

## Appendix 4D

### DECIMAL SOFTWARE LIMITED

ABN: 31 009 235 956

#### 1. Reporting Period

Reporting period:	Previous corresponding period:
1 July 2017 to 31 December 2017	1 July 2016 to 31 December 2016

#### 2. Results for announcement to the market

Description	31 December 17 (A\$)	31 December 16 (A\$)	% change
Revenue from ordinary activities	456,949	443,768	3%
Loss from ordinary activities	(1,967,995)	(2,397,406)	18%
Loss for the period attributable to members	(1,967,995)	(2,397,406)	18%

#### Abbreviated explanation of results

The Group experienced an increase of 3% in sales revenue during the half-year ended 31 December 2017, while expenditure decreased by 15% and the cash position was \$219,774.

Total sales revenue was \$456,949 (2016: \$443,768), while the consolidated net loss after income tax was \$1,967,995 (2016: \$2,397,406).

#### 3. Dividends or dividend distribution plan

Decimal Software Limited Group did not declare a dividend during the reporting or previous corresponding period. There was no distribution reinvestment plan in operation during the periods ended 31 December 2017 and 31 December 2016.

#### DECIMAL SOFTWARE LTD

Level 12, 680 George Street, Sydney, NSW 2000  
 Phone: 1300 220 799 Fax: +61 8 6389 1977  
 ACN: 009 235 956

#### 4. Net Tangible Asset per Share

	2017 Number	2016 Number
Net tangible asset per share (cents per share)	(0.01)	0.39

#### 5. Parent Entity and Subsidiaries

##### (a) *Ultimate Parent*

The ultimate Australian parent entity and the ultimate parent of the Consolidated Entity is Decimal Software Limited.

##### (b) *Subsidiaries*

The subsidiaries of Decimal Software Limited are listed in the following table:

Name	Country of Incorporation	Functional Currency	Equity Interest	
			2017 %	2016 %
Decimal Technology and Systems Pty Ltd	Australia	AUD	100	100
Decimal Pty Ltd	Australia	AUD	100	100
Simpla Pty Ltd	Australia	AUD	100	100
Decimal Software (US) Inc.(	USA	USD	100	100

#### 6. Associates and Joint Ventures

The Decimal Software Limited Group do not have any holdings in joint ventures or associates.

#### 7. Audit report

The Group's independent audit review for the half year ended 31 December 2017 is unqualified.

A copy of the independent audit review is included with the accompanying financial statements for the half year ended 31 December 2017.

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*Empowering your customers'  
financial future, today.*

**d.**

# Decimal Half-Year Report

## 31 December 2017

**d.ecimal**

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## Corporate Directory

<b>Directors:</b>	Mr Mark Potts Mr Gary Cox Mr Jan Kolbusz Ms Pauline Vamos Mr Nic Pollock
<b>Company Secretary:</b>	Mr David Gardner
<b>Registered and Principal Office:</b>	Level 12, 680 George Street Sydney, NSW 2000 Tel: 1300 220 799 Fax: +61 2 8047 8616
<b>Share Register:</b>	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth, WA 6000 Tel: 1300 557 010 Int: +61 8 9323 2000 Fax: +61 8 9323 2033
<b>Stock Exchange Listing:</b>	Australian Securities Exchange Home Branch – Sydney Level 6, 20 Bridge Street Sydney, NSW 2000
<b>ASX Code:</b>	DSX – Fully Paid Ordinary Shares
<b>Bankers:</b>	Australia and New Zealand Banking Limited Level 1, 1275 Hay Street West Perth, WA 6005
<b>Solicitors:</b>	Corrs Chambers and Westgarth Brookfield Place 123/125 St Georges Terrace Perth, WA 6000
<b>Auditor:</b>	Ernst and Young 11 Mounts Bay Road Perth, WA, 6000

## Directors' Report

The Directors of Decimal Software Limited present their report on the Consolidated Entity consisting of Decimal Software Limited ("**Company**" or "**Decimal Software**" or "**Decimal**") and the entities it controlled during the half-year ended 31 December 2017 ("**Consolidated Entity**" or "**Group**").

### Directors

The names and details of the Company's Directors in office at any time during the half-year or since the end of the half-year are:

#### *Current Directors*

Mr Mark Potts	Non-Executive Chairman
Mr Gary Cox	Non-Executive Director
Ms Pauline Vamos	Non-Executive Director
Mr Jan Kolbusz	Non-Executive Director
Mr Nic Pollock	Chief Executive Officer and Executive Director

### Earnings per Share

	2017 Cents	2016 Cents
Basic loss per share	(0.69)	(1.04)
Diluted loss per share	(0.69)	(1.04)

### Dividends

No dividend has been declared, provided for or paid by the Consolidated Entity in respect of the half-year ended 31 December 2017 and the Directors do not at present recommend a dividend.

### Review of Results and Operations

For the half year ended December 2017 revenue grew 3% from \$443,768 in the 16/17 half to \$456,949 in the 17/18 half. Expenses were further reduced by 15% and the consolidated net loss reduced 18% from \$2,397,406 in December 2016 to \$1,967,995 in December 2017. Proceeds from customers during the half year was \$517,446 while in November an R&D rebate for the year ended 30 June 2017 of \$1,170,637 was received to offset \$600,000 of R&D funding advanced during the period. The R&D payment provides regular funding for the company's ongoing product development including the upcoming release of the digital first capability within the Decimal platform

The company's position as the premier provider of enterprise digital advice software to Australia's superannuation industry strengthened considerably during the period. Mercer customers Guild Super and Childcare Super have implemented Decimal advice whilst Energy Super went live along with final implementation at Statewide Super due to go live in January 18.

Collectively nearly 8,000 customer visits have yielded over 6,500 statements of advice (SOA's) during the December quarter on behalf of customers and Funds under advice has grown 42% in the last year to just under \$10B.

Decimals partnership strategy continues to develop and grow:

- Mercer signs Guild and Childcare Super to their Decimal solution

- Decimal and IFS continue to collaborate to deliver compliant digital advice solution for Statewide Super in South Australia
- Decimal has signed an MOU with UK based AHC to integrate AHC calculators with Decimal Eqilize. Decimal and AHC are working on several joint opportunities in the Australian market place.

Decimals cornerstone customers continue to support our solution and the next half will see some key contracts rollover into new terms which will significantly enhance our annual recurring revenue streams as well as improved receipts and revenues.

### **Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, Ernst and Young, to provide the directors of Decimal Software Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is attached to and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



**Nic Pollock**  
**Chief Executive Officer and Executive Director**

Perth

28 February 2018

## Auditor's Independence Declaration to the Directors of Decimal Software Limited

As lead auditor for the review of Decimal Software Limited for the half-year ended 31 December 2017, I declare 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 Decimal Software Limited and the entities it controlled during the financial period.



Ernst & Young



T G Dachs  
Partner  
Perth  
28 February 2018

## Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2017

	Notes	31 December 2017 \$	31 December 2016 \$
Revenue		456,949	443,768
Finance income		4,395	18,577
<b>Total income</b>		<b>461,344</b>	<b>462,345</b>
<b>Total expenses</b>		<b>2,429,339</b>	<b>2,859,751</b>
Directors and employee benefits expense		1,480,263	1,831,636
Consultant expenses		109,315	9,436
Technical expenses		126,864	230,801
Professional and public listed company fees		122,800	206,883
Travel cost and entertainment		110,437	143,303
Office related expenses		101,768	97,405
Advertising, marketing and media		254,387	211,188
Other expenses		64,468	28,412
Depreciation, amortisation and impairment		25,577	39,026
Share based payment expense		33,460	61,661
<b>Loss before income tax</b>		<b>(1,967,995)</b>	<b>(2,397,406)</b>
Income tax benefit		-	-
<b>Loss for the period</b>		<b>(1,967,995)</b>	<b>(2,397,406)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period, net of tax</b>		<b>(1,967,995)</b>	<b>(2,397,406)</b>
Basic loss per share (cents per share)		(0.69)	(1.04)
Diluted loss per share (cents per share)		(0.69)	(1.04)

## Consolidated Statement of Financial Position

### as at 31 December 2017

	Notes	31 December 2017 \$	30 June 2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		219,774	1,186,358
Trade receivables		7,804	27,943
Prepayments		88,928	165,042
Other receivables and current assets	6	65,011	1,287,434
<b>TOTAL CURRENT ASSETS</b>		<b>381,517</b>	<b>2,666,777</b>
<b>NON-CURRENT ASSETS</b>			
<b>Other non-current assets</b>			
Other non-current assets	6	-	11,133
Property, plant and equipment		18,322	27,707
Intangible assets		29,865	46,215
<b>TOTAL NON-CURRENT ASSETS</b>		<b>48,187</b>	<b>85,055</b>
<b>TOTAL ASSETS</b>		<b>429,704</b>	<b>2,751,832</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	51,405	197,439
Income in advance	8	-	1,487
Employee benefit liabilities		349,208	563,631
<b>TOTAL CURRENT LIABILITIES</b>		<b>400,613</b>	<b>762,557</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit liabilities		38,637	64,286
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>38,637</b>	<b>64,286</b>
<b>TOTAL LIABILITIES</b>		<b>439,250</b>	<b>826,843</b>
<b>NET ASSETS</b>		<b>(9,546)</b>	<b>1,924,989</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity		35,021,261	35,021,261
Reserves		968,782	935,322
Accumulated losses		(35,999,589)	(34,031,594)
<b>TOTAL EQUITY</b>		<b>(9,546)</b>	<b>1,924,989</b>

## Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2017

	Contributed Equity \$	Treasury shares \$	Share Based Payment Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2016</b>	<b>32,898,379</b>	<b>(36,969)</b>	<b>839,568</b>	<b>(30,436,105)</b>	<b>3,264,873</b>
Other comprehensive income	-	-	-	-	-
Loss for the period	-	-	-	(2,397,406)	(2,397,406)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,397,406)</b>	<b>(2,397,406)</b>
Equity transactions:					
Issue of ordinary shares	-	-	-	-	-
Cost of share issue	-	-	-	-	-
Share based payment transaction - options	-	-	61,661	-	61,661
<b>As at 31 December 2016</b>	<b>32,898,379</b>	<b>(36,969)</b>	<b>901,229</b>	<b>(32,833,511)</b>	<b>929,128</b>
<b>Balance at 1 July 2017</b>	<b>35,058,230</b>	<b>(36,969)</b>	<b>935,322</b>	<b>(34,031,594)</b>	<b>1,924,989</b>
Other comprehensive income	-	-	-	-	-
Loss for the period	-	-	-	(1,967,995)	(1,967,995)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,967,995)</b>	<b>(1,967,995)</b>
Equity transactions:					
Issue of ordinary shares	-	-	-	-	-
Cost of share issue	-	-	-	-	-
Share based payment transaction - options	-	-	33,460	-	33,460
<b>As at 31 December 2017</b>	<b>35,058,230</b>	<b>(36,969)</b>	<b>968,782</b>	<b>(35,999,589)</b>	<b>(9,546)</b>

## Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2017

	Notes	31 December 2017 \$	31 December 2016 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(2,620,395)	(2,695,998)
Receipts from license fees		517,446	698,289
Receipt of research and development tax rebate		1,170,637	1,498,767
Interest received		6,570	20,403
<b>Net cash flows used in operating activities</b>		<b>(925,742)</b>	<b>(478,539)</b>
<b>Cash flows from investing activities</b>			
Net repayment of bank guarantees		-	145,142
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>145,142</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		600,000	-
Repayment of borrowings		(600,000)	-
Transactions costs on borrowings		(6,000)	-
Repayment of premium funding		(34,842)	-
<b>Net cash flows used in financing activities</b>		<b>(40,842)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(966,584)</b>	<b>(333,397)</b>
Cash at 1 July		1,186,358	2,005,388
<b>Cash at 31 December</b>		<b>219,774</b>	<b>1,671,991</b>

## Notes to the Financial Statements

For the six months ended 31 December 2017

### 1. Corporate Information

Decimal Software Limited (DSX or the Company) is a company domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange. The half-year financial statements are for the consolidated entity consisting of DSX and its subsidiaries (together referred to as the Group). The half-year financial statements were authorised for issuance by the Board of Directors on 19 February 2018.

The nature of the operations and principal activities of the Consolidated Entity are being a Technology focused provider of cloud-based solutions, predominantly to the financial services sector.

### 2. Basis of Preparation of Interim Report

The half-year financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The half-year financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2017 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied by the Group in the consolidated financial statements for the year ended 30 June 2017 have been consistently applied in these half-year financial statements.

#### Going concern

For the half-year ended 31 December 2017, the consolidated entity incurred a loss from continuing operations after tax of \$1,967,995, and had operating cash outflows of \$925,742, a net current asset deficit of \$19,096 and had a net liability position of \$9,546.

Notwithstanding these matters, the consolidated financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate for the following reasons:

- the company raised \$867,000 through the issues of shares in January 2018;
- the projected cash flow through the implementation of its current business plan, including continuing to sign new customers and vary cash flow dependent on the level of achievement of certain milestones within the business plan;
- an expected cash inflow from a R&D rebate consistent with prior year; and
- the ability to raise additional funding needed for the company to continue to execute its business plan;

The directors have reasonable expectations that due to the above matters the consolidated entity should have sufficient cash to sustain operations for a period of not less than 12 months from the date of signing the financial report. The company has the ability to adjust its cash flows to ensure that it can pay its debts as and when they fall due.

However, if the consolidated entity is unable to successfully commercialise their intellectual property, or obtain such funding at an amount and timing necessary to meet the future operational plans, it may be unable to continue as a going concern.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the consolidated entity will continue as a going concern and therefore whether

it will realise its assets and settle its liabilities and commitments in the normal course of the business and at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

### 3. Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Consolidated Entity's last annual financial statements for the year ended 30 June 2017, except for the adoption of new standards and interpretation which has had and no material impact on the financial position or performance of the Consolidated Entity, and the disclosures in the half-year report.

The Consolidated Entity has not elected to early adopt any new standards or amendments that are not mandatorily effective. The assessments of the new standard or amendments remains consistent with the impact outlined in the Consolidated Entity's Annual Financial Report.

### 4. Segment Information

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Consolidated Entity operated in a single operating segment, and geographical location during the financial half-year and no segment report has therefore been included in the financial statements.

Sources of revenue are from Australia only. Other prospective opportunities outside of these geographical locations are also considered from time to time, and if they are secured, will then be attributed to the geographical location where they are located.

### 5. Share Based Payment Transactions

#### *Recognised Share Based Payment Expenses*

	Consolidated	
	2017 \$	2016 \$
Expense arising from equity settled share based payment transactions	33,460	61,661

### Share Based Payment - Options

#### *(a) Share Based Payment Plan*

##### **Employees and Executives Option Plan**

An Employees and Executives option plan was established on 1 July 2014 where Decimal Software may at the discretion of the Board, grant options over the ordinary shares of Decimal Software to executives and certain members of staff of the Consolidated Entity. The options, issued for nil consideration, are granted in accordance with guidelines established by the Directors of Decimal Software. The contractual life of each option granted is variable. The vesting period is pre-determined by the Company without considering the performance conditions. There are no cash settlement alternatives.

The share options are forfeited if the Company initiates the termination of the employee, the employee resigns or director due to serious misconduct. The options will not be quoted on the ASX.

*(b) Summary of Options Granted*

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

	2017	WAEP
Outstanding at the beginning of the period	20,166,677	0.31
Granted during the period	10,500,000	0.15
Exercised during the period	-	-
Forfeited during the period	(7,833,343)	-
Expired during the period	-	-
Outstanding at the end of the period	22,833,334	0.20

The outstanding balance as at 31 December 2017 is represented by:

- 166,666 options over ordinary shares with an exercise price of \$0.50 each, exercisable and will expire on 30 June 2018.
- 666,668 options over ordinary shares with an exercise price of \$0.60 each, exercisable and will expire on 30 June 2019.
- 1,333,333 options over ordinary shares with an exercise price of \$0.18 each, exercisable and will expire on 23 November 2018
- 1,333,333 options over ordinary shares with an exercise price of \$0.35 each, exercisable and will expire on 23 November 2019.
- 1,333,334 options over ordinary shares with an exercise price of \$0.60 each, exercisable and will expire on 23 November 2020.
- 3,500,000 options over ordinary shares with an exercise price of \$0.12 each, exercisable and will expire on 27 January 2019.
- 250,000 options over ordinary shares with an exercise price of \$0.12 each, exercisable and will expire on 8 September 2019
- 250,000 options over ordinary shares with an exercise price of \$0.24 each, exercisable and will expire on 8 September 2020.
- 666,666 options over ordinary shares with an exercise price of \$0.08 each, exercisable and will expire on 14 June 2018.
- 666,666 options over ordinary shares with an exercise price of \$0.12 each, exercisable and will expire on 14 June 2019.
- 666,668 options over ordinary shares with an exercise price of \$0.24 each, exercisable and will expire on 14 June 2020.

- 500,000 options over ordinary shares with an exercise price of \$0.10 each, exercisable and will expire on 24 May 2020.
- 500,000 options over ordinary shares with an exercise price of \$0.15 each, exercisable and will expire on 24 May 2021.
- 500,000 options over ordinary shares with an exercise price of \$0.18 each, exercisable and will expire on 24 May 2022.
- 3,500,000 options over ordinary shares with an exercise price of \$0.10 each, exercisable and will expire on 31 December 2020.
- 3,500,000 options over ordinary shares with an exercise price of \$0.15 each, exercisable and will expire on 31 December 2021.
- 3,500,000 options over ordinary shares with an exercise price of \$0.18 each, exercisable and will expire on 31 December 2022.

*(c) Weighted Average Remaining Contractual Life*

The weighted average remaining contractual life for the share options outstanding at 31 December 2017 is 2.78 years.

*(d) Range of Exercise Prices and Weighted Average Share Price at the Date of Exercise*

The range of exercise prices for options outstanding at the end of the period was \$0.08-\$0.60. There were no options exercised in the current or prior period.

*(e) Option Pricing Model*

**Equity Settled Transactions**

The consolidated entity granted 10,500,000 options during the period.

**6. Other receivables and current assets**

	Consolidated	
	31 Dec 2017 \$	30 June 2017 \$
<b>Current assets – other receivables and current assets</b>		
R&D receivable	-	1,170,637
Interest receivable	-	2,174
NET GST receivable	10,373	24,836
Other debtors	3,505	49,787
Security deposits	11,133	-
Term deposits	40,000	40,000
<b>Total current assets – other receivables and current assets</b>	<b>65,011</b>	<b>1,287,434</b>
<b>Other non-current assets</b>		
Security deposits	-	11,133
<b>Total other non-current assets</b>	<b>-</b>	<b>11,133</b>

## 7. Trade and Other Payables

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
<b>Current liabilities-Trade and other payables</b>		
Trade payables	27,682	89,866
Accrued expenses	6,206	62,605
Other payables	4,000	-
Premium funding	13,517	44,968
<b>Total current liabilities-trade and other payables</b>	<b>51,405</b>	<b>197,439</b>

## 8. Income in advance

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
<b>Current liabilities – income in advance</b>		
Income in advance	-	1,487
<b>Total current liabilities- income in advance</b>	<b>-</b>	<b>1,487</b>

Income in advance relates to advance payment from customers for future contractual services whereby the Consolidated Entity has not yet performed the services at reporting date.

## 9. Fair Value

### Financial Instruments fair value

Due to the short-term nature of the trade receivables, other current assets and receivables their carrying amount approximates their fair value.

## 10. Significant Events after Balance date

### Capital placement

On 31 January 2018 Decimal completed a capital placement of 28.9 million shares at \$0.03 per share to raise \$867,000.

The full capital placement was from global fund manager IFM that now holds a 15.0% stake in Decimal. IFM is owned by 27 major superannuation funds with more than A\$98 billion in assets under management. It acquired its original 6.5% shareholding as part of a previous capital raising by Decimal in January 2017.

### Significant Contracts Signed

In January 2018 one of Decimals key clients, a major diversified Australian Bank signed a new commercial contract with Decimal for a further term to continue with their pilot program and move it into BAU (Business as Usual).

In February, QSuper, one of Decimals cornerstone customers signed a new 3 year contract with Decimal which will increase its base platform fees as well as put in place a new success metric based on Statements of Advice (SOA) issued.

### **Statewide Super Goes Live**

Statewide Super, South Australia's largest superannuation fund has gone live with Decimal Equilize solution in February 2018. Online and telephone advice topics are now available to its 145,531 Statewide Super members through their online portal.

## Director's Declaration

In accordance with a resolution of the Directors of Decimal Software Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
  - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
  - (ii) section 305 (true and fair view); 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, subject to the achievement of the matters set out in Note 2.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board



**Nic Pollock**  
**Chief Executive Officer and Executive Director**

Perth

28 February 2018

## Independent auditor's review report to the members Decimal Software Limited

### Report on the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Decimal Software Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Emphasis of matter - Material uncertainty related to going concern

We draw attention to Note 2 in the half-year financial report which describes the principal conditions that raised doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, 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*.



Ernst & Young



T G Dachs  
Partner  
Perth  
28 February 2018