



Victor Group Holdings Limited
and its controlled entities

ABN 21 165 378 834

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2016

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Appendix 4D

1. Company details

Company name: Victor Group Holdings Limited ("the Company")

ABN: 21 165 378 834

Reporting period: Half year ended 31 December 2016

Previous corresponding period: Half year ended 31 December 2015

2. Results for announcement to the market

Consolidated	6 months to 31 December 2016	6months to 31 December 2015	Movement	% Movement
	\$	\$	\$	
Revenue for continuing Activities	5,284,648	3,322,720	1,961,928	59%
Net profit (loss) after tax	361,440	568,492	(207,052)	(36%)
Net profit (loss) after tax attributable to members	361,440	568,492	(207,052)	(36%)
Net tangible assets per security (cents)	1.31	1.99	(0.68)	(34%)

This Appendix 4D is to be read in conjunction with the Annual Report for the year ended 30 June 2016.

The Directors do not proposed to pay any dividend for the half year ended 31 December 2016.

Key financial highlights

- Increase in revenues has been generated from continuing activities of 59% following growth in the Infrastructure as a Service (IaaS) offering compared to the prior period. The Group is moving into the online stream of consulting management and delivery of information management consulting services to clients.
- Net profit after tax declined by 36% as a result of significant reduction in traditional training services which previously contributed higher margins when compared to IaaS offering. Management is aiming to expand the IaaS revenue stream which has the greatest growth potential.
- Net tangible assets remained strong at \$6.81million.

3. Net tangible assets per security

	31 December 2016	31 December 2015
Net tangible assets per security (cents)	1.31	1.99

4. Details of entities over which control has been gained or lost

4.1 Control gained over entities.

N/A

4.2 Control lost over entities.

N/A

5. Dividends

Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:				
Current year	-	-	-	-
Previous year	-	-	-	-

6. Dividend reinvestments plans

6.1 The dividend or distribution plans shown below are in operation.

N/A

6.2 The last date(s) for receipt of election notices for the dividend or distribution plans.

N/A

7. Details of associates and joint entities

N/A

8. Accounting Standards

The half-year financial report is a general-purpose financial which has been prepared in accordance with requirement of the *Corporation Act 2001*, Australian Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards.

Date this 28th day of February 2017



David P Batten

Director

Directors' Report

The Directors of Victor Group Holdings Limited ('Victor Group') present their Report together with the financial statements of the consolidated entity, being Victor Group ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2016.

Director details

The following persons were directors of Victor Group during or since the end of the financial half-year.

- | | |
|----------------------|--|
| ➤ Mr. David P Batten | Independent Non-Executive Director |
| ➤ Mr. Shao, Qian | Chief Executive Officer
(Appointed on 29 th November 2016) |
| ➤ Mr. Xiqiang Jiang | Executive Director |
| ➤ Mr. Liu, XinJie | Non-Executive Director |
| ➤ Mr. Hoi Fung Lam | Executive Director |

On 29th November 2016, Mr. Zhang, Bin (Executive Director & Chief Executive Officer) resigned from the Board of the Victor Group.

On 29th November 2016, Mr. Shao, Qian was appointed as an Executive Director and Chief Executive Office for the Victor Group.

Review of operations and financial results

Financial

Sales revenue for the half year ended 31 December 2016 increased by 59% to \$5.28m compared to \$3.32m reported in the previous corresponding period. The increase in revenue was mainly derived from the rapid development of IaaS offering compared to the prior period.

The operating result of the Group has declined to \$0.36m (2015: \$0.57m). This was mainly due to the majority of revenue being derived from the IaaS which has lower gross margins compared to the traditional offline consulting services. As a result of the reduction in demand and market competition in offline consulting services, management has decided to focus on the IaaS market which has greater market potential in the long run. Profitability is expected to improve in the future when a greater business scale is achieved for the IaaS operation.

Directors' Report

Audit's independence Declaration

A copy of the Auditor's independence Declaration as required under s307C of the *Corporations Act 2001* for the half year ended 31 December 2016 is set out on page 7 of this financial report.

Signed in accordance with a resolution of the Board of Directors.



David P Batten
Director

28 February 2017



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF VICTOR GROUP HOLDINGS LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Victor Group Holdings Ltd for the half-year ended 31 December 2016, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 28 February 2017

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

		Consolidated Group	
	Not	December	December
	e	2016	2015
Operating Revenue	7	5,284,648	3,322,720
Cost of sales		(3,110,128)	(2,030,953)
Gross profit		2,174,520	1,291,767
Non-operating Revenue	7	3,539	771,039
Salary expenses		(361,014)	(324,623)
Depreciation and amortization expense		(216,414)	(48,129)
Consulting expense		(112,689)	(68,610)
Travelling expense		(12,818)	(26,010)
Rental expense paid to related party		(29,495)	(28,306)
Meeting expense for promotional courses		(7,237)	(271,717)
Marketing expense		(7,035)	(68,742)
Audit expense		(45,000)	(40,000)
Data centre expense		(584,343)	-
Other operating expenses		(155,581)	(337,670)
Finance costs		(5,459)	(1,884)
Profit before income tax		640,974	847,115
Income tax expense		(279,534)	(278,623)
Profit for the period		361,440	568,492
Other Comprehensive Income for the period, Net of Tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) differences arising on the translation of foreign operations		(78,257)	99,900
Total Comprehensive Income for the period attributable to the owners of the parent		283,183	668,392
Earnings per share (on profit attributable to ordinary equity holders)		Cents	Cents
Basic earnings per share (cents per share)	12	0.07	0.11
Diluted earnings per share (cents per share)	12	0.07	0.11

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITON
AS AT 31 DECEMBER 2016

		Consolidated Group	
	Note	31 December 2016	30 June 2016
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		951,612	562,594
Trade and other receivables		868,453	1,592,077
Prepayments	9	2,398,336	2,057,892
TOTAL CURRENT ASSETS		4,218,401	4,212,563
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,917,175	4,081,388
Intangible assets	11	2,669,656	1,857,122
TOTAL NON-CURRENT ASSETS		6,586,831	5,938,510
TOTAL ASSETS		10,805,232	10,151,073
CURRENT LIABILITIES			
Trade and other payables		1,243,779	704,101
Income tax payable		80,687	249,389
TOTAL CURRENT LIABILITIES		1,324,466	953,490
TOTAL LIABILITIES		1,324,466	953,490
NET ASSETS		9,480,766	9,197,583
EQUITY			
Issued capital	13	3,914,446	3,914,446
Foreign exchange translation reserve		570,520	648,777
Statutory reserve		132,081	132,081
Retained earnings		4,863,719	4,502,279
TOTAL EQUITY		9,480,766	9,197,583

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR HALF-YEAR ENDED 31 DECEMBER 2016

	Share Capital Ordinary	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	3,914,446	4,473,771	1,176,253	132,081	9,696,551
Profit for the period	-	568,492	-	-	568,492
Other comprehensive income	-	-	99,900	-	99,900
Total comprehensive income for the period	-	568,492	99,900	-	668,392
Dividends paid	-	-	-	-	-
Balance at 31 December 2015	3,914,446	5,042,263	1,276,153	132,081	10,364,943
Balance at 1 July 2016	3,914,446	4,502,279	648,777	132,081	9,197,583
Profit for the period	-	361,440	-	-	361,440
Total other comprehensive income	-	-	(78,257)	-	(78,257)
Total comprehensive income for the period	-	361,440	(78,257)	-	283,183
Dividends paid	-	-	-	-	-
Balance at 31 December 2016	3,914,446	4,863,719	570,520	132,081	9,480,766

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR HALF-YEAR ENDED 31 December 2016

	Consolidated Group	
Note	December 2016	December 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,990,623	2,461,725
Payments to suppliers and employees	(4,542,831)	(4,103,074)
Interest received	771	9,146
Finance costs	(1,409)	(1,884)
Income tax paid	(445,445)	(286,085)
Government subsidy received	2,768	761,893
Net cash flow generated from (utilised by) operating activities	1,004,477	(1,158,279)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	-	(692,485)
Purchase of intangible assets	(919,398)	-
Net cash flow used in investing activities	(919,398)	(692,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related party	301,132	77,696
Dividend payment	-	(340)
Net cash flow generated from (used in) financing activities	301,132	77,356
Net increase (decrease) in cash held	386,211	(1,773,408)
Cash at beginning of financial period	562,594	4,242,023
Effect of exchange rates on cash holdings in foreign currencies	2,807	206,313
Cash at end of financial period	951,612	2,674,928

These financial statements should be read in conjunction with accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**1. Nature of operations**

Victor Group Holdings Limited and 'subsidiaries' (the Group) principal activities were offering consultation and advisory services to entrepreneurs to help them improve the management and strategic planning of their companies.

There were no other significant changes in the nature or the consolidated Group's principle activities during the half-year ended 31 December 2016.

The Group currently operates in one geographical segment, being the People's Republic of China.

2. General information and basis of preparation

Victor Group Holdings Limited is a profit-oriented entity limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange (ASX).

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2016 and are presented in Australian dollars (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 28 February 2017.

3. Change in accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

There have been no new or revised accounting standards or interpretations which are effective from the periods beginning on or after 1 July 2016 and impact the half-year financial results.

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant events and transactions

During the period ended 31 December 2016, the Company through its wholly owned subsidiary, Yiya Investment Management (Shanghai) Co., Ltd entered into a MOU for the purchase of an additional data centre of \$ 3 million. A deposit of \$ 1.5 million has been paid to secure the deal and the finalisation of the transaction is subject director and shareholder approval. The prepaid deposit is refundable before signing of official data centre acquisition agreement.

No other significant events or transactions during the period under review other than those disclosed in the interim financial statements.

6. New and amended accounting standards issued but not yet effective

During the period, a number of Standards and Interpretations were issued but not yet effective. The Group is yet to assess the full impact of these standards. However, the standards are unlikely to have a significant effect on the Groups financial results.

7. Operating Revenue

During the 6 month period ended 31 December 2016, revenue from the top six customers amounted to \$ 5,284,648 (100 % of total operating revenue).

External customers with revenue greater than 10% of the total revenue is disclosed as follow:

Customer	Revenue	%
Zhongdian Huatong	2,096,214	41%
Shenzhou Tongyu	2,181,547	40%
Total	4,277,761	81%

Non-operating revenue of \$ 2, 768 represents an investment incentive provided by the local government (Jinshan District – Shanghai City) as financial support to encourage the local economy.

8. Segment reporting

Following the completion of the data centre acquisition in the last financial year, an additional segment was established and reviewed by the chief operating decision maker (the Board) in allocating resources.

As at 31 December 2016, the Group has two (2) operating segments: training and consulting service and Infrastructure as a Service (IaaS). In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group.

The activities undertaken by the training segment includes the sale, cost and expense of management consulting service. Infrastructure as a Service (IaaS) is a form of cloud computing that provides virtualised computing resources over the Internet. In an IaaS model, a third-party provider hosts hardware, software, servers, storage and other infrastructure components on behalf of its users. IaaS providers also host users' applications and handle tasks including system maintenance, backup and resiliency planning.

Revenue, expenses, assets and liabilities of the parent entity (Victor Group Holdings Ltd) as a holding company are not allocated to operating segments as they are not considered part of the core operations of any segment:

Segment information for the reporting period is as follows:

	Training	Infrastructure as a Service (IaaS)	Unallocated	Total
Revenue	728,629	4,556,019	-	5,284,648
Cost of sales	(228,112)	(2,882,016)	-	(3,110,128)
Government Support	2,768	-	-	2,768
Interest revenue	74	400	297	771
Salary expense	(324,904)	(67,575)	(38,918)	(431,397)
Depreciation and amortisation	(77,846)	(138,568)	-	(216,414)
Advertising expense	(7,035)	-	-	(7,035)
Meeting expense	(7,237)	-	-	(7,237)
Data centre expense	-	(584,343)	-	(584,343)
Other expenses	(92,512)	(4,538)	(193,609)	(290,659)
Income tax expense	-	(279,534)	-	(279,534)
Segment operating results	(6,175)	599,845	(232,230)	361,440

Segment assets	4,816,722	5,912,330	76,180	10,805,232
Segment liabilities	306,282	915,345	102,839	1,324,466

9. Prepayment

	Consolidated Group	
	31-Dec-16	30-Jun-16
	\$	\$
Prepayment for traditional training services	898,808	2,057,892
Prepayment made for data centre acquisition	1,499,528	-
Total prepayments	2,398,336	2,057,892

10. Property, plant and equipment

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the 6 months period ended 31 December 2016 is as follows:

	Consolidated Group			
	Office equipment	Motor vehicles	Buildings	Consolidated Total
	\$	\$	\$	\$
Balance at 1 July 2016	942,697	154,813	2,983,878	4,081,388
Addition	-	-	-	-
Depreciation charges	(52,927)	(26,347)	(37,303)	(116,577)
Net exchange differences	(11,439)	(2,175)	(34,022)	(47,636)
Balance at 31 December 2016	878,331	126,291	2,912,553	3,917,175

	Office equipment	Motor vehicles	Buildings	Consolidated Total
Balance at 1 July 2015	99,329	209,621	2,565,600	2,874,550
Addition	23,569	10,930	657,985	692,484
Depreciation charges	(18,299)	(28,598)	-	(46,897)
Net exchange differences	(1,435)	(2,041)	(54,975)	(58,451)
Balance at 31 December 2015	103,164	189,912	3,168,610	3,461,686

11. Intangible Assets

	Software \$	Trademarks \$	Copyrights \$	Total \$
Gross carrying amount				
Balance at 1 July 2016	1,861,592	12,921	2,022	1,876,535
Addition, separately acquired	919,398	-	-	919,398
Net exchange differences	(5,400)	(145)	(23)	(5,568)
Balance at 31 December 2016	2,775,590	12,776	1,999	2,790,365
Amortisation and impairment				
Balance at 1 July 2016	(16,114)	(3,046)	(253)	(19,413)
Amortisation	(99,110)	(629)	(98)	(99,837)
Net exchange differences	(1,483)	23	1	(1,459)
Balance at 31 December 2016	(116,707)	(3,652)	(350)	(120,709)
Carrying amount 31 December 2016	2,658,883	9,124	1,649	2,669,656

Additions during the current period represent software purchased to deliver IaaS services.

	Software \$	Trademarks \$	Copyrights \$	Total \$
Gross carrying amount				
Balance at 1 July 2015	9,936	11,994	2,138	24,068
Addition, separately acquired	-	-	-	-
Net exchange differences	(126)	(151)	(27)	(304)
Balance at 31 December 2015	9,810	11,843	2,111	23,764
Amortisation and impairment				
Balance at 1 July 2015	(818)	(1,935)	(53)	(2,806)
Amortisation	(508)	(615)	(109)	(1,232)
Net exchange differences	28	45	4	77
Balance at 31 December 2015	(1,298)	(2,505)	(158)	(3,961)
Carrying amount 31 December 2015	8,512	9,338	1,953	19,803

Trademarks and softwares have a finite useful life and are carried at cost less accumulated amortisation and impairment losses; amortisation is calculated using the straight-line method to allocate the cost of trademarks and software over their estimated useful lives, which have been determined to be 10 years.

12. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Victor Group) as the numerator, i.e. no adjustments to profits were necessary during the six months period to 31 December 2016 and 2015.

The number of ordinary shares used in the calculation of the divided earnings per share is the same as the number used in the calculation of basic earnings per share, as there are no options on issue.

	Consolidated Group	
	6 Months to 31 Dec 2016	6 Months to 31 Dec 2015
	\$	\$
Profit used to calculate basic and dilutive EPS	361,440	568,492
Weighted average number of ordinary shares for basic earnings per share	519,560,000	519,560,000
Adjustments for calculation for diluted earnings per share	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>519,560,000</u>	<u>519,560,000</u>
Basic earnings per share	0.07cents	0.11cents
Diluted earnings per share	0.07cents	0.11cents

13. Share capital

	Consolidated Group	
	6 Months to 31 Dec 2016	Year to 30 June 2016
Amounts in shares:		
Shares issued and fully paid:		
Beginning of the period	519,560,000	519,560,000
Shares issued following capital raising	-	-
End of the period	<u>519,560,000</u>	<u>519,560,000</u>

14. Dividends

No dividends have been paid or provided by the group during the second half of 2016 (30 June 2016: Nil).

15. Contingent liabilities

The Group has no contingent liabilities as at 31 December 2016 (30 June 2016: Nil).

16. Commitments

Office lease commitment of \$35,982 is within the next 12 month as at 31 December 2016.

17. Controlled Entities

Controlled entities consolidated	Country of Incorporation	Percentage owned (%) ⁽¹⁾	
		Dec-16	Jun-16
Subsidiary of Victor Group Holdings Limited			
Hong Kong Victor International Enterprise Management Co., Limited ⁽²⁾	Hong Kong	100%	100%
Kesheng Management Consulting (Shanghai) Co., Limited ⁽³⁾	China	100%	100%
Qisheng Management Consulting (Shanghai) Co., Limited	China	100%	100%
Synergy One Holdings Limited ⁽⁴⁾	Cayman	100%	100%
Pride Green Limited ⁽⁵⁾	BVI	100%	100%
True Prosper Group Limited ⁽⁵⁾	BVI	100%	100%
Great Prospect Corporation Limited ⁽⁶⁾	Hong Kong	100%	100%
Yiya Investment Management (Shanghai) Co., Limited ⁽⁷⁾	China	100%	100%
Jiangsu Wenhan Information Technology Co., Limited ⁽⁸⁾	China	100%	100%

(1) Percentage of voting power is in proportion to ownership

(2) Victor Group Holding Limited is the parent entity of Synergy One Holdings Limited and Hong Kong Victor International Enterprise Management Co., Limited.

(3) Hong Kong Victor International Enterprise Management Co., Limited is the intermediate parent entity of Kesheng Management Consulting (Shanghai) Co., Limited.

(4) Kesheng Management Consulting (Shanghai) Co., Limited is the intermediate parent entity of Qisheng Management Consulting (Shanghai) Co., Limited.

(5) Synergy One Holdings Limited is the intermediate parent entity of Pride Green Limited and True Prosper Group Limited.

(6) True Prosper Group Limited is the intermediate parent entity of Great Prospect Corporation Limited.

(7) Great Prospect Corporation Limited is the intermediate parent entity of Yiya Investment Management (shanghai) Co. Limited.

(8) Yiya Investment Management (shanghai) Co., Limited is the intermediate parent entity of Jiangsu Wenhan Information Technology Co., Limited.

18. Events after the reporting date

There has not arisen in the interval between 31 December 2016 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group, in future years.

Directors' declaration

In accordance with a resolution of the directors of Victor Group Holdings Limited, the directors of the company declare that,

1. the financial statements and notes, as set out on pages 8 to 19, are in accordance with the *Corporations Act 2001*, including
 - (1) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (2) giving a true and fair view of its financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
2. in the directors' opinion 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 the directors:



Managing Director

Shao, Qian

Dated the 28th day of February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VICTOR GROUP HOLDINGS LTD

We have reviewed the accompanying half-year financial report of Victor Group Holdings Ltd (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, 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 statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both 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 Victor Group Holdings Ltd 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 2016 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 Victor Group Holdings Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 complied with the independence requirements of the *Corporations Act 2001*.

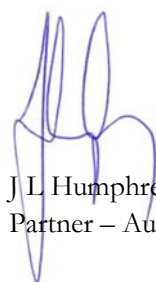
Conclusion

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 Victor Group Holdings Ltd 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 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J. L. Humphrey
Partner – Audit & Assurance

Adelaide, 28 February 2017