	1,007,031
Other non-current assets		91,675	89,442
Total non-current assets		<u>1,015,101</u>	<u>1,177,658</u>
Total assets		<u>5,789,202</u>	<u>3,850,389</u>
Liabilities			
Current liabilities			
Trade and other payables	6	737,375	319,954
Borrowings		-	-
Employee benefits	7	376,920	306,957
Deferred revenue		206,427	67,965
Other current liabilities	8	851,090	592,455
Total current liabilities		<u>2,171,812</u>	<u>1,287,331</u>
Non-current liabilities			
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>2,171,812</u>	<u>1,287,331</u>
Net assets		<u>3,617,390</u>	<u>2,563,058</u>
Equity			
Issued capital	9	22,344,001	13,651,233
Convertible notes	9	-	4,716,222
Reserves		(93,571)	419,968
Accumulated losses		(18,633,040)	(16,224,365)
Total equity		<u>3,617,390</u>	<u>2,563,058</u>

The above statement of financial position should be read in conjunction with the accompanying notes

BuildingIQ, Inc.
Consolidated Statement of changes in equity
30 June 2015

Consolidated	Issued capital \$	Convertible notes \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2014	13,651,803	-	81,697	(10,879,233)	2,854,266
Loss after income tax expense for the period	-	-	-	(5,345,132)	(5,345,132)
Other comprehensive income for the period, net of tax	-	-	270,652	-	270,652
Total comprehensive income for the period	-	-	270,652	(5,345,132)	(5,074,480)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	(570)	4,716,222	-	-	4,715,652
Employee share schemes	-	-	67,618	-	67,618
Balance at 31 December 2014	<u>13,651,233</u>	<u>4,716,222</u>	<u>419,966</u>	<u>(16,224,365)</u>	<u>2,563,058</u>
Consolidated	Issued capital \$	Convertible notes \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2015	13,651,233	4,716,222	419,966	(16,224,363)	2,563,058
Loss after income tax expense for the period	-	-	-	(2,408,676)	(2,408,676)
Other comprehensive income for the period, net of tax	-	-	(552,542)	-	(552,542)
Total comprehensive income for the year	-	-	(552,542)	(2,408,676)	(2,961,218)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	8,692,769	(4,716,222)	-	-	3,976,546
Employee share schemes	-	-	39,004	-	39,004
Balance at 30 June 2015	<u>22,344,001</u>	<u>-</u>	<u>(93,571)</u>	<u>(18,633,040)</u>	<u>3,617,390</u>

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

BuildingIQ, Inc.
Consolidated Statement of cash flows
30 June 2015

	Consolidated	
	6 Months	Year
	ended	ended
	30 June	31 December
	2015	2014
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	921,878	1,325,804
Payments to suppliers and employees (inclusive of GST)	(3,538,344)	(5,322,830)
Interest received	821	11,098
Other income	-	-
Interest and other finance costs paid	(2,624)	(1,598)
R&D tax refund received	-	411,820
	<hr/>	<hr/>
Net cash used in operating activities	(2,618,269)	(4,575,709)
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for property, plant and equipment	(30,225)	(40,724)
Payments for intangible assets	(374,353)	(1,180,252)
Movements in security deposits	-	14,406
	<hr/>	<hr/>
Net cash used in investing activities	(404,578)	(1,206,570)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	3,976,695	4,716,222
Repayment of borrowings	<hr/>	<hr/>
	<hr/>	<hr/>
Net cash from financing activities	3,976,695	4,716,222
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	953,848	(1,066,054)
Cash and cash equivalents at the beginning of the financial period	579,766	1,415,771
Effects of exchange rate changes on cash and cash equivalents	(539,272)	(230,049)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period	<u>994,341</u>	<u>579,766</u>

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

Note 1(a). Significant accounting policies

This consolidated special purpose interim financial report for the half-year ended 30 June 2015 has been prepared in accordance with the principles of Accounting Standard AASB 134 Interim Financial Reporting except for the comparative year. The comparative year presented is for the full year, being the 12 months ended 31 December 2014. The accounting policies adopted are consistent with those of the previous financial year.

This consolidated special purpose financial report has been prepared to meet the needs of the members.

This consolidated interim special purpose 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 31 December 2014 and any announcements made by BuildingIQ, Inc. during the interim reporting period.

Note 1(b). Continuation as a going concern

During the 6 months ended 30 June 2015, the Group incurred an operating loss before tax and net cash outflows from operating activities as disclosed in the statement of profit or loss and other comprehensive income and the statement of cash flows, respectively. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful with respect to the following factors:

- I. The ability of the Group to raise additional funds from existing shareholders and new investors. The Group has successfully raised funding via the issue of new convertible promissory notes to existing investors over the past two years and subsequent to the reporting date. As at the date of this report, the Group is seeking a listing on the ASX to raise \$15m.
- II. Ongoing development of current development assets that assist with acquiring new customers to ensure that ongoing revenue and cash flow is generated in a timely manner.

As a result, there is material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

However, the Directors believe that the Group will be successful in achieving favourable outcomes on the above matters and that it will have sufficient funds to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report, and accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the financial report at 30 June 2015. As such, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 2. Expenses

	Consolidated Half year 2015 \$	Full year 2014 \$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	26,768	53,094
<i>Amortisation</i>		
Development	313,036	649,422
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	25,321	208,919
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	159,753	324,054
<i>Superannuation expense</i>		
Defined contribution superannuation expense	106,566	180,095
<i>Share-based payments expense</i>		
Share-based payments expense	39,004	67,618
Finance costs (interest on convertible notes)	411,050	231,545

Note 3. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. Since the group is incurring tax losses the effective tax rate is estimated to be 0% for the half year ended 30 June 2015 (2014 0%).

BuildingIQ, Inc.
Notes to the financial statements
30 June 2015

Note 4. Non-current assets - property, plant and equipment

	Consolidated	
	Half year	Full year
	2015	2014
	\$	\$
Leasehold improvements - at cost	19,990	19,990
Less: Accumulated depreciation	<u>(18,700)</u>	<u>(15,396)</u>
	<u>1,290</u>	<u>4,594</u>
Plant and equipment - at cost	670,494	635,592
Less: Accumulated depreciation	<u>(583,746)</u>	<u>(559,001)</u>
	<u>86,748</u>	<u>76,591</u>
	<u><u>88,038</u></u>	<u><u>81,185</u></u>

Consolidated	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 January 2014	11,166	79,089	90,255
Additions	-	40,724	40,724
Disposals	-	-	-
Foreign currency translation		4,110	4,110
Depreciation expense	<u>(6,572)</u>	<u>(47,332)</u>	<u>(53,904)</u>
Balance at 31 December 2014	4,594	76,591	81,185
Additions	-	30,225	30,225
Disposals	-	-	-
Foreign currency translation		3,396	3,396
Depreciation expense	<u>(3,304)</u>	<u>(23,464)</u>	<u>(26,768)</u>
Balance at 30 June 2015	<u><u>1,290</u></u>	<u><u>86,748</u></u>	<u><u>88,038</u></u>

Note 5. Non-current assets - intangibles

	Consolidated	
	Half year	Full year
	2015	2014
	\$	\$
Development (net of ATO R&D incentive) - at cost	2,483,624	2,342,231
Less: Accumulated amortisation	<u>(1,648,236)</u>	<u>(1,335,200)</u>
	<u><u>835,388</u></u>	<u><u>1,007,031</u></u>

Consolidated	Development \$
Balance at 1 January 2014	1,088,303
Additions (net of R&D incentive)	568,150
Amortisation expense	<u>(649,422)</u>
Balance at 31 December 2014	1,007,031
Additions (net of R&D incentive)	141,393
Amortisation expense	<u>(313,036)</u>
Balance at 30 June 2015	<u><u>835,388</u></u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	Half year	Full year
	2015	2014
	\$	\$
Trade payables	<u>737,376</u>	<u>319,954</u>

Note 7. Current liabilities - employee benefits

	Consolidated	
	Half year	Full year
	2015	2014
	\$	\$
Employee benefits	<u>376,920</u>	<u>306,957</u>

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. The consolidated entity expects all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 8. Current liabilities – other current liabilities

	Consolidated	
	Half year	Full year
	2015	2014
	\$	\$
Accrued expenses	844,558	586,325
Sales tax	<u>6,532</u>	<u>6,130</u>
	<u>851,090</u>	<u>592,455</u>

Note 9. Equity - issued capital

	30 Jun 2015 Shares	Consolidated 31 Dec 2014 Shares	30 Jun 2015 \$	31 Dec 2014 \$
Ordinary shares - fully paid	<u>8,156,933</u>	<u>5,505,735</u>	<u>22,344,001</u>	<u>13,651,232</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 January 2014	5,505,735		13,651,802
Share issue transaction costs, net of tax	1 January 2014			(570)
Balance	31 December 2014	5,505,735		13,651,232
Conversion of convertible notes	28 February 2015	1,534,904	\$3.07	4,716,222
Issue of new shares	4 February 2015	139,537	\$3.71	517,665
Issue of new shares	20 February 2015	976,757	\$3.68	3,591,126
Share issue transaction costs, net of tax	20 February 2015			(132,244)
Balance	30 June 2015	<u>8,156,933</u>		<u>22,344,001</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Convertible notes

Convertible notes are convertible into ordinary shares 1:1 and carry no additional features such as cash redemption or rights to guaranteed dividend payments.

During the period \$4,716,222 worth of convertible notes were converted into ordinary shares.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 31 December 2014 Annual Report.

Note 10. Financial instruments

Fair value of financial instruments

The consolidated entity does not carry any items at fair value and the carrying amounts of financial instruments reflect their fair value.

Note 11. Contingent liabilities

There are no contingent liabilities.

Note 12. Related party transactions

Parent entity

BuildingIQ, Inc. is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Terms and conditions

The only related party transactions occurred between the parent entity and its subsidiary. All transactions were made on normal commercial terms and conditions and at market rates and were fully eliminated on consolidation.

Note 13. Interests in subsidiaries

Name	Principal place of business / Country of incorporation	Ownership interest	
		2014 %	2013 %
BuildingIQ, Pty. Ltd	Australia	100.00%	100.00%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

Note 14. Events after the reporting period

In September 2015, the Company issued AU\$3.6 million of convertible promissory notes. All unpaid principal, shall be due and payable on the earlier of (i) June 30, 2016 (the "Maturity Date"), or (ii) when, upon the occurrence and during the continuance of an Event of Default, such amounts are declared due and payable by an Investor or made automatically due and payable, in each case, in accordance with the terms hereof.

If a Qualified Financing occurs prior to the Maturity Date, then the outstanding principal amount of the notes shall automatically convert into fully paid and non-assessable shares of Common Stock at a price per share equal to 80% of the price per share paid by the other purchasers of the equity securities sold in the Qualified Financing (the "QF Conversion Price")

On the Maturity Date, the unpaid principal amount of the notes shall automatically convert into that number of shares of Common Stock equal to the quotient obtained by dividing (a) the principal balance on the Notes; by (b) the MD Conversion Price, rounded down to the nearest whole number of shares. The "MD Conversion Price" shall mean the result of (x) AU\$48,000,000 divided by (y) the number of shares of the Company's capital stock outstanding on the Maturity Date on a Fully Diluted Basis (as defined below). For purposes of these Notes, the term "Fully Diluted Basis" means all the outstanding shares of Common Stock or Preferred Stock convertible into Common Stock on an as-converted basis, including any convertible securities, such as options, warrants or shares reserved for issuance under any equity incentive plan.

"Qualified Financing" is a transaction or series of transactions pursuant to which the Company issues and sells shares of its equity capital for aggregate gross proceeds of at least AU\$5,000,000.00 (excluding all proceeds from the incurrence of indebtedness that is converted into such equity capital, or otherwise cancelled in consideration for the issuance of such equity capital) with the principal purpose of raising capital.

BuildingIQ, Inc.
Directors' declaration
30 June 2015

In the directors' opinion:

- the attached financial statements and notes thereto comply with the accounting policies as described in Note 1(a) to the financial statements
- the attached financial statements and notes thereto present fairly the consolidated entity's financial position as at 30 June 2015 and its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

On behalf of the directors

Michael Nark
Director

23 October 2015
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BuildingIQ, Inc.

Report on the Half-Year Financial Report

We have reviewed the accompanying special purpose half-year financial report of BuildingIQ, Inc., which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the special purpose financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a 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 special purpose financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report does not present fairly the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date. As the auditor of BuildingIQ, Inc., 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, which has been given to the directors of BuildingIQ, Inc., 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 special purpose financial report of BuildingIQ, Inc. does not present fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2015, and its financial performance and its cash flows for the half-year then ended in accordance with Australian Accounting Standards to the extent described in Note 1.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1(b) in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition, along with other matters as set out in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Basis of Accounting

Without modifying our opinion, we draw attention to note 1 to the half-year special purpose financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of meeting the needs of the members. As a result, the financial report may not be suitable for another purpose.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Tim Sydenham', is written over a faint, larger 'BDO' logo.

Tim Sydenham
Partner

Sydney, 23 October 2015