

HALF YEAR FINANCIAL REPORT

31 December 2017

Directory

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Ernst & Young

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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 2017. 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 2017**

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 2017 with the independent review report thereon.

The consolidated financial reports of AHF for the half-year ended 31 December 2017 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)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
Malcolm Irving	Non-executive Director (retired on 14 November 2017)
Jingmin Qian	Non-executive Director (appointed on 26 September 2017)
Myra Salkinder	Non-executive Director
Peter Spira	Non-executive Director

PRINCIPAL ACTIVITIES

The principal activity of the Fund and the Trust during the period ended 31 December 2017 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

The Fund earned a net profit of \$0.9 million for the half-year ended 31 December 2017 (December 2016: \$12.7 million)

DISTRIBUTIONS

The December quarterly distribution of 0.75 cents per stapled security was paid on 8 February 2018. Distributions are paid on a quarterly basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

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

DIRECTORS' REPORT

31 December 2017

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



Frank Wolf
Managing Director

Sydney, 16 February 2018

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 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 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
16 February 2018

CONSOLIDATED INCOME STATEMENT **HALF-YEAR ENDED 31 DECEMBER 2017**

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 31 Dec 2016 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 31 Dec 2016 \$'000
REVENUE				
Hotel income	16,328	22,893	-	-
Rental income	-	-	2,577	3,403
Finance income	328	61	306	37
Total Revenue	16,656	22,954	2,883	3,440
OTHER INCOME				
Net change in fair value of financial instruments derecognised	-	268	-	268
Net change in fair value of hotel property, plant & equipment derecognised	-	11,817	-	-
Net change in fair value of investment properties held at balance date	-	-	27	12,390
Net change in fair value of investment properties derecognised	-	-	-	3,903
Other income	32	(16)	4	(16)
Total Revenue and Other Income	16,688	35,023	2,914	19,985
Employee benefits expense	(6,532)	(8,281)	-	-
Hotel expenses	(3,709)	(6,047)	-	-
Cost of sales	(2,104)	(2,926)	-	-
Finance costs	(1,451)	(2,341)	(1,451)	(2,341)
Depreciation, amortisation and impairment expense	(1,292)	-	-	-
Administrative and other expenses	(535)	(562)	(531)	(530)
Property expenses and outgoings	(136)	(184)	-	(48)
PROFIT BEFORE TAX	929	14,682	932	17,066
Income tax expense	-	(1,989)	-	-
NET PROFIT AFTER TAX	929	12,693	932	17,066
PROFIT ATTRIBUTABLE TO:				
AHL members	982	6,300	-	-
AHT members	(53)	6,393	932	17,066
NET PROFIT	929	12,693	932	17,066

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2017

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 31 Dec 2016 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 31 Dec 2016 \$'000
NET PROFIT AFTER TAX	929	12,693	932	17,066
OTHER COMPREHENSIVE INCOME / (EXPENSE)				
Revaluation of assets reclassified to the income statement, net of tax	-	(1,716)	-	-
Revaluation of assets, net of tax	985	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,914	10,977	932	17,066
Total comprehensive income attributable to:				
Members of the parent entity (AHL)	982	6,300	-	-
Members of other stapled entity:				
Non-controlling interest - Abacus Hospitality Trust	932	4,677	932	17,066
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,914	10,977	932	17,066

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 30 Jun 2017 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 30 Jun 2017 \$'000
	Notes				
CURRENT ASSETS					
Cash and cash equivalents		29,810	28,037	25,488	25,887
Inventory		196	214	-	-
Trade and other receivables		617	211	130	-
Other		259	141	-	-
TOTAL CURRENT ASSETS		30,882	28,603	25,618	25,887
NON-CURRENT ASSETS					
Hotel property, plant and equipment	1	80,000	80,000	-	-
Hotel investment properties	6	-	-	76,964	76,910
Related party receivables		-	-	375	-
TOTAL NON-CURRENT ASSETS		80,000	80,000	77,339	76,910
TOTAL ASSETS		110,882	108,603	102,957	102,797
CURRENT LIABILITIES					
Trade and other payables		6,027	5,295	151	98
Provisions		419	438	-	-
TOTAL CURRENT LIABILITIES		6,446	5,733	151	98
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	2	96,328	95,935	96,328	95,935
Related party payables		-	-	-	483
Provisions		485	491	-	-
TOTAL NON-CURRENT LIABILITIES		96,813	96,426	96,328	96,418
TOTAL LIABILITIES		103,259	102,159	96,479	96,516
NET ASSETS		7,623	6,444	6,478	6,281
TOTAL EQUITY		7,623	6,444	6,478	6,281

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2017

		AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 30 Jun 2017 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 30 Jun 2017 \$'000
Notes					
Equity attributable to members of AHL:					
	Contributed equity	2,459	2,459	-	-
	Accumulated losses	(1,313)	(2,296)	-	-
	Total equity attributable to members of AHL:	1,146	163	-	-
Equity attributable to unitholders of AHT:					
	Contributed equity	43,152	43,152	43,152	43,152
	Reserves	20,713	19,728	-	-
	Accumulated losses	(57,388)	(56,599)	(36,674)	(36,871)
	Total equity attributable to unitholders of AHT:	6,477	6,281	6,478	6,281
	TOTAL EQUITY	7,623	6,444	6,478	6,281
	Contributed equity	45,611	45,611	43,152	43,152
	Reserves	20,713	19,728	-	-
	Accumulated losses	(58,701)	(58,895)	(36,674)	(36,871)
	TOTAL EQUITY	7,623	6,444	6,478	6,281

CONSOLIDATED STATEMENT OF CASH FLOW **HALF-YEAR ENDED 31 DECEMBER 2017**

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 31 Dec 2016 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 31 Dec 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Income receipts	16,046	20,098	2,448	4,217
Interest received	218	61	196	38
Finance costs paid	(1,058)	(1,701)	(1,058)	(1,701)
Operating payments	(12,392)	(16,584)	(444)	(685)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,814	1,874	1,142	1,869
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for investments and funds advanced	-	-	(779)	-
Proceeds from sale and settlement of investments and funds repaid	-	-	-	9,513
Purchase of property, plant and equipment	(306)	(265)	(27)	(66)
Disposal of property, plant and equipment	-	72,755	-	63,431
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(306)	72,490	(806)	72,878
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	-	(51,042)	-	(51,042)
Distributions paid	(735)	(613)	(735)	(613)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(735)	(51,655)	(735)	(51,655)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,773	22,709	(399)	23,092
Net foreign exchange differences	-	(16)	-	(16)
Cash and cash equivalents at beginning of period	28,037	5,925	25,887	2,752
CASH AND CASH EQUIVALENTS AT END OF PERIOD	29,810	28,618	25,488	25,828

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated AHF - 2018	Attributable to the stapled security holder			
	Issued capital \$'000	Asset revaluation reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
CONSOLIDATED				
At 1 July 2017	45,611	19,728	(58,895)	6,444
Other comprehensive income	-	985	-	985
Net income for the period	-	-	929	929
Total comprehensive income for the period	-	985	929	1,914
Distribution to securityholders	-	-	(735)	(735)
At 31 December 2017	45,611	20,713	(58,701)	7,623

Consolidated AHF - 2017	Attributable to the stapled security holder			
	Issued capital \$'000	Asset revaluation reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
CONSOLIDATED				
At 1 July 2016	45,611	9,163	(69,353)	(14,579)
Other comprehensive expense	-	(1,716)	-	(1,716)
Net income for the period	-	-	12,693	12,693
Total comprehensive income for the period	-	(1,716)	12,693	10,977
Distribution to securityholders	-	-	(613)	(613)
At 31 December 2016	45,611	7,447	(57,273)	(4,215)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
HALF-YEAR ENDED 31 DECEMBER 2017

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 income 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

Consolidated AHT - 2017	Attributable to the unit holder		
	Issued capital \$'000	Accumulated Losses \$'000	Total Equity \$'000
CONSOLIDATED			
At 1 July 2016	43,152	(52,429)	(9,277)
Net income for the period	-	17,066	17,066
Total comprehensive income for the period	-	17,066	17,066
Distribution to unitholders	-	(613)	(613)
At 31 December 2016	43,152	(35,976)	7,176

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Operating assets and liabilities	Capital structure and financing costs	Other Items															
1. Hotel property, plant and equipment	2. Interest bearing loans and borrowings	6. Investment properties															
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NOTES TO THE FINANCIAL STATEMENTS – About this Report

31 DECEMBER 2017

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 2017 are authorised for issue in accordance with a resolution of the directors of Abacus Hospitality Limited ("the Company") and Abacus Funds Management Limited on 16 February 2018.

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 2017

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 2017.

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 30 Jun 2017 \$'000
Property		
Australian Hotels	80,000	80,000
	80,000	80,000
Average market capitalisation rate	7.00%	7.00%
	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 30 Jun 2017 \$'000
Land and buildings		
At the beginning of the period, net of accumulated depreciation	71,828	121,411
Additions	27	99
Fair value movement through comprehensive income	985	12,282
Disposal	-	(61,964)
Depreciation charge for the period	(484)	-
At the end of the period net of accumulated depreciation	72,356	71,828
Gross value	82,152	81,139
Accumulated depreciation	(9,796)	(9,311)
Net carrying amount at end of period	72,356	71,828
Plant and equipment		
At the beginning of the period, net of accumulated depreciation	8,172	8,589
Additions	279	108
Disposals	-	(525)
Depreciation charge for the period	(807)	-
At the end of the period net of accumulated depreciation	7,644	8,172
Gross value	20,988	20,721
Accumulated depreciation	(13,344)	(12,549)
Net carrying amount at end of period	7,644	8,172
Total	80,000	80,000

If property, plant and equipment was carried under the cost model, the carrying amount would be \$47.3m (30 June 2017: \$48.3m).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. INTEREST BEARING LOANS AND BORROWINGS

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 30 Jun 2017 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 30 Jun 2017 \$'000
(a) Non-current				
Loans from related parties ¹	96,328	95,935	96,328	95,935
	96,328	95,935	96,328	95,935
(b) Maturity profile of current interest bearing loans				
Due between one and five years	96,328	95,935	96,328	95,935
	96,328	95,935	96,328	95,935

- Loans are provided by Abacus related entities. The rate was 3.0% for the year (30 June 2017: 3.0%). The loan is anticipated to mature by June 2019 and thus has a remaining term to maturity of 1.5 years. This loan ranks equally with other securityholders 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. FINANCIAL INSTRUMENTS

Fair values

The fair value of the Fund's and the Trust's financial assets and liabilities are approximately equal to that of their carrying values.

Details of the Group's fair value measurement, valuation technique and inputs are detailed below.

Class of assets / liabilities	Fair value hierarchy	Valuation technique	Inputs used to measure fair value
Investment properties	Level 3	Discounted Cash Flow ("DCF") and Income capitalisation method	Adopted capitalisation rate Optimal occupancy Adopted discount rate
Property, plant and equipment	Level 3	Income capitalisation method	Net market EBITDA Optimal occupancy Adopted capitalisation rate
Derivative financial instruments	Level 2	DCF (adjusted for counterparty credit worthiness)	Interest rates Consumer Price Index ("CPI") Volatility

Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Inputs for the asset or liability that are not based on observable market data.

There were no transfers between Levels 1, 2 and 3 during the period.

Income capitalisation method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure reversions.
Discounted cash flow method	Under the DCF method, the fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets' or liabilities' life including an exit or terminal value. The DCF method involves the projection of a series of cash flows from the assets or liabilities. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flow stream associated with the assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

4. CONTRIBUTED EQUITY

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 30 Jun 2017 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 30 Jun 2017 \$'000
(a) Issued securities				
Issued securities	45,611	45,611	43,152	43,152
Total contributed equity	45,611	45,611	43,152	43,152

5. DISTRIBUTIONS PAID AND PROPOSED

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 31 Dec 2016 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 31 Dec 2016 \$'000
(a) Distributions paid during the period				
June 2017 quarter: 0.75 cents per security (2016: 0.5 cents)	368	245	368	245
September 2017 quarter: 0.75 cents per security (2016: 0.75 cents)	367	368	367	368
	735	613	735	613
(b) Distributions proposed and not recognised as a liability[^]				
December 2017 quarter: 0.75 cents per security (2016: 0.75 cents)	368	368	368	368

[^] The final distribution of 0.75 cents per stapled security was declared on 1 January 2018. The distribution paid on 8 February 2018 was \$0.368 million. No provision for the distribution has been recognised in the balance sheet at 31 December 2017 as the distribution had not been declared by the end of the half-year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

6. INVESTMENT PROPERTIES

A reconciliation of the carrying amount of investment properties at the beginning and end of the period is as follows. All investment properties are classified as Level 3 in accordance with the fair value hierarchy outlined in Note 3:

	AHF Consolidated 31 Dec 2017 \$'000	AHF Consolidated 30 Jun 2017 \$'000	AHT Consolidated 31 Dec 2017 \$'000	AHT Consolidated 30 Jun 2017 \$'000
Carrying amount at beginning of the financial period	-	-	76,910	124,043
Additions and capital expenditure	-	-	27	99
Fair value movements	-	-	27	12,282
Disposal	-	-	-	(59,514)
Carrying amount at end of the period	-	-	76,964	76,910

The valuation policies followed at 31 December 2017 are the same as followed for the Annual Financial Report as at 30 June 2017.

During the half-year ended 31 December 2017, none of the investment properties in the portfolio were subject to external valuations (30 June 2017: nil).

7. COMMITMENTS AND CONTINGENCIES

There are no contingent assets or liabilities at 31 December 2017 other than as disclosed in this report.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2017****8. 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 2017. 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 2017 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 2017.

9. 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.

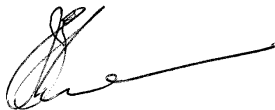
DIRECTORS' DECLARATION

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 2017 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, 16 February 2018



Frank Wolf
Managing Director

Independent Auditor's Review Report to the Members 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 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*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group 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.

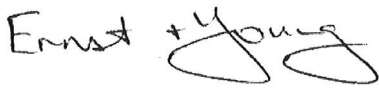
Auditor's Responsibility

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



Kathy Parsons
Partner
Sydney
16 February 2018