

1. Company details

Name of entity:	THO Services Limited (Administrators appointed)
ABN:	60 000 263 678
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	96.5% to	14,999
Loss from ordinary activities after tax attributable to the owners of THO Services Limited (Administrators appointed)	down	18.7% to	(581,521)
Loss for the half-year attributable to the owners of THO Services Limited (Administrators appointed)	down	18.7% to	(581,521)

Dividends

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

Comments

The loss for the company after providing for income tax amounted to \$581,521 (31 December 2014: \$715,159).

On 25 January 2016, Paul Gerard Weston and Geoffrey Trent Hancock of Pitcher Partners NSW Pty Ltd were appointed as Joint Administrators of the company.

Refer to Directors' report of the Interim Report for commentary on the results and status of the company.

Refer to section 6 below for details of the auditors review report relating to going concern.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.72</u>	<u>1.65</u>

4. 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.

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The company has an established dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

The last date(s) for receipt of election notices for the dividend or distribution plans: None

6. 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, which contains a disclaimer of conclusion in relation to the going concern assumption, is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of THO Services Limited (Administrators appointed) for the half-year ended 31 December 2015 is attached.

8. Signed



Signed _____

Date: 23 March 2016

Robert Critchley
Chairman - under authority of the Administrators
Sydney

THO Services Limited (Administrators appointed)

ABN 60 000 263 678

Interim Report - 31 December 2015

The administrators of the company presents the Directors' report, together with the financial statements, on the company for the half-year ended 31 December 2015.

Directors

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

Robert K Critchley - Chairman
Timothy J Regan
Terry M O'Reilly

Administrators

The following persons from Pitcher Partners NSW Pty Ltd were appointed Joint and Several Administrator of the company since the end of the financial half-year:

Paul G Weston	Appointed 25 January 2016
Geoffrey T Hancock	Appointed 25 January 2016

Principal activities

The principal activities of the company during the financial half-year were the finalisation of collection efforts following the sale of business assets in the previous financial year, as well as the search for acquisition opportunities that would enable the company to re-commence active trading in a profitable business sector.

Review of operations

The loss for the company after providing for income tax amounted to \$581,521 (31 December 2014: \$715,159).

Since the sale of the main business on 11 February 2014, the company has been engaged on a clean-up campaign with efforts made to expedite recovery of outstanding debtors, clean up defects on past jobs, recover bank guarantees, insurance bonds and resolve outstanding disputes. This has been exacerbated with additional defect and workforce claims made subsequently that are in the process of being resolved. These contingencies were adequately provided for in the past.

The loss for the financial half-year has been due to ongoing costs and abnormal costs associated with this clean-up effort. These expenses were also increased due to the costs of making good on remaining property lease, WorkCover claims, cleaning up remaining defects, and the use of consultants and lawyers to assist in resolving these issues.

The current status on outstanding items is that bank guarantees are down to \$160,805 (30 June 2015: \$647,197), and further reduction has subsequently taken place. Two small defect disputes, which were provided for, and a WorkCover claim are pending. The reduction in these obligations has been largely due to the efforts of many people including external consultants and several ex-staff members who have volunteered their services to assist which the directors are very grateful for.

There are still some areas of uncertainty that need to be addressed including:

- finalising one outstanding WorkCover claim that is currently due to go to Court where potential liability is uncertain;
- resolving the remaining defect liabilities on past projects;
- collecting remaining bank guarantees to enable the bank to release cash being held on deposit to secure them;
- resolving the very large defect claim received on 22 July 2015 from the Federal Government regarding a contract signed in 2008 and work completed in 2009 (refer to 'Defence claim' below).

Because of the above uncertainties, particularly with the defect claim, and the risk that it would become protracted, the directors sought to appoint Paul G Weston and Geoffrey T Hancock from Pitcher Partners NSW Pty Ltd as Joint and Several Administrator on 25 January 2016. The company has a finite amount of money, no operating income, and ongoing expenses, resulting in a continuing negative cash flow. All efforts to clean up outstanding items have almost been concluded. Any long running dispute from the defect claim will exhaust remaining available funds and leave nothing for shareholders.

The administrators are working through the current issues of the company, exploring alternative avenues to improve the shareholders' position and provide the company with a fresh start. Further details will be provided in future ASX announcements as and when they become available.

Defence claim

In August 2015, the company received a very large defect claim from the Federal Government regarding a contract signed in 2008 and work completed in 2009 ('Defence claim'). The company notified two of its insurers in respect of the Defence claim, being Liberty Mutual Insurance Company ('Liberty'), in relation to Professional Indemnity ('PI'), and QBE Global Casualty ('QBE'), in relation to Public and Products Liability ('PPL').

On 15 September 2015, Liberty informed the company that cover is not available under the PI policy for at least 97% of the Defence claim. On 11 March 2016, the solicitor acting for QBE advised that, due to exclusions under the PPL policy, there is no cover available to the company in relation to the Defence claim.

The Defence claim is subject to ongoing arbitration, which is being conducted through the International Arbitration Court. However, the arbitration is in its early stages and as such no determination has been made by the arbitrator as to the validity or quantum of the Defence claim. To date the company has defended the arbitration. The administrators intend to seek legal advice as to whether the company should seek a review by the Court of QBE's decision.

Going concern assumption

The attached financial statements detail the performance and financial position of the company for the half-year ended 31 December 2015 which assumes the company will continue as a going concern. It also contains an independent auditor's review report which includes a disclaimer of conclusion in relation to the going concern assumption. For further information, refer to note 1 to the financial statements, together with the independent auditor's review report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company 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 follows this Directors' report.

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

And signed on its behalf.



Robert Critchley
Chairman - under authority of the Administrators

23 March 2016
Sydney

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of THO Services Limited (Administrators Appointed) for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERSA handwritten signature in blue ink, appearing to read 'G N Sherwood', with the initials 'GNS' written to the right. Below the signature is the printed name 'G N SHERWOOD' and the title 'Partner'.

G N SHERWOOD
Partner

Sydney, NSW

Dated: 23 March 2016

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General information

The financial statements cover THO Services Limited (Administrators appointed) as an individual entity. The financial statements are presented in Australian dollars, which is THO Services Limited (Administrators appointed)'s functional and presentation currency.

THO Services Limited (Administrators appointed) is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and the principal place of business (and administrators' address) are:

Registered office

Level 6, Suite 7
66 Hunter Street
Sydney, NSW 2000

Principal place of business

Pitcher Partners
Level 22, 19 Martin Place
Sydney, NSW 2000

A description of the nature of the company'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 23 March 2016.

THO Services Limited (Administrators appointed)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015



	Note	31 Dec 2015 \$	31 Dec 2014 \$
Revenue	4	14,999	426,669
Expenses			
Raw materials and consumables used		(54,419)	(74,562)
Employee benefits expense		-	(166,918)
Depreciation and amortisation expense		(275)	(177)
Legal and professional fees		(301,815)	(466,310)
Rent and office expenses		(148,177)	(273,105)
Net loss on disposal of property, plant and equipment		-	(38,020)
Other expenses		(91,834)	(112,746)
Finance costs		-	(9,990)
Loss before income tax expense		(581,521)	(715,159)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of THO Services Limited (Administrators appointed)		(581,521)	(715,159)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of THO Services Limited (Administrators appointed)		<u>(581,521)</u>	<u>(715,159)</u>
		Cents	Cents
Basic earnings per share	10	(0.51)	(0.63)
Diluted earnings per share	10	(0.51)	(0.63)

All operations are classified as discontinued. Refer to note 1 for further information.

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

THO Services Limited (Administrators appointed)
Statement of financial position
As at 31 December 2015



	Note	31 Dec 2015	30 Jun 2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	754,911	1,728,051
Trade and other receivables		69,836	21,829
Prepayments		101,016	123,066
Total current assets		<u>925,763</u>	<u>1,872,946</u>
Non-current assets			
Property, plant and equipment		1,437	1,712
Prepayments		371,392	412,709
Total non-current assets		<u>372,829</u>	<u>414,421</u>
Total assets		<u>1,298,592</u>	<u>2,287,367</u>
Liabilities			
Current liabilities			
Trade and other payables	6	454,299	728,059
Warranty provision		29,771	163,265
Total current liabilities		<u>484,070</u>	<u>891,324</u>
Total liabilities		<u>484,070</u>	<u>891,324</u>
Net assets		<u>814,522</u>	<u>1,396,043</u>
Equity			
Contributed equity		30,102,340	30,102,340
Treasury stock		(1,121,740)	(1,121,740)
Accumulated losses		<u>(28,166,078)</u>	<u>(27,584,557)</u>
Total equity		<u>814,522</u>	<u>1,396,043</u>

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

THO Services Limited (Administrators appointed)
Statement of changes in equity
For the half-year ended 31 December 2015



	Contributed equity \$	Treasury stock \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	30,102,340	(1,121,740)	246,425	(26,642,986)	2,584,039
Loss after income tax expense for the half-year	-	-	-	(715,159)	(715,159)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(715,159)	(715,159)
Balance at 31 December 2014	<u>30,102,340</u>	<u>(1,121,740)</u>	<u>246,425</u>	<u>(27,358,145)</u>	<u>1,868,880</u>
	Contributed equity \$	Treasury stock \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	30,102,340	(1,121,740)	-	(27,584,557)	1,396,043
Loss after income tax expense for the half-year	-	-	-	(581,521)	(581,521)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(581,521)	(581,521)
Balance at 31 December 2015	<u>30,102,340</u>	<u>(1,121,740)</u>	<u>-</u>	<u>(28,166,078)</u>	<u>814,522</u>

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

THO Services Limited (Administrators appointed)
Statement of cash flows
For the half-year ended 31 December 2015



	31 Dec 2015 \$	31 Dec 2014 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	(62,990)	485,452
Payments to suppliers and employees (inclusive of GST)	(925,149)	(4,868,622)
	(988,139)	(4,383,170)
Interest received	14,999	80,719
Interest and other finance costs paid	-	(3,941)
Net cash used in operating activities	(973,140)	(4,306,392)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(2,041)
Proceeds from disposal of property, plant and equipment	-	36,435
Net cash from investing activities	-	34,394
Cash flows from financing activities		
Repayment of convertible notes	-	(600,000)
Net cash used in financing activities	-	(600,000)
Net decrease in cash and cash equivalents	(973,140)	(4,871,998)
Cash and cash equivalents at the beginning of the financial half-year	1,728,051	7,602,358
Cash and cash equivalents at the end of the financial half-year	<u>754,911</u>	<u>2,730,360</u>

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

Note 1. Presentation of financial statements and going concern

In February 2014, the company sold the majority of its operating assets and liabilities and completed the rest of its construction business during the previous financial year. Currently the company has no continuing activities and accordingly the results and financial position represent the company as a discontinued operation as defined by AASB 5 'Non-current assets held for sale and discontinued operations'.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The company incurred a loss of \$581,521 (2014: \$715,159), had net cash outflows from operating activities of \$973,140 (2014: \$4,306,392) for the half-year ended 31 December 2015. As at 31 December 2015, the company had net current assets of \$441,693 (30 June 2015: \$981,622), cash at bank of \$754,911 (30 June 2015: \$1,728,051) and net assets of \$814,522 (30 June 2015: \$1,396,043).

The company has a finite amount of money, no operating income, and ongoing expenses, resulting in a continuing negative cash flow. Therefore on 25 January 2016 Paul G Weston and Geoffrey T Hancock from Pitcher Partners NSW Pty Ltd were appointed as Joint and Several Administrator to the company. The ability of the company to continue as a going concern is dependent on a number of factors, the most significant of which depend on the ability of the administrators to:

- either reach a settlement amount with the Department of Defence that is within the cash resources available, or to successfully claim from the company's insurers in respect of this claim, which would be dependent on a review by the Court (refer to note 9 for details of the Defence claim);
- reach settlement with existing creditors; and
- find new business opportunities.

These factors indicate significant uncertainty as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The administrators believe, subject to the above, that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

The financial statements do not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

Note 2. 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, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company 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 company 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 3. Operating segments

The information reported to the Board of Directors (being the Chief Operating Decision Makers ('CODM')), is the results as shown in the statement of profit or loss and other comprehensive income and statement of financial position.

The directors have determined that there are no operating segments identified for the half-year which are considered reportable.

Note 4. Revenue

	31 Dec 2015	31 Dec 2014
	\$	\$
<i>Sales revenue</i>		
Revenue from rendering services and projects	-	345,950
<i>Other revenue</i>		
Interest	14,999	80,719
Revenue	<u>14,999</u>	<u>426,669</u>

Note 5. Current assets - cash and cash equivalents

	31 Dec 2015	30 Jun 2015
	\$	\$
Cash at bank	10,524	58,974
Cash on deposit	744,387	1,669,077
	<u>754,911</u>	<u>1,728,051</u>

Note 6. Current liabilities - trade and other payables

	31 Dec 2015	30 Jun 2015
	\$	\$
Trade payables	295,389	456,713
Other payables	158,910	271,346
	<u>454,299</u>	<u>728,059</u>

Note 7. Equity - dividends

There were no dividends declared during the current or previous financial period.

Note 8. Fair value measurement

The carrying values of financial assets and financial liabilities presented represent a reasonable approximation of fair value.

Note 9. Contingent liabilities

Contingent liabilities represent items that, at the reporting date, are not recognised in the statement of financial position because there is significant uncertainty as to the necessity for the company to make payments in respect of them. Following are details of the more significant of these contingent liabilities:

Note 9. Contingent liabilities (continued)

Defence claim

In August 2015, the company received a very large defect claim from the Federal Government regarding a contract signed in 2008 and work completed in 2009 ('Defence claim'). The company notified two of its insurers in respect of the Defence claim, being Liberty Mutual Insurance Company ('Liberty'), in relation to Professional Indemnity ('PI'), and QBE Global Casualty ('QBE'), in relation to Public and Products Liability ('PPL').

On 15 September 2015, Liberty informed the company that cover is not available under the PI policy for at least 97% of the Defence claim. On 11 March 2016, the solicitor acting for QBE advised that, due to exclusions under the PPL policy, there is no cover available to the company in relation to the Defence claim.

The Defence claim is subject to ongoing arbitration, which is being conducted through the International Arbitration Court. However, the arbitration is in its early stages and as such no determination has been made by the arbitrator as to the validity or quantum of the Defence claim. To date the company has defended the arbitration. The administrators intend to seek legal advice as to whether the company should seek a review by the Court of QBE's decision.

Other claims

The company has received other claims in the normal course of business and where relevant the directors have sought appropriate legal advice. Where considered appropriate, provisions based on this advice have been included.

Bank guarantees of \$160,805 (30 June 2015: \$647,197) to cover retentions and performance of project contracts. The bank holds a specific mortgage, pledged cash and a fixed and floating charge over the assets of the company to cover this contingent liability.

Note 10. Earnings per share

	31 Dec 2015 \$	31 Dec 2014 \$
Loss after income tax attributable to the owners of THO Services Limited (Administrators appointed)	<u>(581,521)</u>	<u>(715,159)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>113,583,980</u>	<u>113,583,980</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>113,583,980</u>	<u>113,583,980</u>
	Cents	Cents
Basic earnings per share	(0.51)	(0.63)
Diluted earnings per share	(0.51)	(0.63)

2,000,000 (31 December 2014: 2,000,000) convertible notes are excluded from the above calculations as they would be anti-dilutive.

Note 11. Events after the reporting period

On 25 January 2016, Paul G Weston and Geoffrey T Hancock from Pitcher Partners NSW Pty Ltd were appointed as Joint and Several Administrator to the company.

On 18 February 2016, the Supreme Court of NSW made orders granting the extension of the 'convening period' (until 17 May 2016) for the second meeting of creditors, which will now be held at any time during the convening period or within five days after the expiry of the convening period.

On 11 March 2016, the solicitor acting for QBE advised that, due to exclusions under the PPL policy, there is no cover available to the company in relation to the Defence claim (refer to note 9 for further details).

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

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 company'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, subject to the going concern of the company as detailed in note 1 to the financial statements.

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



Robert Critchley
Chairman - under authority of the Administrators

23 March 2016
Sydney

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
THO SERVICES LIMITED (ADMINISTRATORS APPOINTED)

Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of THO Services Limited (Administrators Appointed) which comprises the statement of financial position as at 31 December 2015, and 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 conducting the review in accordance with Australian Auditing Standards. Because of the matters described in the Bases for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion.

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 THO Services Limited (Administrators Appointed), would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Disclaimer of Conclusion

The half-year financial report has been prepared on the going concern basis, which contemplated the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As disclosed in the Note 1 to the financial statements, the company made a loss after tax of \$581,521 and had net cash outflows from operating activities of \$973,140 for the half-year ended 31 December 2015. On 25 January 2016, the directors of THO Services Limited appointed Administrators pursuant to Section 436A of the Corporations Act 2001. The ability of the company to continue as a going concern is dependent on multiple uncertainties that are significant to the financial report, the most significant of which depends on the ability of the Administrators to either reach a settlement amount with the Department of Defence that is within the cash resources available, or to successfully claim from the company's insurers in respect of this claim, which would be dependent on a review by the Court (refer to note 9 for details of the Defence claim). These factors indicate significant uncertainty as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern. We have been unable to obtain sufficient appropriate evidence to support the use of the going concern assumption.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the half-year financial report.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'G N Sherwood', with the initials 'GNS' written to the right.

G N SHERWOOD
Partner

Sydney, NSW
Dated: 23 March 2016