



Sunbridge Group Limited and Its Controlled Entities
ABN 40 163 886 020
Half -year Financial Report for the half year ended 30 June 2017

ASX ANNOUNCEMENT

30 August 2017

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Appendix 4D and Half-year Financial Report

Sunbridge Group Limited (ASX: SBB) lodges the attached Appendix 4D and the half-year Financial Report for the period ended 30 June 2017.

This document contains all the half-year information required by ASX LR 4.2A. The information enclosed should be read in conjunction with the most recent annual financial report.

Sunbridge Group Limited Communications and Investor Relations:

<http://www.sunbridge.com.au>



Sunbridge Group Limited and Its Controlled Entities
ABN 40 163 886 020
Half -year Financial Report for the half year ended 30 June 2017

Sunbridge Group Limited Half Year Financial Report

For the half year ended 30 June 2017



Sunbridge Group Limited and Its Controlled Entities
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Appendix 4D

1. Company Details

Name of Entity

Sunbridge Group Limited

ABN	Half year ended ("current period")	Half year ended ("previous period")
40 163 886 020	30 June 2017	30 June 2016

2. Results for announcement to the market

				\$
2.1 Revenues from continuing operations	Down	12% to	28,278,043	
2.2 Profit / (loss) from continuing operations after tax attributable to members	Down	74% to	768,692	
2.3 Net profit / (loss) for the period attributable to members	Down	74% to	768,692	
2.4 Dividends	Amount per security		Franked amount per security	
Interim dividend declared	N/A		N/A	
2.5 Record date for determining entitlements to the dividend			N/A	
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood				
<p>The 12% decrease above is mainly due to the reduction of 2 franchised distributors which contributed \$2.95 million to revenue in the first half year in 2016. The Group’s direct stores generated total revenues of \$7.5 million showing a decrease from first half year of 2016’s revenues of \$8.6 million which is mainly due to the reduction in number of direct stores. The number of direct stores at 30 June 2017 stood at 59 (2016: 67). The decrease of 74% in profit is mainly resulting from the decrease of revenue for this period.</p>				
Revenue in RMB:				
Period	HY 2016	HY 2017	Change in percentage	
Amount	154,185,455	146,592,033	(4.92%)	
<p>The RMB to AUD exchange rates used in translation are as follows:</p>				
Period	HY 2016	HY 2017	Change in	



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			percentage
Average exchange rates RMB to AUD	0.2088	0.1929	7.61%

3. Net tangible assets per security	30 June 2016	30 June 2017
Net tangible asset backing per ordinary security	13.68 cents	12.86 cents

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	N/A	N/A	N/A	N/A
Previous year	N/A	N/A	N/A	N/A

6. Dividend reinvestment plans

The dividend or distribution plans shown below are in operation.

N/A

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

N/A



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7. Details of associates and joint entities

N/A

8. Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report.

PRC GAAP and Chinese Accounting Standards are adapted for subsidiaries converted to IFRS

9. If the accounts are subject to audit dispute or qualification, details are described below.

N/A

Sign here:

Date:

30 August 2017

Chairman

Print Name:

Benny Yubin Qiu



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Directors' Report

The Directors of Sunbridge Group Limited ('Sunbridge' or 'the Company') present their Report together with the financial statements of the Consolidated Entity, being Sunbridge and its Controlled Entities ('the Group') for the half-year ended 30 June 2017.

Director details

The following persons were Directors of Sunbridge during or since the end of the financial half-year:

- **Mr Jia Yin Xu** (Appointed on 22 May 2013)
- **Mr Benny Yubin Qiu** (Appointed on 30 December 2014)
- **Dr Shirley Yu** (Appointed on 18 July 2016, resigned on 18 July 2017)
- **Mr Tony Zhen Lu** (Appointed on 18 July 2017)

Company secretary

Mr Chow Yee Koh has previously held senior positions with a number of professional accounting firms and has a degree in Accounting and Finance.

Review of operations and financial results

Commentary on Half-year Results

Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the first half of 2017 financial year (ended 30 June 2017). It should be noted that the Group's financial year runs from January to December each year.

Due to a number of market changes and challenges, the Board advises that for the period 1 January – 30 June 2017 the Group has suffered decrease both in revenue and profit over the previous year. For the first half year of 2017, the Group, through its wholly owned China-based subsidiaries, realised results as the following:

- As one of China's leading brands in menswear, Sunbridge continues to maintain its market share despite the stronger global competitive pressure. The Group's gross margin is 30% for the first half year. (2016: 35%)
- Group revenue for the first half year was down by 12% to \$28.3 million compared to 2016. However it should be noted that the total revenue in second quarter of 2017 has increased by 13.6% to \$14.9 million compared to 2016's second quarter's revenue of \$13.1 million which is driven by the new products released in the second quarter and continuous spending on marketing activities. The new products have received great feedback from the market and the revenue in the second half year in 2017 is expected to continue to grow steadily.
- The decrease in revenue for the first half year in 2017 was mainly due to the reduction of 2 franchised distributors which contributed \$2.95 million to revenue in the first half year in 2016. The Group's direct stores generated total revenues of \$7.5 million showing a decrease from first half year of 2016's revenues of \$8.6 million which is mainly due to the reduction in number of direct stores. The number of direct stores at 30 June 2017 stood at 59 (2016: 67).
- Group Net Profit after Tax of \$0.77 million. (2016: \$2.90 million)
- Continuing strong cash reserves of \$28.6 million at 30 June 2017.



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Directors' Report

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 3 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.

Benny Yubin Qiu
Chairman

30 August 2017

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Auditor's Independence Declaration to the Directors of Sunbridge Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Sunbridge Group Limited for the half-year ended 30 June 2017, 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 AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 30 August 2017

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Sunbridge Group Limited and Its Controlled Entities
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2017

	Notes	Jun 2017 \$	Jun 2016 \$
Revenue		28,278,043	32,172,028
Cost of sales		(19,863,367)	(20,972,777)
Gross profit		8,414,676	11,199,251
Other income		44,035	47,991
Less expenses:			
Marketing expense		(1,510,430)	(1,433,481)
Direct store expense		(2,148,476)	(2,493,525)
Amortisation and impairment expenses for direct store franchise rights		(634,599)	(536,977)
Wholesaler commission		(419,439)	(343,436)
Stock impairment expense		(470,494)	(38,051)
Other operating expenses		(1,043,186)	(1,040,301)
Administration expenses		(1,083,303)	(1,403,192)
Finance costs		(2,086)	(2,417)
Profit before tax		1,146,698	3,955,862
Income tax expense		(378,006)	(1,053,417)
Profit for the period		768,692	2,902,445
Other comprehensive income:			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(2,406,466)	(2,767,684)
Total comprehensive income for the period		(1,637,774)	134,761

Earnings per share on profit attributable to members

Diluted earnings per share (cents)	7	0.16	0.62
Basic earnings per share (cents)	7	0.16	0.62

The accompanying notes form part of these financial statements



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Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	Jun 2017 \$	Dec 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	28,632,369	28,937,501
Trade and other receivables		14,602,393	14,360,258
Security deposits to suppliers		2,353,177	2,081,004
Inventories	12	6,767,059	8,399,005
Current tax assets		410,039	427,066
TOTAL CURRENT ASSETS		52,765,037	54,204,834
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,333,712	9,002,010
Intangible assets	10	137,381	491,350
Deferred tax assets		900,929	1,330,128
TOTAL NON-CURRENT ASSETS		9,372,022	10,823,488
TOTAL ASSETS		62,137,059	65,028,322
CURRENT LIABILITIES			
Trade and other payables		3,734,578	4,988,067
TOTAL CURRENT LIABILITIES		3,734,578	4,988,067
TOTAL LIABILITIES		3,734,578	4,988,067
NET ASSETS		58,402,481	60,040,255
EQUITY			
Issued capital	11	12,495,825	12,495,825
Foreign exchange translation reserve		5,008,854	7,415,320
Statutory reserve		6,771,262	6,771,262
Retained earnings		34,126,540	33,357,848
TOTAL EQUITY		58,402,481	60,040,255

The accompanying notes form part of these financial statements.



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Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2017	12,495,825	33,357,848	7,415,320	6,771,262	60,040,255
Profit for the period	-	768,692	-	-	768,692
Other comprehensive income	-	-	(2,406,466)	-	(2,406,466)
Total comprehensive income for the period (subtotal)	-	768,692	(2,406,466)	-	(1,637,774)
Balance at 30 June 2017	12,495,825	34,126,540	5,008,854	6,771,262	58,402,481

For the half-year ended 30 June 2016

	Share Capital	Retained Earnings	Foreign Exchange Reserve	Other Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2016	12,495,825	32,895,380	10,791,710	6,771,262	62,954,177
Profit for the period	-	2,902,445	-	-	2,902,445
Other comprehensive income	-	-	(2,767,684)	-	(2,767,684)
Total comprehensive income for the period (subtotal)	-	2,902,445	(2,767,684)	-	134,761
Balance at 30 June 2016	12,495,825	35,797,825	8,024,026	6,771,262	63,088,938

The accompanying notes form part of these financial statements.



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Consolidated Statement of Cash Flows

For the half-year ended 30 June 2017

	Notes	Jun 2017 \$	Jun 2016 \$
Cash flows from operating activities			
Receipts from customers		27,284,592	33,461,565
Payments to suppliers, employees and others		(25,806,822)	(28,035,192)
Interest received		44,035	47,991
Finance costs		(2,086)	(2,417)
Income tax paid		-	(689,188)
Net cash flows from operating activities		1,519,719	4,782,759
Cash flows from investing activities			
Purchase of property, plant and equipment		(486,393)	(482,167)
Net cash flows from investing activities		(486,393)	(482,167)
Cash flows from financing activities			
Receipt / (Repayment) of related party loan		(165,000)	230,000
Net cash flows from financing activities		(165,000)	230,000
Net increase/decrease in cash held		868,326	4,530,592
Cash at the beginning of the period		28,937,501	30,530,267
Effects of movements in foreign exchange rates on cash holdings in foreign currencies		(1,173,458)	(1,400,401)
Cash at the end of the period	8	28,632,369	33,660,458

The accompanying notes form part of these financial statements.



Notes to the Consolidated Financial Statements

1. Nature of operations

Sunbridge and subsidiaries' ('the Group') principal activities include the followings:

- Wholesale of clothing apparel to franchised distributors; and
- Retail of clothing apparel to company owned stores.

The Group currently operates in one geographical segment, being the People's Republic of China. There were no other significant changes in the nature of the consolidated Group's principal activities during the half year of 2017.

2. General information and statement of compliance

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2017 and are presented in Australian dollars (\$AUD), 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 31 December 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 30 August 2017.

3. Significant 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 31 December 2016.

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

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 31 December 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.



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Notes to the Consolidated Financial Statements (Cont'd)

5. Significant events and transactions

There are no significant events or transaction during the period under review other than those disclosed in the interim financial statements.

6. Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors and management (chief operating decision maker) in assessing performance and determining the allocation of resources.

The following operating segments have been noted:

- Wholesale of clothing apparel to franchised distributors; and
- Retail sales of clothing apparel by company owned stores.

During the six month period ended 30 June 2017, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

	Whole Sales \$	Retail Sales \$	Unallocated \$	Total \$
6 months to 30 Jun 2017				
Segment revenues	20,787,319	7,490,723	-	28,278,043
Segment results (Profit after tax)	333,999	656,762	(222,069)	768,692
	Whole Sales \$	Retail Sales \$	Unallocated \$	Total \$
6 months to 30 Jun 2016				
Segment revenues	23,609,367	8,562,661	-	32,172,028
Segment results (Profit after tax)	2,206,543	906,540	(210,638)	2,902,445

7. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Sunbridge) as the numerator, i.e. no adjustments to profits were necessary during the six (6) months period to 30 June 2017.

The number of ordinary shares used in the calculation of the diluted earnings per share is the same as the number used in the calculation of basic earnings per share, as options are not considered to be dilutive.

	6 months to 30 Jun 2017	6 months to 30 Jun 2016
Profit used to calculate basic and dilutive EPS	\$768,692	\$2,902,445
Weighted average number of shares used in basic and diluted EPS	471,738,000	471,738,000



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8. Cash and cash equivalents

	30 Jun 2017	31 Dec 2016
	\$	\$
Cash and cash equivalents	28,632,369	28,937,501
	28,632,369	28,937,501

Cash at bank and on hand balances as at 30 June 2017 includes Chinese Renminbi denominated equivalent balances of \$28.6 million (2016: \$28.9 million) which are held with reputable financial institutions in the People's Republic of China in current accounts.

The Renminbi is not freely convertible into foreign currencies. Under the PRC (People's Republic of China) Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

The exchange rate of RMB is determined by the government of the PRC and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

9. Property, plant and equipment

The following tables show the movements in property, plant and equipment:

	Office Equipment	Direct Store Equipment	Land and Buildings	Motor Vehicle	Total
	\$	\$	\$	\$	\$
Cost					
At 1 January 2017	780,171	2,963,946	7,450,005	110,645	11,304,767
Additions	165,897	320,496	-	-	486,393
Net exchange differences	(31,909)	(119,722)	(297,013)	(4,411)	(453,055)
At 30 June 2017	914,159	3,164,720	7,152,992	106,234	11,338,105
Accumulated Depreciation					
At 1 January 2017	(116,838)	(1,369,761)	(746,083)	(70,075)	(2,302,757)
Depreciation for the period	(71,686)	(579,862)	(128,862)	(16,903)	(797,313)
Net exchange differences	5,006	57,425	30,370	2,876	95,677
At 30 June 2017	(183,518)	(1,892,198)	(844,575)	(84,102)	(3,004,393)
Net carrying amount 30 June 2017	730,641	1,272,522	6,308,417	22,132	8,333,712



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Notes to the Consolidated Financial Statements (Cont'd)

	Office Equipment	Direct Store Equipment	Land and Buildings	Motor Vehicle	Total
	\$	\$	\$	\$	\$
Cost					
At 1 January 2016	209,893	1,742,082	7,535,797	116,823	9,604,595
Additions	19,363	428,792	34,011	-	482,166
Net exchange differences	(9,448)	(86,718)	(318,763)	(4,925)	(419,854)
At 30 June 2016	219,808	2,084,156	7,251,045	111,898	9,666,907
Accumulated Depreciation					
At 1 January 2016	(111,714)	(598,049)	(516,810)	(36,994)	(1,263,567)
Depreciation for the period	(17,445)	(305,354)	(131,771)	(18,283)	(472,853)
Net exchange differences	5,250	34,665	25,867	2,127	67,909
At 30 June 2016	(123,909)	(868,738)	(622,714)	(53,150)	(1,668,511)
Net carrying amount 30 June 2016	95,899	1,215,418	6,628,331	58,748	7,998,396

10. Intangible assets

Intangible assets include franchising rights and software and their movements are summarised as follows:

	Franchising Rights	Software	Total
	\$	\$	\$
Gross carrying amount			
Balance at 1 January 2017	2,974,751	67,579	3,042,330
Currency translation differences	(118,596)	(2,694)	(121,290)
Balance at 30 June 2017	2,856,155	64,885	2,921,040
Amortisation and impairment			
Balance at 1 January 2017	(2,483,401)	(67,579)	(2,550,979)
Amortisation	(336,013)	-	(336,013)
Currency translation differences	100,639	2,694	103,333
Balance at 30 June 2017	(2,718,774)	(64,885)	(2,783,659)
Carrying amount 30 June 2017	137,381	-	137,381
	Franchising Rights	Software	Total
	\$	\$	\$
Gross carrying amount			
Balance at 1 January 2016	4,138,613	71,352	4,209,965
Currency translation differences	(174,483)	(3,008)	(177,491)
Balance at 30 June 2016	3,964,130	68,344	4,032,474
Amortisation and impairment			
Balance at 1 January 2016	(2,170,941)	(71,352)	(2,242,293)
Amortisation	(536,977)	-	(536,977)
Currency translation differences	(108,146)	3,008	111,154
Balance at 30 June 2016	(2,599,772)	(68,344)	(2,668,116)
Carrying amount 30 June 2016	1,364,358	-	1,364,358



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Notes to the Consolidated Financial Statements (Cont'd)

The cost of the acquisition of franchise rights are recognised as intangible assets and are amortised over the estimated useful life. The franchise rights are amortised over a 3 year period.

11. Share capital

	6 months to 30 Jun 2017		Year to 31 Dec 2016	
	Number of shares	\$	Number of shares	\$
Shares issued and fully paid:				
Beginning of the period	471,738,000	12,495,825	471,738,000	12,495,825
End of the period	471,738,000	12,495,825	471,738,000	12,495,825

12. Inventories

Inventories consist of the following:

	6 months to 30 Jun 2017	Year to 31 Dec 2016
	\$	\$
Current		
Inventory recognised at cost	7,956,418	9,150,101
Provision for stock obsolescence	(1,189,359)	(751,096)
Net inventory	6,767,059	8,399,005

Inventories are valued at the lower of cost and net realisable value. Inventory includes various forms of clothing apparel items held for sale. Inventory has been determined to be valued at the lower of cost and net realisable value at reporting date.

Reconciliation of provision for stock obsolescence:

	6 months to 30 Jun 2017	Year to 31 Dec 2016
	\$	\$
Opening provision	(751,096)	(299,799)
Provision arising during the period	(408,453)	(435,443)
Foreign exchange effect	(29,810)	(15,854)
Closing provision	(1,189,359)	(751,096)

13. Dividends

During the first six (6) months of 2017 no dividend payment was made to its equity shareholders (first six (6) months of 2016: nil).

14. Contingent liabilities

The Group has no contingent liabilities as at 30 June 2017.



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Notes to the Consolidated Financial Statements (Cont'd)

15. Commitments

(1) Direct store commitment

	30 Jun 2017	30 Jun 2016
	\$	\$
Direct store commitment		
- Not later than 12 months	87,307	221,974
- Between 12 months and 5 years	2,076	87,964
- Greater than 5 years	-	-
Total	89,383	309,938

Direct store commitments consist of future contracted lease payment and monthly shopping mall store's management fees.

(2) Advertising commitments

The Group has advertising commitments at 30 June 2017 as follow:

	30 Jun 2017	30 Jun 2016
	\$	\$
Advertising commitment		
- Not later than 12 months	1,872,591	2,011,283
- Between 12 months and 5 years	-	-
- Greater than 5 years	-	-
Total	1,872,591	2,011,283

Advertising commitments relates to contracted future payment for advertising fees.

(3) Land purchase commitment

During the prior period, the Group's wholly owned subsidiary, Hengjiashi, entered into a purchase agreement to acquire land use rights totalling \$447,280 (RMB2.33 million). A payment of \$222,296 (RMB1.16 million) was paid to the Bureau of Finance (Jinjiang) and has been recognised as a prepayment at 30 June 2017.

The land associated with the land use rights is undergoing assessment ('assessment process') by the Land and Resources Bureau (Jinjiang) and is expected to be completed within 12 months of June 2017. On completion of the assessment process, the remaining consideration of \$224,984 (RMB1.17 million) is payable for the transfer of the land use right to the Group.

16. Fair value measurement

The Group does not hold any financial assets or liabilities carried at fair value as at 30 June 2017. All financial assets and liabilities are carried at amortised cost.

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates the carrying amount as the impact of discounting is not significant.



Sunbridge Group Limited and Its Controlled Entities
ABN 40 163 886 020
Half -year Financial Report for the half year ended 30 June 2017

Notes to the Consolidated Financial Statements (Cont'd)

17. Events after the reporting date

After the reporting date, no material events occurred which had a significant impact on our results of operations, financial position and net assets.

18. Related party transaction

During the period Mr Jiayin Xu (Director) advanced funds (\$233,593) to the company to meet certain operating and administrative expenses in Australia while the company transferred funds (\$398,593) back to Mr Jiayin Xu (Director). The total outstanding at 30 June 2017 is \$25,000 (as at 31 December 2016: 190,000).



Sunbridge Group Limited and Its Controlled Entities
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Directors' Declaration

In the opinion of the Directors of Sunbridge Group Limited:

- a. The consolidated financial statements and notes of Sunbridge Group Limited are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
 - ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b. 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:

Chairman
Benny Yubin Qiu

Dated on 30 August 2017

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Independent Auditor's Review Report to the members of Sunbridge Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Sunbridge Group Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Sunbridge Group Limited does not give a true and fair view of the financial position of the consolidated entity as at 30 June 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard *AASB 134 Interim Financial Reporting*.

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 gives a true and fair view and 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 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 reporting is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the half year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. As the

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auditor of Sunbridge Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner - Audit & Assurance

Adelaide, 30 August 2017