1. Company details

Name of entity:	Allegra Orthopaedics Limited
ABN:	71 066 281 132
Reporting period:	For the half-year ended 31 December 2015
Previous period:	For the half-year ended 31 December 2014

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	33.3%	to	2,865,260
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') *	down	510.2%	to	(820,145)
Loss from ordinary activities after tax attributable to the owners of Allegra Orthopaedics Limited	up	340.1%	to	(1,151,285)
Loss for the half-year attributable to the owners of Allegra Orthopaedics Limited	up	340.1%	to	(1,151,285)

* Includes one-off restructuring adjustments of $654,716.

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $1,151,285 (31 December 2014: $261,601).

Further information on the review of operations, financial position and future strategies is detailed in the Review of operations section of the Directors' report which is part of the Interim Report.

The earnings before interest, tax, depreciation and amortisation ('EBITDA') was a loss of $820,145 (2014: profit of $199,962). This includes one-off restructuring adjustments of $654,716.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

The following table summarises key reconciling items between statutory loss after tax attributable to the owners of Allegra Orthopaedics Limited and EBITDA.

	Consolidated	
	31/12/2015 $	31/12/2014 $
EBITDA	(820,145)	199,962
Less: Depreciation and amortisation	(315,230)	(374,259)
Less: Finance cost	(36,536)	(87,304)
Add: Interest income	20,626	-
Loss after income tax	(1,151,285)	(261,601)

On 4 November 2015, the company announced that it had entered into agreement with Signature Orthopaedics Pty Ltd ('Signature') which is an Australian based company, for the outsourcing of its activities associated with the manufacture of its highly acclaimed Active Knee product range. To facilitate the outsourcing, relevant equipment is being sold to Signature and some personnel are being transferred.

The Board of Directors decided to outsource its manufacturing activities as part of the restructure, in line with the company's strategic plan. This will enable the company to scale its production of Active Knee more effectively as the company focuses on new growth opportunities.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.44	7.10

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Allegra Orthopaedics Limited for the half-year ended 31 December 2015 is attached.

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12. Signed

Signed ______________________________ Date: 24 February 2016

Peter Kazacos
Chairman
Sydney

Allegra Orthopaedics Limited

ABN 71 066 281 132

Interim Report - 31 December 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Allegra Orthopaedics Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors
The following persons were directors of Allegra Orthopaedics Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Kazacos - Executive Chairman
Anthony Hartnell
Sean Mulhearn (appointed on 17 November 2015)
Peter Welsh (resigned on 28 October 2015)

Principal activities
During the financial half-year the principal continuing activities of the consolidated entity consisted of the sale and design of surgical implants.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,151,285 (31 December 2014: $261,601).

The following table summarises key reconciling items between statutory loss after tax attributable to the owners of Allegra Orthopaedics Limited and EBITDA.

	Consolidated	
	31/12/2015 $	31/12/2014 $
EBITDA	(820,145)	199,962
Less: Depreciation and amortisation	(315,230)	(374,259)
Less: Finance cost	(36,536)	(87,304)
Add: Interest income	20,626	-
Loss after income tax	(1,151,285)	(261,601)

During the financial half-year there was a continued focus on streamlining manufacturing processes which ultimately resulted in the Company taking the decision to outsource manufacturing of its key product range, that being the Total Active Knee, to Signature Orthopaedics Pty Ltd (announced on ASX on 4th November 2015).

The decision to outsource manufacturing of the Total Active Knee will result in improving margins for that product range and allow the company to increase investment in sales and marketing to accelerate revenue growth.

The decision to outsource manufacturing resulted in the company incurring one off, non-recurring costs of $654,716. These costs consisted of the following; a write down of raw materials and finished goods totalling $277,815, plant and machinery write downs and loss on disposals totalling $282,845 and severance costs of $94,056 in relation to severance payments of manufacturing employees who ceased employment with the company.

Other initiatives to improve margins during the half-year include an increased focus on sales of orthopaedic products where the company derives a commission via an agency agreement with the manufacturer of these products. This increased focus resulted in a significant increase in agency commissions revenue which totalled $253,291 for the 6 months to 31 December 2015.

Corporate and administration expenses have decreased by $150,535 to $969,362. This decrease is represented by an $80,162 reversal of employee benefit provisions resulting from employees that have ceased employment in the current period, a reduction in consulting fees of $31,975 and reduced costs associated with the small bone instrument sets previously distributed.

Research & development expenses were up $92,739 to $776,092. This increase is attributable to higher consultant fees of $65,435 and higher prototype expenditure of $40,340.

Sales and marketing expense increased marginally by $24,391 resulting in total expense for the six months to 31 December 2015 of $923,863.

Finance Costs decreased by $50,768 to $36,536, this reduction was the result of a $1.6m bank loan being repaid in August 2015, saving $21,436 compared to the six months ended 31 December 2014. Two lease arrangements were repaid in Jan 2015, saving $18,844 and interest paid on Scottish Pacific facility was $12,072 lower.

Net loss after tax was $1,151,285 (31 December 2014: $261,601) which includes the Restructuring Cost of $654,716 related to the decision to outsource manufacturing.

Cash position
The cash balance as at 31 December 2015 was $829,898 which is a decrease of $253,247 when compared with the cash balance as at 30 June 2015 of $1,083,145.

Outlook
In 2015-2016, the consolidated entity will continue to seek innovative revenue channels that match its capabilities and leverage the new corporate brand identity that will underpin the consolidated entity's commitment and focus on opportunities into the future. Additionally, the consolidated entity will continue to concentrate on surgeon education and training through specialised cadaveric lab experiences that provide the fundamentals for the most effective and efficient patient outcomes.

The consolidated entity is committed to developing a highly trained and skilled medical device workforce that collaborates with its partners to deliver innovation and patient focused outcomes.

Significant changes in the state of affairs
On 4 November 2015, the company announced that it had entered into agreement with Signature Orthopaedics Pty Ltd ('Signature') which is an Australian based company, for the outsourcing of its activities associated with the manufacture of its highly acclaimed Active Knee product range. To facilitate the outsourcing, relevant equipment is being sold to Signature and some personnel are being transferred.

The Board of Directors decided to outsource its manufacturing activities as part of the restructure, in line with the company's strategic plan. This will enable the company to scale its production of Active Knee more effectively as the company focuses on new growth opportunities.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Kazacos
Chairman

24 February 2016
Sydney

pwc

Auditor's Independence Declaration

As lead auditor for the review of Allegra Orthopaedics Limited for the half-year ended 31 December 2015, 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 Allegra Orthopaedics Limited and the entities it controlled during the period.

Sumanth Prakash
Partner
PricewaterhouseCoopers

Sydney
24 February 2016

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Contents

General information

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

Allegra Orthopaedics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 2
12 Frederick Street
St Leonards, NSW 2065

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 24 February 2016.

	Note	Consolidated 31/12/2015 $	Consolidated 31/12/2014 $
Revenue	4	2,865,260	4,297,844
Other income	5	557,394	364,208
Expenses			
Cost of sales and purchases of consumables		(1,213,370)	(2,133,627)
Corporate and administration expenses		(969,362)	(1,119,897)
Quality and research and development expenses		(776,092)	(683,353)
Sales and marketing expenses		(923,863)	(899,472)
Restructuring costs	6	(654,716)	-
Finance costs		(36,536)	(87,304)
Loss before income tax expense		(1,151,285)	(261,601)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Allegra Orthopaedics Limited		(1,151,285)	(261,601)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Allegra Orthopaedics Limited		(1,151,285)	(261,601)
		Cents	Cents
Basic earnings per share	14	(1.81)	(0.51)
Diluted earnings per share	14	(1.81)	(0.51)

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

	Note	Consolidated 31/12/2015 $	30/06/2015 $
Assets			
Current assets			
Cash and cash equivalents		829,898	1,083,145
Trade and other receivables		1,826,496	2,071,597
Inventories	7	2,011,091	2,359,519
		4,667,485	5,514,261
Non-current assets classified as held for sale	8	68,182	-
Total current assets		4,735,667	5,514,261
Non-current assets			
Property, plant and equipment	9	640,687	1,526,974
Intangibles		229,450	238,303
Total non-current assets		870,137	1,765,277
Total assets		5,605,804	7,279,538
Liabilities			
Current liabilities			
Trade and other payables		2,155,432	2,479,072
Borrowings - lease liability		103,080	218,587
Provisions		214,014	266,823
Total current liabilities		2,472,526	2,964,482
Non-current liabilities			
Borrowings - lease liability		67,420	98,454
Provisions		15,669	30,128
Total non-current liabilities		83,089	128,582
Total liabilities		2,555,615	3,093,064
Net assets		3,050,189	4,186,474
Equity			
Issued capital		10,459,629	10,459,629
Reserves		580,280	565,280
Accumulated losses		(7,989,720)	(6,838,435)
Total equity		3,050,189	4,186,474

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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2014	9,602,217	550,780	(5,983,379)	4,169,618
Loss after income tax expense for the half-year	-	-	(261,601)	(261,601)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(261,601)	(261,601)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	857,412	-	-	857,412
Share-based payments	-	15,000	-	15,000
Balance at 31 December 2014	10,459,629	565,780	(6,244,980)	4,780,429

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	10,459,629	565,280	(6,838,435)	4,186,474
Loss after income tax expense for the half-year	-	-	(1,151,285)	(1,151,285)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,151,285)	(1,151,285)
Transactions with owners in their capacity as owners:				
Share-based payments	-	15,000	-	15,000
Balance at 31 December 2015	10,459,629	580,280	(7,989,720)	3,050,189

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

	Note	Consolidated 31/12/2015 $	Consolidated 31/12/2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,070,972	5,144,889
Payments to suppliers (inclusive of GST)		(4,169,934)	(4,345,932)
		(1,098,962)	798,957
Interest received		6,593	-
Other revenue		6,132	14,208
Interest and other finance costs paid		(36,536)	(87,304)
Income taxes refunded relating to research and development		868,521	817,000
Net cash from/(used in) operating activities		(254,252)	1,542,861
Cash flows from investing activities			
Payments for property, plant and equipment	9	(43,717)	(56,592)
Payments for intangibles		(3,237)	(50,965)
Proceeds from disposal of property, plant and equipment		194,500	178,068
Net cash from investing activities		147,546	70,511
Cash flows from financing activities			
Proceeds from issue of shares		-	1,000,000
Share issue transaction costs		-	(142,588)
Repayment of lease liabilities		(146,541)	(303,095)
Repayments from debtor finance facility		-	(685,931)
Repayments from borrowings - related party		-	(270,000)
Net cash used in financing activities		(146,541)	(401,614)
Net increase/(decrease) in cash and cash equivalents		(253,247)	1,211,758
Cash and cash equivalents at the beginning of the financial half-year		1,083,145	26,017
Cash and cash equivalents at the end of the financial half-year		829,898	1,237,775

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2015 and are not expected to have any significant impact for the full financial year ending 30 June 2016. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Going concern

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

This statement is made after noting the following in relation to the financial affairs of the consolidated entity:

- The consolidated entity has a cash balance of $829,898 as at 31 December 2015 (June 2015: $1,083,145) and net current assets of $2,263,141 (June 2015: $2,549,779).

- The loss before tax for the financial half-year ended 31 December 2015 was $1,151,285 (2014: $261,601) with negative cash flows from operations of $254,252 (2014: positive cash flow of $1,542,861).

The directors consider that the consolidated entity is a going concern for the following reasons:

During the half-year ended 31 December 2015, the consolidated entity outsourced manufacturing of its key product range, that being the Total Active Knee and incurred one-off restructuring costs of $654,716. As a result, the consolidated entity now has a lower operating cost base.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one segment being the sale and design of surgical implants. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The consolidated entity operates predominately in one geographical region being Australia.

Note 3. Operating segments (continued)

Management reviews EBITDA to make decisions. The following table summarises key reconciling items between statutory loss after tax attributable to the owners and EBITDA.

Operating segment information

Consolidated - 31/12/2015	Total $
EBITDA	(820,145)
Depreciation and amortisation	(315,230)
Interest revenue	20,626
Finance costs	(36,536)
Loss before income tax expense	(1,151,285)
Income tax expense	-
Loss after income tax expense	(1,151,285)

Consolidated - 31/12/2014	Total $
EBITDA	199,962
Depreciation and amortisation	(374,259)
Finance costs	(87,304)
Loss before income tax expense	(261,601)
Income tax expense	-
Loss after income tax expense	(261,601)

Note 4. Revenue

	Consolidated	
	31/12/2015 $	31/12/2014 $
Sales revenue		
Sale of goods	2,591,343	4,168,558
Commissions revenue	253,291	129,286
	2,844,634	4,297,844
Other revenue		
Interest	20,626	-
Revenue	2,865,260	4,297,844

Note 5. Other income

	Consolidated	
	31/12/2015 $	31/12/2014 $
Government grants	175,329	-
Other income	6,132	14,208
Research and development tax offset	375,933	350,000
Other income	557,394	364,208

Note 6. Restructuring costs

On 4 November 2015, the company announced that it had entered into agreement with Signature Orthopaedics Pty Ltd ('Signature') which is an Australian based company, for the outsourcing of its activities associated with the manufacture of its highly acclaimed Active Knee product range. To facilitate the outsourcing, relevant equipment is being sold to Signature and some personnel are being transferred

The Board of Directors decided to outsource its manufacturing activities as part of the restructure, in line with the company's strategic plan. This will enable the company to scale its production of Active Knee more effectively as the company focuses on new growth opportunities.

As a result of outsourcing the manufacturing operations, the consolidated entity has incurred the following restructuring costs:

	Consolidated	
	31/12/2015 $	31/12/2014 $
Redundancy costs	94,056	-
Net loss on inventory write-down	149,654	-
Cost of sales and purchases of consumables - materials	128,161	-
Cost of sales and purchases of consumables - repairs and maintenance	19,373	-
Net loss on sale of plant and equipment	263,472	-
Total restructuring costs	654,716	-

Note 7. Current assets - inventories

	Consolidated	
	31/12/2015 $	30/06/2015 $
Raw materials - at cost	68,470	439,229
Work in progress - at cost	176,973	87,391
Finished goods - at lower of cost or net realisable value	1,765,648	1,832,899
	2,011,091	2,359,519

Note 8. Current assets - non-current assets classified as held for sale

As part of the outsourcing of the manufacturing operations some of the assets were classified as held for sale. Refer for more details to notes 6 and 9.

	Consolidated	
	31/12/2015 $	30/06/2015 $
Plant and equipment	68,182	-

Note 9. Non-current assets - property, plant and equipment

	Consolidated 31/12/2015 $	Consolidated 30/06/2015 $
Plant and equipment - at cost	425,457	4,626,021
Less: Accumulated depreciation	(412,802)	(3,914,305)
	12,655	711,716
Fixtures and fittings - at cost	1,916,879	1,917,256
Less: Accumulated depreciation	(1,721,520)	(1,642,618)
	195,359	274,638
Leasehold improvements - at cost	434,216	469,820
Less: Accumulated depreciation	(423,963)	(427,724)
	10,253	42,096
Instrument sets - at cost	2,489,548	2,449,416
Less: Accumulated depreciation	(2,067,128)	(1,950,892)
	422,420	498,524
	640,687	1,526,974

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Plant and equipment $	Fixtures and fittings $	Leasehold improvements $	Instrument sets $	Total $
Balance at 1 July 2015	711,716	274,638	42,096	498,524	1,526,974
Additions	-	3,586	-	40,131	43,717
Classified as held for sale (note 8)	(68,182)	-	-	-	(68,182)
Disposals	(558,682)	-	-	-	(558,682)
Depreciation expense	(72,197)	(82,865)	(31,843)	(116,235)	(303,140)
Balance at 31 December 2015	12,655	195,359	10,253	422,420	640,687

To facilitate the outsourcing, certain plant and equipment has been sold to Signature, which has resulted in a net loss on disposal of $263,472 (refer to note 6).

The remaining balance of $12,655 corresponds to office equipment still held by the consolidated entity.

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Fair value measurement

Fair value hierarchy
There are no amounts either measured or disclosed at fair value in these financial statements.

The carrying values of financial assets and financial liabilities within the statement of financial position represent a reasonable approximation of fair value.

Note 12. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 December 2015 and 30 June 2015.

The consolidated entity has performance guarantees totalling $115,441 at 31 December 2015 (30 June 2015: $115,441) in relation to rental commitments.

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Earnings per share

	Consolidated	
	31/12/2015 $	31/12/2014 $
Loss after income tax attributable to the owners of Allegra Orthopaedics Limited	(1,151,285)	(261,601)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	63,584,943	51,092,997
Weighted average number of ordinary shares used in calculating diluted earnings per share	63,584,943	51,092,997
	Cents	Cents
Basic earnings per share	(1.81)	(0.51)
Diluted earnings per share	(1.81)	(0.51)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of 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 made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Kazacos
Chairman

24 February 2016
Sydney

Independent auditor's review report to the members of Allegra Orthopaedics Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Allegra Orthopaedics Limited (the company), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Allegra Orthopaedics Group (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 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 Allegra Orthopaedics 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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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 Allegra Orthopaedics Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Sumanth Prakash
Partner

Sydney
24 February 2016