

Abacus Hospitality Fund

ABN 62 116 839 304

Half-Year Financial Report

This is the annexure of pages marked...'**A**'...
mentioned in ASIC form 7051
signed by me and dated

HALF YEAR FINANCIAL REPORT

31 December 2018

Directory

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Custodian:

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Level 12 Angel Place
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Auditor (Financial and Compliance Plan):

Ernst & Young
200 George Street
SYDNEY NSW 2000

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It is recommended that this Half-Year Financial Report should be read in conjunction with the Annual Financial Report of Abacus Hospitality Fund and Abacus Hospitality Trust as at 30 June 2018. It is also recommended that the report be considered together with any public announcements made by the Abacus Hospitality Fund in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT**31 December 2018**

The Directors of Abacus Funds Management Limited ("AFML"), the responsible entity of the Abacus Hospitality Trust ("AHT" or the "Trust") and the Directors of Abacus Hospitality Limited ("AHL" or the "Company") collectively known as the Abacus Hospitality Fund ("AHF" or the "Fund") submit their report together with the financial reports for AHF and AHT for the half-year ended 31 December 2018 with the independent review report thereon.

The consolidated financial reports of AHF for the half-year ended 31 December 2018 comprise the consolidated financial reports of AHL and its controlled entities and AHT and its controlled entities.

DIRECTORS

The Directors of AHL and AFML in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| | |
|------------------|--|
| John Thame | Chairman (Non-executive) |
| Steven Sewell | Managing Director |
| William Bartlett | Non-executive Director (retired on 15 November 2018) |
| Mark Haberlin | Non-executive Director (appointed on 15 November 2018) |
| Holly Kramer | Non-executive Director (appointed on 13 December 2018) |
| Jingmin Qian | Non-executive Director |
| Myra Salkinder | Non-executive Director |
| Peter Spira | Non-executive Director (retired on 15 November 2018) |

PRINCIPAL ACTIVITIES

The principal activity of the Fund and the Trust during the period ended 31 December 2018 was the ownership and operation of hotels in Australia.

FUND STRUCTURE

The Fund represents the consolidation of AHL and its controlled entities and AHT and its controlled entities. Units in AHT and shares in AHL have been stapled together so that neither can be dealt with without the other. An AHF security consists of one unit in AHT and one share in AHL. A transfer, issue or reorganisation of a unit or share in any of the component parts is accompanied by a transfer, issue or reorganisation of a unit or share in each of the other component parts.

AHL is a company incorporated and domiciled in Australia. AHT is an Australian registered managed investment scheme. AFML, the Responsible Entity of AHT, is incorporated and domiciled in Australia and is a wholly owned subsidiary of Abacus Group Holdings Limited ("AGHL") which is the parent of the Abacus Property Group ("Abacus" or "APG").

The registered office and principal place of business of AGHL and of AFML is located at Level 34 Australia Square, 264-278 George Street, Sydney NSW 2000.

REVIEW AND RESULTS OF OPERATIONS

During the period the fund divested its final asset, Novotel Twin Waters Resort on the Sunshine Coast in Queensland for a price of \$88.5 million.

The Fund made loss of \$1.9 million for the half-year ended 31 December 2018 (December 2017: \$0.9 million profit).

The reduction in profit was mainly due to the sale of the remaining hotel this period.

DISTRIBUTIONS

The December quarterly distribution of 0.750 cents per stapled security was paid on 8 February 2019. Distributions are paid on a quarterly basis.

DIRECTORS' REPORT

31 December 2018

SIGNIFICANT EVENTS AFTER BALANCE DATE

Since the end of the period capital in the amount of \$0.70 per security has been returned to securityholders. The process to wind up the Trust and the Company will commence shortly and when complete the remaining capital will be returned to securityholders.

ROUNDING

The amounts contained in this report and in the half year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the group under ASIC Corporations Instrument 2016/191. The Fund and the Trust are entities to which the instrument applies.

AUDITORS INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is shown on page 4.

Signed in accordance with a resolution of the directors.



John Thame
Chairman



Steven Sewell
Managing Director

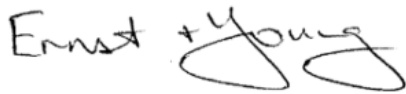
Sydney, 15 February 2019

Auditor's Independence Declaration to the Directors of Abacus Hospitality Limited and the Directors of Abacus Funds Management Limited as Responsible Entity for Abacus Hospitality Trust

As lead auditor for the review of Abacus Hospitality Fund comprising Abacus Hospitality Limited and the entities it controlled and Abacus Hospitality Trust and the entities it controlled for the half-year ended 31 December 2018, 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 Abacus Hospitality Fund comprising Abacus Hospitality Limited and the entities it controlled and Abacus Hospitality Trust and the entities it controlled during the financial period.



Ernst & Young



Kathy Parsons
Partner
15 February 2019

CONSOLIDATED INCOME STATEMENT **HALF-YEAR ENDED 31 DECEMBER 2018**

| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 31 Dec 2017 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 31 Dec 2017 \$'000 |
|--|--|--|--|--|
| REVENUE | | | | |
| Hotel income | 6,450 | 16,328 | - | - |
| Rental income | - | - | 1,215 | 2,577 |
| Finance income | 767 | 328 | 744 | 306 |
| Total Revenue | 7,217 | 16,656 | 1,959 | 2,883 |
| OTHER INCOME | | | | |
| Net change in fair value of investment properties held at balance date | - | - | - | 27 |
| Other income | 2 | 32 | - | 4 |
| Total Revenue and Other Income | 7,219 | 16,688 | 1,959 | 2,914 |
| Employee benefits expense | (2,496) | (6,532) | - | - |
| Hotel expenses | (1,617) | (3,709) | - | - |
| Cost of sales | (904) | (2,104) | - | - |
| Finance costs | (1,405) | (1,451) | (1,405) | (1,451) |
| Depreciation, amortisation and impairment expense | - | (1,292) | - | - |
| Administrative and other expenses | (525) | (535) | (524) | (531) |
| Property expenses and outgoings | (80) | (136) | - | - |
| Net change in fair value of hotel property, plant & equipment derecognised | (2,099) | - | - | - |
| Net change in fair value of investment properties derecognised | - | - | (1,798) | - |
| NET PROFIT | (1,907) | 929 | (1,768) | 932 |
| PROFIT ATTRIBUTABLE TO: | | | | |
| AHL members | (139) | 982 | - | - |
| AHT members | (1,768) | (53) | (1,768) | 932 |
| NET PROFIT | (1,907) | 929 | (1,768) | 932 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2018

| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 31 Dec 2017 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 31 Dec 2017 \$'000 |
|---|--|--|--|--|
| NET PROFIT AFTER TAX | (1,907) | 929 | (1,768) | 932 |
| OTHER COMPREHENSIVE INCOME / (EXPENSE) | | | | |
| Revaluation of assets, net of tax | - | 985 | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | (1,907) | 1,914 | (1,768) | 932 |
| Total comprehensive income attributable to: | | | | |
| Members of the parent entity (AHL) | (139) | 982 | - | - |
| Members of other stapled entity: | | | | |
| Non-controlling interest - Abacus Hospitality Trust | (1,768) | 932 | (1,768) | 932 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | (1,907) | 1,914 | (1,768) | 932 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

| | | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 30 Jun 2018 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 30 Jun 2018 \$'000 |
|---|-------|--|--|--|--|
| | Notes | | | | |
| CURRENT ASSETS | | | | | |
| Hotel property, plant and equipment held for sale | 1 | - | 88,500 | - | - |
| Cash and cash equivalents | | 106,823 | 29,087 | 105,101 | 27,069 |
| Inventory | | - | 237 | - | - |
| Trade and other receivables | | 29 | 451 | 29 | 109 |
| Other | | - | 134 | - | - |
| Hotel Investment properties held for sale | 5 | - | - | - | 85,250 |
| Related party receivables | | - | - | 1,471 | - |
| TOTAL CURRENT ASSETS | | 106,852 | 118,409 | 106,601 | 112,428 |
| TOTAL ASSETS | | 106,852 | 118,409 | 106,601 | 112,428 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | | 1,904 | 5,696 | 1,696 | 194 |
| Interest-bearing loans and borrowings | 2 | 92,567 | 96,721 | 92,567 | 96,721 |
| Related party payables | | - | - | - | 671 |
| Provisions | | 12 | 980 | - | - |
| TOTAL CURRENT LIABILITIES | | 94,483 | 103,397 | 94,263 | 97,586 |
| TOTAL LIABILITIES | | 94,483 | 103,397 | 94,263 | 97,586 |
| NET ASSETS | | 12,369 | 15,012 | 12,338 | 14,842 |
| TOTAL EQUITY | | 12,369 | 15,012 | 12,338 | 14,842 |

| | | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 30 Jun 2018 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 30 Jun 2018 \$'000 |
|---|-------|--|--|--|--|
| | Notes | | | | |
| Equity attributable to members of AHL: | | | | | |
| Contributed equity | | 2,459 | 2,459 | - | - |
| Accumulated losses | | (2,428) | (2,288) | - | - |
| Total equity attributable to members of AHL: | | 31 | 171 | - | - |
| Equity attributable to unitholders of AHT: | | | | | |
| Contributed equity | | 43,152 | 43,152 | 43,152 | 43,152 |
| Reserves | | - | 29,780 | - | - |
| Accumulated losses | | (30,814) | (58,091) | (30,814) | (28,310) |
| Total equity attributable to unitholders of AHT: | | 12,338 | 14,841 | 12,338 | 14,842 |
| TOTAL EQUITY | | 12,369 | 15,012 | 12,338 | 14,842 |
| Contributed equity | 3 | 45,611 | 45,611 | 43,152 | 43,152 |
| Reserves | | - | 29,780 | - | - |
| Accumulated losses | | (33,242) | (60,379) | (30,814) | (28,310) |
| TOTAL EQUITY | | 12,369 | 15,012 | 12,338 | 14,842 |

CONSOLIDATED STATEMENT OF CASH FLOW **HALF-YEAR ENDED 31 DECEMBER 2018**

| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 31 Dec 2017 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 31 Dec 2017 \$'000 |
|---|--|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income receipts | 6,890 | 16,046 | 1,114 | 2,448 |
| Interest received | 757 | 218 | 733 | 196 |
| Finance costs paid | (5,559) | (1,058) | (5,559) | (1,058) |
| Operating payments | (7,022) | (12,392) | (714) | (444) |
| NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES | (4,934) | 2,814 | (4,426) | 1,142 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | (254) | (306) | - | (27) |
| Disposal of property, plant and equipment | 83,660 | - | - | - |
| Disposal of investment property | - | - | 85,229 | - |
| Loans to related entities | - | - | (2,035) | (779) |
| NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES | 83,406 | (306) | 83,194 | (806) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Distributions paid | (736) | (735) | (736) | (735) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | (736) | (735) | (736) | (735) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | 77,736 | 1,773 | 78,032 | (399) |
| Cash and cash equivalents at beginning of period | 29,087 | 28,037 | 27,069 | 25,887 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 106,823 | 29,810 | 105,101 | 25,488 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2018

| Consolidated AHF - 2019 | | Attributable to the stapled security holder | | |
|---|--|---|---------------------|--------------------|
| CONSOLIDATED | | Asset | | Total Equity |
| | | Issued capital | revaluation reserve | Accumulated Losses |
| | | \$'000 | \$'000 | \$'000 |
| At 1 July 2018 | | 45,611 | 29,780 | (60,379) |
| Net loss for the period | | - | - | (1,907) |
| Total comprehensive expense for the period | | - | - | (1,907) |
| Distribution to securityholders | | - | - | (736) |
| Transfer of reserve upon disposal | | | (29,780) | 29,780 |
| At 31 December 2018 | | 45,611 | - | (33,242) |

| Consolidated AHF - 2018 | | Attributable to the stapled security holder | | |
|--|--|---|---------------------|--------------------|
| CONSOLIDATED | | Asset | | Total Equity |
| | | Issued capital | revaluation reserve | Accumulated Losses |
| | | \$'000 | \$'000 | \$'000 |
| At 1 July 2017 | | 45,611 | 19,728 | (58,895) |
| Other comprehensive income | | - | 985 | - |
| Net profit for the period | | - | - | 929 |
| Total comprehensive income for the period | | - | 985 | 929 |
| Distribution to securityholders | | - | - | (735) |
| At 31 December 2017 | | 45,611 | 20,713 | (58,701) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
HALF-YEAR ENDED 31 DECEMBER 2018

| Consolidated AHT - 2019 | Attributable to the unit holder | | |
|---|---------------------------------|---------------------------------|---------------------------|
| | Issued capital \$'000 | Accumulated Losses \$'000 | Total Equity \$'000 |
| CONSOLIDATED | | | |
| At 1 July 2018 | 43,152 | (28,310) | 14,842 |
| Net loss for the period | - | (1,768) | (1,768) |
| Total comprehensive expense for the period | - | (1,768) | (1,768) |
| Distribution to unitholders | - | (736) | (736) |
| At 31 December 2018 | 43,152 | (30,814) | 12,338 |

| Consolidated AHT - 2018 | Attributable to the unit holder | | |
|--|---------------------------------|---------------------------------|---------------------------|
| | Issued capital \$'000 | Accumulated Losses \$'000 | Total Equity \$'000 |
| CONSOLIDATED | | | |
| At 1 July 2017 | 43,152 | (36,871) | 6,281 |
| Net profit for the period | - | 932 | 932 |
| Total comprehensive income for the period | - | 932 | 932 |
| Distribution to unitholders | - | (735) | (735) |
| At 31 December 2017 | 43,152 | (36,674) | 6,478 |

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31 DECEMBER 2018

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NOTES TO THE FINANCIAL STATEMENTS – About this Report

31 DECEMBER 2018

AHF is comprised of Abacus Hospitality Limited and its controlled entities ("AHL") and Abacus Hospitality Trust and its controlled entities ("AHT").

The financial reports of the Abacus Hospitality Fund (the "Fund" or "AHF") and Abacus Hospitality Trust (the "Trust" or "AHT") for the half-year ended 31 December 2018 are authorised for issue in accordance with a resolution of the directors of Abacus Hospitality Limited ("the Company") and Abacus Funds Management Limited on 15 February 2019.

The nature of the operations and principal activities of the AHF and AHT are described in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. HOTEL PROPERTY, PLANT AND EQUIPMENT

The following table is a reconciliation of the movements of property, plant and equipment for the half-year ended 31 December 2018.

| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 30 Jun 2018 \$'000 |
|---|--|--|
| Property | | |
| Hotel held for sale | - | 88,500 |
| | - | 88,500 |
| Average market capitalisation rate | - | 7.00% |
| | | |
| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 30 Jun 2018 \$'000 |
| Land and buildings | | |
| At the beginning of the period, net of accumulated depreciation | 81,068 | 71,828 |
| Additions | - | 109 |
| Fair value movement through comprehensive income | - | 10,052 |
| Disposal | (81,068) | - |
| Depreciation charge for the period | - | (921) |
| At the end of the period net of accumulated depreciation | - | 81,068 |
| Gross value | - | 91,300 |
| Accumulated depreciation | - | (10,232) |
| Net carrying amount at end of period | - | 81,068 |
| Plant and equipment | | |
| At the beginning of the period, net of accumulated depreciation | 7,432 | 8,172 |
| Additions | 251 | 688 |
| Disposals | (7,683) | - |
| Depreciation charge for the period | - | (1,428) |
| At the end of the period net of accumulated depreciation | - | 7,432 |
| Gross value | - | 21,409 |
| Accumulated depreciation | - | (13,977) |
| Net carrying amount at end of period | - | 7,432 |
| Total | - | 88,500 |

If property, plant and equipment was carried under the cost model, the carrying amount would be nil (30 June 2018: \$46.6m).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. INTEREST BEARING LOANS AND BORROWINGS

| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 30 Jun 2018 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 30 Jun 2018 \$'000 |
|---|--|--|--|--|
| (a) Current | | | | |
| Loans from related parties ¹ | 92,567 | 96,721 | 92,567 | 96,721 |
| | 92,567 | 96,721 | 92,567 | 96,721 |
| (b) Maturity profile of current interest bearing loans | | | | |
| Due within one year | 92,567 | 96,721 | 92,567 | 96,721 |
| | 92,567 | 96,721 | 92,567 | 96,721 |

1. Loans are provided by Abacus related entities. The rate was 3.0% for the year (30 June 2018: 3.0%). The loan is anticipated to mature by June 2019 and thus has a remaining term to maturity of 0.5 years. This loan ranks equally with other unitholders upon liquidation of AHF to the extent of a deficit/shortfall to issue price.

(c) Defaults and breaches

During the current and prior periods, there were no defaults or breaches of any of the Fund's loans.

3. CONTRIBUTED EQUITY

| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 30 Jun 2018 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 30 Jun 2018 \$'000 |
|---------------------------------|--|--|--|--|
| Issued securities | | | | |
| Issued securities | 45,611 | 45,611 | 43,152 | 43,152 |
| Total contributed equity | 45,611 | 45,611 | 43,152 | 43,152 |

4. DISTRIBUTIONS PAID AND PROPOSED

| | AHF Consolidated 31 Dec 2018 \$'000 | AHF Consolidated 31 Dec 2017 \$'000 | AHT Consolidated 31 Dec 2018 \$'000 | AHT Consolidated 31 Dec 2017 \$'000 |
|---|--|--|--|--|
| (a) Distributions paid during the period | | | | |
| Jun 2018 quarter: 0.750 cents per security (2017: 0.750 cents) | 368 | 368 | 368 | 368 |
| Sep 2018 quarter: 0.750 cents per security (2017: 0.750 cents) | 368 | 367 | 368 | 367 |
| | 736 | 735 | 736 | 735 |
| (b) Distributions proposed and not recognised as a liability[^] | | | | |
| Dec 2018 quarter: 0.750 cents per security (2017: 0.750 cents) | 368 | 368 | 368 | 368 |

[^] The final distribution of 0.750 cents per stapled security was declared on 1 January 2019. The distribution paid on 8 February 2019 was \$0.368 million. No provision for the distribution has been recognised in the balance sheet at 31 December 2018 as the distribution had not been declared by the end of the half-year.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2018****5. INVESTMENT PROPERTIES**

A reconciliation of the carrying amount of investment properties at the beginning and end of the period is as follows.

| | AHF | AHF | AHT | AHT |
|--|---------------------|---------------------|---------------------|---------------------|
| | Consolidated | Consolidated | Consolidated | Consolidated |
| | 31 Dec 2018 | 30 Jun 2018 | 31 Dec 2018 | 30 Jun 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at beginning of the financial period | - | - | 85,250 | 76,910 |
| Additions and capital expenditure | - | - | - | 108 |
| Fair value movements | - | - | - | 8,232 |
| Disposal | - | - | (85,250) | - |
| Carrying amount at end of the period | - | - | - | 85,250 |

6. COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities at 31 December 2018 other than as disclosed in this report.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Annual Financial Report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Hospitality Fund and Abacus Hospitality Trust for the year ended 30 June 2018. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Hospitality Fund during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Fund's and Trust's annual consolidated financial statements for the year ended 30 June 2018.

8. EVENTS AFTER BALANCE SHEET DATE

Other than as disclosed in this report, there has been no other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Fund's or the Trust's operations in future financial periods, the results of those operations or the Fund's or the Trust's state of affairs in future financial periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Abacus Hospitality Fund and Abacus Funds Management Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Fund and the Trust are in accordance with the *Corporations Act 2001*, including :
 - (i) giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date for the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the Fund and the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Thame
Chairman
Sydney, 15 February 2019



Steven Sewell
Managing Director

Independent Auditor's Review Report to the Unitholders of Abacus Hospitality Fund

Abacus Hospitality Fund (the Fund) comprises Abacus Hospitality Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the financial period and Abacus Hospitality Trust (the Trust) and the entities it controlled at the half-year's end or from time to time during the financial period.

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of the Fund and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 2018 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*.

Directors' Responsibility for the Half-Year Financial Report

The directors of Abacus Funds Management Limited, the Responsible Entity of the Fund 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 2018 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



Kathy Parsons
Partner
Sydney
15 February 2019