

# **Paragon Fund**

ARSN 161 565 920

## **Interim Report**

**for the half-year ended 31 December 2014**

# Paragon Fund

ARSN 161 565 920

## Interim Report - for the half-year ended 31 December 2014

| <b>Contents</b>  | <b>Page</b> |
|--|-------------|
| Directors' Report  | 2           |
| Auditor's Independence Declaration                                     | 4           |
| Statement of Comprehensive Income                                      | 5           |
| Statement of Financial Position  | 6           |
| Statement of Changes in Equity   | 7           |
| Statement of Cash Flows  | 8           |
| Notes to the Financial Statements                                      | 9           |
| Directors' Declaration   | 14          |
| Independent Auditor's Review Report to the Unitholders of Paragon Fund | 15          |

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made in respect of Paragon Fund Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Paragon Fund as an individual entity.

The Responsible Entity of Paragon Fund is Paragon Funds Management Ltd (ABN 42 159 623 873) (AFSL 426800). The Responsible Entity's registered office is:

Suite 2, Level 2  
1 Little Collins Street  
Melbourne VIC 3000

## Directors' Report

The Directors of Paragon Funds Management Ltd, the Responsible Entity of Paragon Fund, present their report together with the interim financial statements of Paragon Fund ('the Fund') for the period ended 31 December 2014.

### Directors

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

Mr John Deniz  
Mr Nick Reddaway  
Ms Hillier Deniz

### Review and results of operations

During the period, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

|   | <b>Half-year ended</b>      |                     |
|---|-----------------------------|---------------------|
|   | <b>31 December<br/>2014</b> | 31 December<br>2013 |
|   | \$                          | \$                  |
| Operating profit before finance costs attributable to unitholders | <b>43,765</b>               | 843,725             |

No distributions were paid or payable during the period.

### Significant changes in state of affairs

On 29 August 2014, the Fund created a separate non-series based class of units to be issued to IDPS operators and IDPS-like schemes as permitted by the constitution. An amendment to the constitution was issued by way of a Supplementary Deed, covering the issue and nature of these B Class units. As the rights and benefits of direct retail and wholesale unit holders are not impacted by the new class, the Fund was not required to obtain approval from the members for this amendment.

A Supplementary Product Disclosure Statement (SPDS) dated 29 August 2014 was issued by the Responsible Entity, including disclosure details of this new class of units and the nature of the investment for indirect investors. The issue of B Class units remains at the discretion of the Responsible Entity, but is limited to IDPS operators and IDPS-like schemes in accordance with the SPDS.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the period.

**Paragon Fund  
Directors' Report  
For the half-year ended 31 December 2014  
(continued)**

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the Directors of Paragon Funds Management Ltd.



Mr John Deniz  
Director

Melbourne  
12 March 2015

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF PARAGON FUNDS MANAGEMENT LTD, THE RESPONSIBLE ENTITY**

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2014, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



**NEXIA MELBOURNE**  
ABN 16 847 721 257



**GEORGE S DAKIS**  
**Partner**  
**Audit & Assurance Services**

Melbourne

12 March 2015

**Nexia Melbourne**

Level 18, 530 Collins Street, Melbourne VIC 3000  
p +61 3 9608 0100, f +61 3 9608 0192  
info@nexiamelbourne.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Melbourne (ABN 16 847 721 257) is an independent Victorian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

**Paragon Fund**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2014**

**Statement of Comprehensive Income**

|   | Half-year ended     |                     |
|---|---------------------|---------------------|
|   | 31 December<br>2014 | 31 December<br>2013 |
| Notes   | \$                  | \$                  |
| <b>Investment income</b>  |                     |                     |
| Interest income   | 89,538              | 22,993              |
| Dividend income   | 62,106              | 31,525              |
| Unit trust distributions  | 24,375              | -                   |
| Net gains/(losses) on financial instruments held at fair value through profit or loss | 275,021             | 1,081,788           |
| <b>Total net investment income</b>  | <b>451,040</b>      | <b>1,136,306</b>    |
| <b>Expenses</b>   |                     |                     |
| Management fees   | 133,345             | 42,671              |
| Performance fees  | 148,689             | 214,733             |
| Interest expense  | -                   | 28                  |
| Custody fees  | 1,137               | 261                 |
| Transaction costs   | 42,295              | 14,693              |
| Withholding tax on foreign dividends and interest                                     | -                   | 199                 |
| Short dividend expense  | 14,475              | 2,168               |
| Expense reimbursement fees  | 45,282              | 14,230              |
| Other operating expenses  | 22,052              | 3,598               |
| <b>Total operating expenses</b>   | <b>407,275</b>      | <b>292,581</b>      |
| <b>Operating profit</b>   | <b>43,765</b>       | <b>843,725</b>      |
| <b>Finance costs attributable to unitholders</b>                                      |                     |                     |
| Distributions to unitholders  | 5 -                 | -                   |
| Increase in net assets attributable to unitholders                                    | 4 (43,765)          | (843,725)           |
| <b>Profit/(loss) for the period</b>   | <b>-</b>            | <b>-</b>            |
| <b>Other comprehensive income</b>   | <b>-</b>            | <b>-</b>            |
| <b>Total comprehensive income for the period</b>                                      | <b>-</b>            | <b>-</b>            |

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

**Paragon Fund**  
**Statement of Financial Position**  
**As at 31 December 2014**

**Statement of Financial Position**

|   | <b>As at</b>       |                |
|---|--------------------|----------------|
|   | <b>31 December</b> | <b>30 June</b> |
|   | <b>2014</b>        | <b>2014</b>    |
| Notes   | <b>\$</b>          | <b>\$</b>      |
| <b>Assets</b>   |                    |                |
| Cash and cash equivalents   | <b>6,245,675</b>   | 5,342,494      |
| Receivables   | <b>88,587</b>      | 55,362         |
| Due from brokers - receivable for securities sold                           | <b>1,806,508</b>   | 984,601        |
| Financial assets held at fair value through profit or loss                  | <b>22,172,363</b>  | 9,821,575      |
|   | <b>3</b>           |                |
| <b>Total assets</b>   | <b>30,313,133</b>  | 16,204,032     |
| <b>Liabilities</b>  |                    |                |
| Distributions payable   | -                  | 447,426        |
| Payables  | <b>1,058,985</b>   | 987,402        |
| Due to brokers - payable for securities purchased                           | <b>1,305,891</b>   | 1,274,462      |
| Financial liabilities held at fair value through profit or loss             | <b>5,678,390</b>   | 2,056,000      |
|   | <b>3</b>           |                |
| <b>Total liabilities (excluding net assets attributable to unitholders)</b> | <b>8,043,266</b>   | 4,765,290      |
| <b>Net assets attributable to unitholders - liability</b>                   | <b>4</b>           |                |
|   | <b>22,269,867</b>  | 11,438,742     |

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

**Paragon Fund**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2014**

**Statement of Changes in Equity**

|  | Half-year ended     |                     |
|--|---------------------|---------------------|
|  | 31 December<br>2014 | 31 December<br>2013 |
|  | \$                  | \$                  |
| <b>Total equity at the beginning of the period</b>   | -                   | -                   |
| Profit/(loss) for the period                         | -                   | -                   |
| Other comprehensive income                           | -                   | -                   |
| <b>Total comprehensive income</b>                    | -                   | -                   |
| Transactions with owners in their capacity as owners | -                   | -                   |
| <b>Total equity at the end of the period</b>         | -                   | -                   |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or the end of the period.

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



**Paragon Fund**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2014**

**Statement of Cash Flows**

|  | Half-year ended         |                         |
|--|-------------------------|-------------------------|
|  | 31 December<br>2014     | 31 December<br>2013     |
| Notes  | \$                      | \$                      |
| <b>Cash flows from operating activities</b>  |                         |                         |
| Proceeds from sale of financial assets held at fair value through profit or loss   | 35,033,522              | 21,421,797              |
| Purchase of financial assets held at fair value through profit or loss   | (46,673,194)            | (25,624,076)            |
| Proceeds from short sale of financial liabilities held at fair value through profit or loss                                      | (22,775,765)            | (5,590,166)             |
| Re-purchase of financial liabilities held at fair value through profit or loss   | 25,171,583              | 5,346,360               |
| Interest received  | 88,776                  | 33,216                  |
| Dividends and distributions received   | 52,795                  | 29,203                  |
| Management fees paid   | (392,052)               | (41,364)                |
| Transaction costs paid   | (43,400)                | (15,903)                |
| Custody fees paid  | (1,137)                 | (261)                   |
| Expense reimbursement fees paid  | (40,510)                | (12,707)                |
| Short dividends paid   | (14,475)                | (4,018)                 |
| Other operating expenses paid  | (22,295)                | (4,309)                 |
| <b>Net cash outflow from operating activities</b>  | <u>(9,616,152)</u>      | <u>(4,462,228)</u>      |
| <b>Cash flows from financing activities</b>  |                         |                         |
| Proceeds from applications by unitholders  | 10,877,000              | 2,002,740               |
| Payments for redemptions by unitholders  | (158,977)               | -                       |
| Distributions paid   | (198,690)               | -                       |
| <b>Net cash inflow from financing activities</b>   | <u>10,519,333</u>       | <u>2,002,740</u>        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  | <b>903,181</b>          | <b>(2,459,488)</b>      |
| Cash and cash equivalents at the beginning of the period   | <u>5,342,494</u>        | <u>4,033,505</u>        |
| <b>Cash and cash equivalents at the end of the period</b>  | <u><b>6,245,675</b></u> | <u><b>1,574,017</b></u> |
| <b>Non-cash financing activities</b>   |                         |                         |
| The following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan | 248,736                 | -                       |

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

## **Notes to the financial statements**

### **Contents**

|   | <b>Page</b> |
|---|-------------|
| 1 General information                               | 10          |
| 2 Summary of significant accounting policies        | 10          |
| 3 Fair value measurements                           | 11          |
| 4 Net assets attributable to unitholders            | 13          |
| 5 Distributions to unitholders                      | 13          |
| 6 Related party transactions                        | 13          |
| 7 Events occurring after the reporting period       | 13          |
| 8 Contingent assets and liabilities and commitments | 13          |

## **1 General information**

These interim financial statements cover Paragon Fund ('the Fund') as an individual entity. The Fund was constituted on 6 December 2012, registered with the Australian Securities and Investments Commission on 20 December 2012 and commenced operations on 1 March 2013. The Fund will terminate on 5 December 2092 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Paragon Funds Management Ltd (ABN 42 159 623 873) (AFSL 426800) (the 'Responsible Entity'). The Responsible Entity's registered office is Suite 2, Level 2, 1 Little Collins Street, Melbourne, VIC 3000. The Responsible Entity is incorporated and domiciled in Australia.

The interim financial statements are for the half-year ended 31 December 2014. The interim financial statements are presented in the Australian currency.

The interim financial statements were authorised for issue by the Directors of the Responsible Entity on the date the Directors' Declaration was signed. The Directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

These interim financial statements do not include full note disclosures of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the 30 June 2014 annual financial statements.

## **2 Summary of significant accounting policies**

The principal accounting policies applied by the Fund in these interim financial statements are the same as those applied by the Fund for the period ended 30 June 2014, unless otherwise stated.

### **(a) Basis of preparation**

The interim financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. Paragon Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The interim financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled more than twelve months after the end of each reporting period cannot be reliably determined.

#### *(i) New and amended standards adopted by the Fund*

None of the new standards and amendments to standards that are mandatory for the first time for the period beginning 1 July 2014 resulted in material adjustments to the amounts recognised in the financial statements.

## **2 Summary of significant accounting policies (continued)**

### **(a) Basis of preparation (continued)**

#### *(ii) New accounting standards and interpretations*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods and have not been early adopted by the Fund. The Directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- (i) *AASB 9 Financial Instruments (2009 or 2010 version), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2018)

*AASB 9 Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. The Fund has not yet decided when to adopt AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **3 Fair value measurements**

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

- Financial assets / liabilities at fair value through profit or loss (FVTPL)

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

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).

#### *(i) Fair value in an active market (level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

### 3 Fair value measurements (continued)

#### *Recognised fair value measurements*

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 31 December 2014 and 30 June 2014.

| At 31 December 2014   | Level 1<br>\$     | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$       |
|---|-------------------|---------------|---------------|-------------------|
| <b>Financial assets</b>   |                   |               |               |                   |
| Financial assets designated at fair value through profit or loss: |                   |               |               |                   |
| Equity securities   | 22,172,363        | -             | -             | 22,172,363        |
| <b>Total</b>  | <b>22,172,363</b> | <b>-</b>      | <b>-</b>      | <b>22,172,363</b> |

#### **Financial liabilities**

Financial liabilities designated at fair value through profit or loss:

|                              |                  |          |          |                  |
|------------------------------|------------------|----------|----------|------------------|
| Equity securities sold short | 5,678,390        | -        | -        | 5,678,390        |
| <b>Total</b>                 | <b>5,678,390</b> | <b>-</b> | <b>-</b> | <b>5,678,390</b> |

| At 30 June 2014   | Level 1<br>\$    | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$      |
|---|------------------|---------------|---------------|------------------|
| <b>Financial assets</b>   |                  |               |               |                  |
| Financial assets designated at fair value through profit or loss: |                  |               |               |                  |
| Equity securities   | 9,341,575        | -             | -             | 9,341,575        |
| Listed property trusts  | 480,000          | -             | -             | 480,000          |
| <b>Total</b>  | <b>9,821,575</b> | <b>-</b>      | <b>-</b>      | <b>9,821,575</b> |

#### **Financial liabilities**

Financial liabilities designated at fair value through profit or loss:

|                              |                  |          |          |                  |
|------------------------------|------------------|----------|----------|------------------|
| Equity securities sold short | 2,056,000        | -        | -        | 2,056,000        |
| <b>Total</b>                 | <b>2,056,000</b> | <b>-</b> | <b>-</b> | <b>2,056,000</b> |

#### *Transfers between levels*

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

#### **Fair value of financial instruments not carried at fair value**

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

Net assets attributable to unitholders' carrying value does not differ from its fair value (deemed to be redemption price for individual units) due to no differences in valuation inputs.

#### 4 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

|  | 31 December<br>2014<br>Units | 31 December<br>2014<br>\$ | 30 June<br>2014<br>Units | 30 June<br>2014<br>\$ |
|--|------------------------------|---------------------------|--------------------------|-----------------------|
| Opening balance                                    | 9,054,606                    | 11,438,742                | 4,014,725                | 4,048,885             |
| Applications                                       | 7,778,242                    | 10,697,601                | 5,040,275                | 5,936,015             |
| Redemptions  | (126,001)                    | (158,977)                 | -                        | -                     |
| Application units through series rollover          | 4,106,579                    | 5,189,015                 | 2,690,830                | 3,193,208             |
| Redemption units through series rollover           | (4,108,777)                  | (5,189,015)               | (2,691,224)              | (3,193,208)           |
| Reinvestment of distributions                      | 196,843                      | 248,736                   | -                        | -                     |
| Increase in net assets attributable to unitholders | -                            | 43,765                    | -                        | 1,453,842             |
| Closing balance                                    | <b>16,901,492</b>            | <b>22,269,867</b>         | 9,054,606                | 11,438,742            |

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

Each series of units within the same class has the same rights as all other units within that class, except for different performance fees. In order to ensure that unitholders bear the performance fee according to the actual performance of their units, having regard to the different dates and prices at which such units were acquired, a new series of units is issued on each unit pricing date being every month end. As soon as practicable after a performance fee is payable, all units in all series with a performance fee payable will normally be consolidated into a single series.

#### 5 Distributions to unitholders

No distributions have been paid or became payable for the half-year ended 31 December 2014 (31 December 2013: nil).

#### 6 Related party transactions

##### Responsible Entity

The Responsible Entity of Paragon Fund is Paragon Funds Management Ltd.

The Responsible Entity also acts as Investment Manager for the Fund.

There have been no significant changes to the related party transactions disclosed in the last Annual Report.

All transactions with related parties are conducted on normal commercial terms and conditions.

#### 7 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 31 December 2014 or on the results and cash flows of the Fund for the half-year ended on that date.

#### 8 Contingent assets and liabilities and commitments

There has been no change in contingent assets, liabilities & commitments since the last annual reporting period.

**Paragon Fund  
Directors' Declaration  
For the half-year ended 31 December 2014**

**Directors' Declaration**

In the opinion of the Directors of the Responsible Entity:

- (a) the interim financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2014 and of its performance for the period ended on that date,
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of the Directors of Paragon Funds Management Ltd.



Mr John Deniz  
Director

Melbourne  
12 March 2015

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF PARAGON FUND**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Paragon Fund (the "Scheme"), which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed 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.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Paragon Funds Management Ltd (the "Responsible Entity") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position as at 31 December 2014 and 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*.

As the auditor of the company, 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 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.

#### **Nexia Melbourne**

Level 18, 530 Collins Street, Melbourne VIC 3000  
p +61 3 9608 0100, f +61 3 9608 0192  
info@nexiamelbourne.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Melbourne (ABN 16 847 721 257) is an independent Victorian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.



*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 provided to the directors as at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**NEXIA MELBOURNE**  
ABN 16 847 721 257



**GEORGE S DAKIS**  
**Partner**  
**Audit & Assurance Services**

Melbourne

12 March 2015