

Australian Leaders Fund Limited

ABN 64 106 845 970

Appendix 4D

Half-year report

for the half-year ended 31 December 2020

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Half-year report

This half-year ended report is for the reporting period from 1 July 2020 to 31 December 2020. The previous corresponding half-year ended period was 1 July 2019 to 31 December 2019.

Results for announcement to the market

Revenue from ordinary activities	Down	22%	from	21,989,291	to	17,183,030
Profit before tax for the period	Up	9%	from	10,648,125	to	11,617,103
Profit after tax for the period before deferred tax asset ("DTA") write-off	Up	4%	from	7,819,033	to	8,146,565
Profit/(Loss) from ordinary activities after tax attributable to members	Down	210%	from	7,819,033	to	(8,638,118)

Dividends

There were no dividends paid during the half-year ended 31 December 2020.

Net tangible assets

	31 December 2020	31 December 2019
Net tangible asset backing (per share) after tax	1.08	1.15
Net tangible asset backing (per share) before tax	1.10	1.17

Brief explanation of results

The investment performance for the period was pleasing with the Company delivering a net return of 6% for the 6-month period. Given the fully hedged settings this is 6% of alpha or 12% on an annualised basis, which is consistent with the Company's target of 10% to 12% return, irrespective of the market return.

Further information

This report is based on the Interim Report which has been subject to independent review by the Auditors, Pitcher Partners Sydney Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2020 Annual Financial Report.

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Australian Leaders Fund Limited

ABN 64 106 845 970

**Interim Financial Report
for the half-year ended 31 December 2020**

Australian Leaders Fund Limited

ABN 64 106 845 970

Interim Financial Report - for the half-year ended 31 December 2020

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Australian Leaders Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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Corporate Directory

Directors

Justin Braitting (Chairman)
Geoffrey Wilson (Non-Executive Director)
John Abernethy (Non-Executive Director)
Julian Gosse (Non-Executive Director)

Company secretary

Mark Licciardo
Belinda Cleminson (Resigned 1 December 2020)

Registered office

Level 23, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 9252 0225
Facsimile: (02) 9252 1220
Email: info@wfunds.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to www.asx.com.au or call (02) 8262 2800.

Share registrar

Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

Auditor

Pitcher Partners Sydney
Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000
Telephone: (02) 9221 2099
Facsimile: (02) 9223 1762

Securities exchange listing

Australian Securities Exchange (ASX)
The home exchange is Sydney
ASX code: ALF Ordinary Shares

Directors' Report

The Directors present their report together with the interim financial report of Australian Leaders Fund Limited ("the Company" or "ALF") for the half-year ended 31 December 2020.

Directors

The following persons held office as Directors during the period or since the end of the period and up to the date of this report:

Justin Braitling (Chairman)
Geoffrey Wilson (Non-Executive Director)
John Abernethy (Non-Executive Director)
Julian Gosse (Non-Executive Director)

Principal activities

The principal activity of the Company is making investments in listed and unlisted companies in the Australian share market.

Dividends

No dividends were paid to members during the financial period.

Review of operations

Investment operations over the half-year ended 31 December 2020 resulted in an operating profit before tax of \$11,617,103 (2019: profit of \$10,648,125) and an operating loss after tax of \$8,638,118 (2019: profit of \$7,819,033). The loss after tax includes the derecognition of the deferred tax asset ("DTA"), the amount written off was \$16,784,683.

The net tangible asset backing ("NTA") after tax for each share as at 31 December 2020 amounted to \$1.08 per share (2019: \$1.15). The NTA before tax was \$1.10 per share (2019: \$1.17). The NTA at 31 December 2020 includes the DTA derecognition.

Significant changes in the state of affairs

On 28 September 2020, the Company announced a proposal to restructure ALF via a scheme of arrangement (Scheme) under which listed ALF shares would be exchanged (on a one-for-one basis) with a new class of unlisted units (New Units) in Watermark Absolute Return Fund (WARF), an unlisted unit trust managed by Watermark Funds Management Pty Limited and following the same investment strategy as the Company. Implementation of the Scheme is subject to a number of conditions, including shareholder approval. An implementation deed was signed by the Company, the Manager and WARF on 22 December 2020 outlining the proposed restructure. Some of the key points of the restructure, include:

- A termination fee of \$2.5 million will be paid to the Manager (in consideration for the Manager agreeing to terminate the Investment Management Agreement (IMA) before the end of its fixed term). Termination of the IMA and payment of this fee is subject to shareholder approval and the Scheme becoming effective;
- Costs associated with the restructure will be borne by the Company.
- No management fees will be payable on the new units in the first year after issuance;
- New Units will be able to be redeemed monthly at a price referable to their net asset value. Any New Unit redeemed in the first year will incur a redemption fee equal to the lower of 2 cents and 2% of the NAV of that New Unit. This redemption fee will be in addition to other normal transaction costs (such as the buy-sell spread) and will be rebated to the Manager.
- The performance fee applicable for the new units will be the same as the current units in the Fund.
- After implementation of the Scheme, ALF will be a wholly owned subsidiary of the Manager, ALF's only assets will be the cash required to fund wind up costs and outstanding transaction costs associated with the Scheme and ALF will apply to be removed from the official list of ASX.

Significant changes in the state of affairs (continued)

The Company's board has elected to fully impair the Deferred Tax Asset (DTA) on the statement of financial position. If the Scheme is approved by shareholders and is implemented, the Company will no longer have access to the DTA. In the event the Scheme does not proceed, the tax losses are still available to be utilised.

There were no other significant changes in the state of affairs of the Company during the half-year ended 31 December 2020.

Matters subsequent to the end of the half-year

On 2 February 2021, the Federal Court of Australia made orders directing ALF to convene a meeting of ALF shareholders to consider and vote on the Scheme at a virtual meeting on Monday, 8 March 2021. A booklet containing information in relation to the Scheme, including an independent expert's report and notices of meeting was subsequently registered with ASIC and dispatched to shareholders.

On 26 February 2021, the Board determined to pay a fully franked dividend of 3.1 cents per share subject to the Scheme becoming effective and legally binding.

If shareholders approve the Scheme at the meeting on 8 March 2021, the Company will seek final approvals for the Scheme from the Federal Court of Australia (a hearing for this purpose is currently scheduled for 9:30am on 16 March 2021). Assuming the requisite orders are made, it is expected that those orders will be lodged with ASIC on 17 March 2021, at which time the Scheme will become legally effective.

If this occurs, ALF shares will be suspended effective from close of trading on ASX on 17 March 2021 and on 26 March 2021, the Scheme's implementation date, ALF shareholders will receive a fully franked dividend of 3.1 cents and 1 new unit in the Watermark Fund for each ALF share held as at 7pm (Sydney time) 22 March 2021.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the Company's state of affairs in future financial periods.

Rounding of amounts to nearest dollars

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest dollar, unless otherwise specified.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 4.

This report is made in accordance with a resolution of the Board of Directors.



Justin Braitling
Chairman

Sydney
26 February 2021

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of Australian Leaders Fund Limited
ABN 64 106 845 970**

In relation to the independent auditor's review of Australian Leaders Fund Limited for the half year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



C I Chandran
Partner

Pitcher Partners
Sydney

26 February 2021

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Australian Leaders Fund Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2020

	Half-year ended	
	31 December 2020	31 December 2019
Notes	\$	\$
Investment income from ordinary activities		
Net gains on investments	16,168,905	16,107,358
Dividends	800,313	3,533,683
Interest	248,757	2,254,996
Other income	70,242	1,727
Net foreign exchange (losses)/gains	<u>(105,187)</u>	<u>91,527</u>
	17,183,030	21,989,291
Expenses		
Management fees	(1,067,148)	(1,361,990)
Performance fees	-	(462,143)
Brokerage expense	(1,010,537)	(2,218,987)
Short dividend expense	(1,516,156)	(4,378,268)
Interest expense	(255,330)	(1,433,031)
Stock loan fees	(346,718)	(953,610)
Accounting fees	(64,422)	(84,309)
Share registry fees	(35,440)	(112,242)
Directors' fees	(45,000)	(45,000)
ASX fees	(39,962)	(43,964)
Audit and tax fees	(135,840)	(44,126)
Legal fees	(258,759)	(33,171)
Withholding tax expense	(573,874)	(42,996)
Other expenses	<u>(216,741)</u>	<u>(127,329)</u>
	(5,565,927)	(11,341,166)
Profit before income tax	11,617,103	10,648,125
Income tax expense	<u>(3,470,538)</u>	<u>(2,829,092)</u>
Profit after tax before deferred tax asset write-off	8,146,565	7,819,033
Deferred tax asset written off	<u>(16,784,683)</u>	<u>-</u>
(Loss)/profit for the period after deferred tax asset write-off	(8,638,118)	7,819,033
Other comprehensive income for the period, net of tax	<u>-</u>	<u>-</u>
Total comprehensive (loss)/profit for the period	(8,638,118)	7,819,033
	Cents	Cents
(Loss)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company:		
Basic (loss)/profit per share	4(a) (4.49)	3.26
Diluted (loss)/profit per share	4(a) (4.49)	3.26

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Australian Leaders Fund Limited
Statement of Financial Position
As at 31 December 2020

	31 December	30 June
	2020	2020
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	211,304,862	192,480,163
Trade and other receivables	179,259	13,507,510
Financial assets at fair value through profit or loss	2 188,580	96,445,244
Current tax assets	-	1,345,724
Other current assets	35,970	-
Total current assets	211,708,671	303,778,641
Non-current assets		
Deferred tax assets	614,926	16,781,071
Total non-current assets	614,926	16,781,071
Total assets	212,323,597	320,559,712
LIABILITIES		
Current liabilities		
Trade and other payables	267,350	14,947,616
Derivative financial instruments	-	10,425
Financial liabilities at fair value through profit or loss	2 -	88,332,908
Current tax liabilities	4,482,908	-
Total current liabilities	4,750,258	103,290,949
Non-current liabilities		
Deferred tax liabilities	-	393,832
Total non-current liabilities	-	393,832
Total liabilities	4,750,258	103,684,781
Net assets	207,573,339	216,874,931
EQUITY		
Issued capital	6 260,003,646	260,667,120
Profits reserve	7,619,838	1,154,160
Accumulated losses	(60,050,145)	(44,946,349)
Total equity	207,573,339	216,874,931

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Australian Leaders Fund Limited
Statement of Changes in Equity
For the half-year ended 31 December 2020

	Notes	Issued capital \$	Profits Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019		310,809,004	325,304	(34,494,936)	276,639,372
Profit for the period		-	-	7,819,033	7,819,033
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	7	-	(5,964,633)	-	(5,964,633)
On-market buy back		(3,684,310)	-	-	(3,684,310)
Transfer to profits reserve		-	8,337,656	(8,337,656)	-
		(3,684,310)	2,373,023	(8,337,656)	(9,648,943)
Balance at 31 December 2019		307,124,694	2,698,327	(35,013,559)	274,809,462
Balance at 1 July 2020		260,667,120	1,154,160	(44,946,349)	216,874,931
Loss for the period		-	-	(8,638,118)	(8,638,118)
Transactions with owners in their capacity as owners:					
On-market buy back	6	(663,474)	-	-	(663,474)
Transfer to profits reserve		-	6,465,678	(6,465,678)	-
		(663,474)	6,465,678	(6,465,678)	(663,474)
Balance at 31 December 2020		260,003,646	7,619,838	(60,050,145)	207,573,339

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Australian Leaders Fund Limited
Statement of Cash Flows
For the half-year ended 31 December 2020

	Half-year ended	
	31 December	31 December
Notes	2020	2019
	\$	\$
Cash flows from operating activities		
Payments for purchase of financial assets	(372,817,083)	(817,567,585)
Proceeds from sale of financial assets	487,566,644	806,957,237
Payments for settlements of financial liabilities	(421,543,886)	(997,355,975)
Proceeds from re-purchase of financial liabilities	328,803,155	1,020,185,841
Interest received	274,477	2,404,566
Interest paid	(295,685)	(1,444,382)
Dividends and trust distributions received	1,091,356	4,063,245
Dividends paid on short stocks	(1,572,623)	(4,143,334)
Underwriting income received	70,242	1,727
Income tax refunded	1,345,724	-
Investment management fees paid	(1,049,768)	(1,353,429)
Brokerage expenses paid	(980,928)	(2,233,098)
Stock loan fees paid	(414,349)	(894,387)
Payments for other expenses	(883,916)	(773,366)
Net cash inflow from operating activities	19,593,360	7,847,060
 Cash flows from financing activities		
Payments for shares bought back	(663,474)	(3,684,310)
Dividends paid to company's shareholders	-	(5,888,280)
Net cash outflow from financing activities	(663,474)	(9,572,590)
 Net increase/(decrease) in cash and cash equivalents	18,929,886	(1,725,530)
Cash and cash equivalents at the beginning of the half-year	192,480,163	249,034,761
Effects of exchange rate changes on cash and cash equivalents	(105,187)	91,527
Cash and cash equivalents at end of period	211,304,862	247,400,758

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the entity Australian Leaders Fund Limited.

(a) Basis of preparation of half-year report

These interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 by a for profit entity ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Australian Leaders Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year end and corresponding interim reporting period.

The interim financial statements have been prepared on an accrual basis, and are based on historical costs modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The interim financial statements were authorised for issue by the Board of Directors on 26 February 2021.

2 Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL)
- Derivative financial instruments

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

2 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis.

At 31 December 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equity securities	-	188,580	-	188,580
Total financial assets	-	188,580	-	188,580
Financial liabilities				
Australian equity securities sold short	-	-	-	-
Domestic futures	-	-	-	-
Total financial liabilities	-	-	-	-
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 June 2020				
Financial assets				
Equity securities	95,782,714	662,530	-	96,445,244
Total financial assets	95,782,714	662,530	-	96,445,244
Financial liabilities				
Australian equity securities sold short	(88,332,908)	-	-	(88,332,908)
Domestic futures	(10,425)	-	-	(10,425)
Total financial liabilities	(88,343,333)	-	-	(88,343,333)

The investments included in level 2 of the hierarchy as at 31 December 2020 represent amounts in relation to equity securities suspended from official quotation on the ASX as at year end. These equity securities were valued at last traded price.

There were no transfers between levels for recurring fair value measurements during the period.

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables approximate their fair values due to their short-term nature.

3 Segment information

The Company has only one reportable segment. The Company operates in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its trading portfolio.

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4 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

	Half-year ended	
	31 December 2020 Cents	31 December 2019 Cents
Basic (loss)/earnings per share attributable to the ordinary equity holders of the Company	(4.49)	3.26
Total basic (loss)/earnings per share attributable to the ordinary equity holders of the Company	<u>(4.49)</u>	<u>3.26</u>

Diluted earnings/(loss) per share are the same as basic earnings/(loss) per share as at the reporting date.

(b) Weighted average number of shares used as denominator

	Half-year ended	
	31 December 2020 Number	31 December 2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>192,196,229</u>	<u>239,741,707</u>

5 Contingencies

The Company had no contingent liabilities at 31 December 2020 (June 2020: nil).

6 Issued capital

(a) Share capital

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary shares	192,073,700	192,840,274	260,003,646	260,667,120

(b) Movements in ordinary share capital

Details	Number of shares	\$
Opening balance 1 July 2019	241,721,922	310,809,004
Off-market buy back	(27,060,563)	(29,774,737)
On market buy back	(21,821,085)	(20,367,147)
Closing balance 30 June 2020	<u>192,840,274</u>	<u>260,667,120</u>
Opening balance 1 July 2020	192,840,274	260,667,120
On market buy back	(766,574)	(663,474)
Closing balance 31 December 2020	<u>192,073,700</u>	<u>260,003,646</u>

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6 Issued capital (continued)

(c) Share buy-back

On 7 November 2019, the Company announced a 12 months on-market share buy-back program. At the conclusion of this buy back on 19 November 2020, a total of 19,450,808 shares were bought back.

7 Dividends

(a) Ordinary shares

	Half-year ended	31 December
	2020	31 December
	\$	2019
	\$	\$
Final dividend, franked based on tax paid @ 30%	-	5,964,633

(b) Dividend rate

	Dividend Rate	Total Amount	Date of Payment	% Franked
Ordinary shares - final 2019	\$0.025	\$5,964,633	29/11/2019	50

(c) Dividends not recognised at the end of the reporting period

There is no interim dividend declared for the half-year ended 31 December 2020 (2019: nil).

8 Events occurring after the reporting period

On 2 February 2021, the Federal Court of Australia made orders directing ALF to convene a meeting of ALF shareholders to consider and vote on the Scheme at a virtual meeting on Monday, 8 March 2021. A booklet containing information in relation to the Scheme, including an independent expert's report and notices of meeting was subsequently registered with ASIC and dispatched to shareholders.

On 26 February 2021, the Board determined to pay a fully franked dividend of 3.1 cents per share subject to the Scheme becoming effective and legally binding.

If shareholders approve the Scheme at the meeting on 8 March 2021, the Company will seek final approvals for the Scheme from the Federal Court of Australia (a hearing for this purpose is currently scheduled for 9:30am on 16 March 2021). Assuming the requisite orders are made, it is expected that those orders will be lodged with ASIC on 17 March 2021, at which time the Scheme will become legally effective.

If this occurs, ALF shares will be suspended effective from close of trading on ASX on 17 March 2021 and on 26 March 2021, the Scheme's implementation date, ALF shareholders will receive a fully franked dividend of 3.1 cents and 1 new unit in the Watermark Fund for each ALF share held as at 7pm (Sydney time) 22 March 2021.

No other matter or circumstance has occurred subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial periods.

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**Australian Leaders Fund Limited
Directors' Declaration
For the half-year ended 31 December 2020**

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
- (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.

This declaration is made in accordance with a resolution of the Board of Directors.



Justin Braitling
Chairman

Sydney
26 February 2021

**Independent Auditor's Review Report
To the Members of Australian Leaders Fund Limited
ABN 64 106 845 970**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Leaders Fund Limited ("the Company") which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Australian Leaders Fund Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter

We draw attention to Note 8 of the financial report, which explains there is an uncertainty that the entity will continue as a going concern into the foreseeable future given the proposed restructure the Company via a scheme of arrangement.

Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



C I Chandran
Partner



Pitcher Partners
Sydney

26 February 2021

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