

Burson Group Holdings Pty Limited

ABN 80 153 199 912

**Interim financial report
for the half year
ended 31 December 2013**

Burson Group Holdings Pty Limited ABN 80 153 199 912
Interim financial report - 31 December 2013

Contents

	Page
Directors' report	1
Consolidated statement of comprehensive income	3
Consolidated statement of financial position	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Directors' declaration	17
Independent auditor's review report to the members	18

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 financial report for the year ended 30 June 2013.

Directors' report

Your directors present their report on the consolidated entity of Burson Group Holdings Pty Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2013.

Directors

The following persons were directors of Burson Group Holdings Pty Limited during the whole of the half year and up to the date of this report:

Justin James Ryan

Christopher Andrew Hadley

Darryl Abotomey

Alexander Maximillian Eady

Review of operations

The net profit of the Group for the half year after providing for income tax amounted to \$1.921 million (31 December 2012: \$4.271 million). During the half year a fully franked dividend of \$57.089 million was paid.

During the half year the Group added another nine stores to its network around Australia bringing the total to 114.

Upcoming IPO offering

This report is made in accordance with a resolution of directors and has been prepared with the view to a possible initial public offering ("IPO") on the Australian Securities Exchange ("ASX").

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 2.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that class order.



Justin James Ryan
Chairman

Melbourne

20 February 2014



Auditor's Independence Declaration

As lead auditor for the review of Burson Group Holdings Pty Limited for the half-year ended 31 December 2013, I declare that 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 Burson Group Holdings Pty Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Daniel Rosenberg'.

Daniel Rosenberg
Authorised Representative
PricewaterhouseCoopers Securities Ltd

20 February 2014

Burson Group Holdings Pty Limited
Consolidated statement of comprehensive income
For the half year ended 31 December 2013

	Notes	31 December 2013 \$'000	31 December 2012 \$'000
Revenue from continuing operations	3	168,670	151,441
Cost of goods sold		(103,629)	(94,680)
Employee benefits expense		(34,237)	(29,646)
Depreciation and amortisation expense	4	(2,103)	(2,014)
Occupancy expenses	4	(5,503)	(4,881)
Other expenses		(7,021)	(7,426)
Finance costs	4	(13,429)	(6,711)
Profit before income tax		<u>2,748</u>	<u>6,083</u>
Income tax expense		(827)	(1,812)
Profit for the half-year		<u>1,921</u>	<u>4,271</u>
Other comprehensive income			
Item that may be reclassified to profit or loss			
Change in the fair value of cash flow hedges		<u>285</u>	<u>(105)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>285</u>	<u>(105)</u>
Total comprehensive income for the half-year		<u>2,206</u>	<u>4,166</u>
Profit is attributable to:			
Owners of Burson Group Holdings Pty Limited		<u>1,921</u>	<u>4,271</u>
Total comprehensive income/(loss) for the half-year is attributable to:			
Owners of Burson Group Holdings Pty Limited		<u>2,206</u>	<u>4,166</u>
Earnings per share			
Basic earnings per share		Cents 4.5	Cents 10.1

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Burson Group Holdings Pty Limited
Consolidated statement of financial position
As at 31 December 2013

	Notes	31 December 2013 \$'000	30 June 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	3,201	60,992
Trade and other receivables	6	29,902	30,560
Inventories	7	64,529	57,530
Total current assets		<u>97,632</u>	<u>149,082</u>
Non-current assets			
Property, plant and equipment	8	19,191	16,765
Deferred tax assets		8,999	7,051
Intangible assets	9	96,171	92,525
Other non-current assets		233	244
Total non-current assets		<u>124,594</u>	<u>116,585</u>
Total assets		<u>222,226</u>	<u>265,667</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	47,762	44,515
Borrowings	11	6,900	6,900
Current tax liabilities		1,801	1,233
Provisions	12	10,142	8,979
Total current liabilities		<u>66,605</u>	<u>61,627</u>
Non-current liabilities			
Borrowings	11	157,933	152,210
Deferred tax liabilities		148	216
Provisions	13	1,931	1,883
Derivative financial instruments		1,155	1,457
Total non-current liabilities		<u>161,167</u>	<u>155,766</u>
Total liabilities		<u>227,772</u>	<u>217,393</u>
Net assets		<u>(5,546)</u>	<u>48,274</u>
EQUITY			
Contributed equity	14	41,147	40,085
Other Reserves	17	(809)	(1,094)
Retained earnings		(45,884)	9,283
Total equity		<u>(5,546)</u>	<u>48,274</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Burson Group Holdings Pty Limited
Consolidated statement of changes in equity
For the half year ended 31 December 2013

Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings/ \$'000	Total equity \$'000
Balance at 1 July 2012	39,883	(1,192)	(1,063)	37,628
Profit/(loss) for the year/period	-	-	4,271	4,271
Other comprehensive income/(loss)	-	(105)	-	(105)
Total comprehensive profit for the period	-	(105)	4,271	4,166
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	202	-	-	202
	202	-	-	202
Balance at 31 December 2012	40,085	(1,297)	3,208	41,996
Balance at 1 July 2013	40,085	(1,094)	9,283	48,274
Profit/(loss) for the year/period	-	-	1,921	1,921
Other comprehensive income/(loss)	-	285	-	285
Total comprehensive profit for the period	-	285	1,921	2,206
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(57,089)	(57,089)
Contributions of equity, net of transaction costs and tax	1,062	-	-	1,062
14(b)	1,062	-	(57,089)	(56,027)
Balance at 31 December 2013	41,147	(809)	(45,884)	(5,546)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Burson Group Holdings Pty Limited
Consolidated statement of cash flows
For the half year ended 31 December 2013

	Notes	31 December 2013 \$'000	31 December 2012 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		186,284	168,382
Payments to suppliers and employees (inclusive of goods and services tax)		(168,311)	(145,561)
Borrowing costs		(4,086)	(2,783)
Income taxes paid		(2,075)	(3,077)
Net cash inflow from operating activities	16	<u>11,812</u>	<u>16,961</u>
Cash flows from investing activities			
Payments to acquire businesses		(5,950)	(2,355)
Payments for property, plant and equipment		(4,395)	(2,681)
Proceeds from sale of property, plant and equipment		219	240
Net cash (outflow) from investing activities		<u>(10,126)</u>	<u>(4,796)</u>
Cash flows from financing activities			
Proceeds from issues of ordinary shares		1,112	202
Payments for share buyback		(50)	-
Dividends paid		(57,089)	-
Repayment of borrowings		(3,450)	(6,000)
Net cash outflow from financing activities		<u>(59,477)</u>	<u>(5,798)</u>
Net increase in cash and cash equivalents		(57,791)	6,367
Cash and cash equivalents at the beginning of the half-year		60,992	2,762
Cash and cash equivalents at end of the half-year	5	<u>3,201</u>	<u>9,129</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of half-year report

This half-year report has been prepared on the basis that the Group is preparing for an initial public offering ("IPO") on the Australian Securities Exchange ("ASX").

This report is required for the purpose of including the results and balances of the 6 month period to 31 December 2013 in the public prospectus that will be lodged with the ASX prior to the IPO. It is a requirement under the ASX Listing Rules, that the financial statements for the 3 years prior to the IPO are lodged with the ASX along with the prospectus.

While this interim report for the half-year ended 31 December 2013 is a non-statutory report, it has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting.

Compliance with IFRS

This is the first general purpose financial report prepared by the company, therefore this is the first financial report prepared in accordance with IFRS. The transition from special purpose to general purpose did not result in any changes to accounting policies. The transition to IFRS did not result in any changes to previously reported financial position, financial performance or cash flows.

Consequently there is no difference between the financial position at the beginning of the comparative period from the comparative amounts reported in the last financial report, therefore an opening statement of financial position has not been presented.

New and amended standards adopted by the group

The Group has applied the following standards and amendments applicable for the first time for the December 2013 half-year report:

- AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements;
- Accounting for Employee Benefits - revised AASB 119 Employee Benefits
- AASB 13 Fair Value Measurement

AASB10 Consolidated Financial Statements, AASB11 Joint Arrangements, AASB12 Disclosure of Interests in Other Entities, AASB127 Separate Financial Statements

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements. Under the new principles, the Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group has reviewed its investments in other entities to assess whether the consolidation in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. There is no change to the Group's accounting as a result of the adoption of AASB 11.

AASB119 Employee Benefits

The adoption of the revised AASB 119 Employee Benefits has changed the accounting for the group's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now measured on a discounted basis. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period

AASB13 Fair Value Measurement

AASB 13 was released in September 2011 and aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards. This standard does not affect the Group's accounting policy.

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.

Basis of preparation of half-year report (continue)

Historical cost convention

This interim financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the interim financial report. Amounts in the interim financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 Segment information

Description of segments

The Burson Group operates within the one reportable segment (the sale and distribution of motor vehicle parts and accessories). Total revenues of \$168.67 million (31 December 2012: \$151.44 million) all relate to the sale and distribution of motor vehicle parts and accessories in the Company's country of domicile (Australia), in this single reportable segment. The Company is not reliant on any single customer.

3 Revenue

	31 December 2013 \$'000	31 December 2012 \$'000
From continuing operations		
<i>Sales revenue</i>		
Sale of goods	<u>168,670</u>	<u>151,441</u>

4 Expenses

Profit before income tax includes the following specific expenses:

Depreciation

Plant and equipment	1,179	1,143
Motor vehicles	924	871
Total depreciation	<u>2,103</u>	<u>2,014</u>

Finance costs

Interest and finance charges paid/payable	8,662	6,711
Borrowing costs accelerated as a result of change in timing of anticipated cash outflows (refer to Note 11)	4,768	-
Net loss on disposal of property, plant and equipment	38	25
Rental expense relating to operating leases Minimum lease payments	5,503	4,881

5 Current assets - Cash and cash equivalents

	31 December 2013 \$'000	30 June 2013 \$'000
Cash at bank and in hand	3,201	16,992
Term Deposit	-	44,000
	<u>3,201</u>	<u>60,992</u>

6 Current assets - Trade and other receivables

Trade receivables	23,120	25,775
Provision for impairment of receivables	(295)	(264)
	<u>22,825</u>	<u>25,511</u>
Other receivables	5,677	3,902
Prepayments	1,400	1,147
	<u>29,902</u>	<u>30,560</u>

7 Current Assets Inventories

	31 December 2013 \$'000	30 June 2013 \$'000
Finished goods - at cost	68,378	60,269
Stock provision	(5,822)	(4,574)
	<u>62,556</u>	<u>55,695</u>
Goods in transit	1,973	1,835
	<u>64,529</u>	<u>57,530</u>

8 Non-current assets - Property, plant and equipment

	Plant and equipment \$'000	Motor vehicles \$'000	Computer software \$'000	Total \$'000
At 31 Dec 2013				
Cost or fair value	20,586	11,912	2,614	35,112
Accumulated depreciation	(9,970)	(4,573)	(1,378)	(15,921)
Net book amount	<u>10,616</u>	<u>7,339</u>	<u>1,236</u>	<u>19,191</u>
At 30 June 2013				
Cost or fair value	18,269	10,748	2,090	31,107
Accumulated depreciation	(9,128)	(4,013)	(1,201)	(14,342)
Net book amount	<u>9,141</u>	<u>6,735</u>	<u>889</u>	<u>16,765</u>

9 Non-current assets - Intangible assets

	Goodwill \$'000	Total \$'000
At 31 Dec 2013		
Cost	96,171	96,171
Accumulated amortisation and impairment	-	-
Net book amount	<u>96,171</u>	<u>96,171</u>
At 30 June 2013		
Cost	92,525	92,525
Accumulated amortisation and impairment	-	-
Net book amount	<u>92,525</u>	<u>92,525</u>

10 Current liabilities - Trade and other payables

	31 December	30 June
	2013	2013
	\$'000	\$'000
Trade payables	42,301	38,666
Accrued expenses	5,461	5,849
	47,762	44,515

11 Borrowings

Current - Secured

Bank loans - Westpac	3,450	3,450
Bank loans - ANZ	3,450	3,450
Total secured current borrowings	6,900	6,900
 Total current borrowings	 6,900	 6,900

Non-Current - Secured

Bank loans - Westpac	52,326	51,274
Bank loans - ANZ	52,326	51,274
Total secured non-current borrowings	104,652	102,548

Non-Current - Unsecured

Restricted preference shares	3,606	2,988
Loan notes	49,675	46,674
Total unsecured non-current borrowings	53,281	49,662
 Total non-current borrowings	 157,933	 152,210

The total bank loans owing at 31 December 2013 of \$104.652m are not due to be repaid until 30 June 2016. Whilst these bank loans are expected to be re-financed as part of the upcoming IPO process, they have been presented as 'non-current' in the balance sheet as there is no contractual obligation at 31 December 2013 to repay the balance before the scheduled repayment. However, the \$4.76m of previously capitalised borrowing costs that directly related to these bank loans have been fully amortised in the half-year to reflect the company's revised expectation in respect of the likely repayment of the bank loans upon successful IPO.

The restricted preference shares and loan notes payable at 31 December 2013 of \$3.61m and \$49.675 m respectively, are not due to be repaid until 17 October 2020. Whilst this debt is expected to be re-financed as part of the upcoming IPO process, they have been presented as 'non-current' in the balance sheet as there is no contractual obligation at 31 December 2013 to repay the balances before the scheduled repayment.

12 Current liabilities - Provisions

	31 December 2013 \$'000	30 June 2013 \$'000
Employee benefits	10,142	8,979

13 Non-current liabilities - Provisions

Employee benefits	1,175	1,066
Onerous contracts	7	45
Make good provision	749	772
	<u>1,931</u>	<u>1,883</u>

14 Contributed equity

(a) Share capital:

Fully paid

	31 December 2013 Shares '000	31 December 2013 \$'000
Ordinary Shares	39,177	39,192
Non Voting Ordinary Shares	-	-
Restricted Management Shares	1,058	1,058

Partly paid

Ordinary Shares	2,065	897
	<u>42,300</u>	<u>41,147</u>

Fully paid

	30 June 2013 Shares '000	30 June 2013 \$'000
Ordinary Shares	39,127	39,127
Non Voting Ordinary Shares	-	-
Restricted Management Shares	-	-

Partly paid

Ordinary Shares	2,115	947
Restricted Management Shares	1,058	11
	<u>42,300</u>	<u>40,085</u>

(b) Movements in share capital:

Date	Details	Number of shares '000	\$'000
1 July 2013	Opening balance	42,300	40,085
1 July 2013	Instalment for partly paid ordinary shares	-	1,047
26 July 2013	Share buyback	(50)	(50)
26 September 2013	New share issue	50	65
		<u>42,300</u>	<u>41,147</u>

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

15 Dividends

	31 December 2013 \$'000	31 December 2012 \$'000
(a) Ordinary shares		
Dividends provided for or paid during the half-year	57,089	-

(b) Franked dividends

The franked portions of the final dividends recommended after 30 June 2013 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period ended 31 December 2013.

	31 December 2013 \$'000	30 June 2013 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30%	16,379	38,203

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax,
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the end of each reporting period, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting period

16 Reconciliation of profit after income tax to net cash inflow from operating activities

	31 December 2013 \$'000	31 December 2012 \$'000
Profit for the period	1,921	4,271
Depreciation and amortisation	2,887	2,462
Accrued interest on preference shares	3,622	3,150
Accelerated borrowing costs	4,768	-
Net (Gain)/Loss on Sale of non-current assets	-	25
Change in operating assets and liabilities,		
(Increase)/decrease in trade receivables	669	1,597
(Increase)/decrease in inventories	(4,180)	(1,596)
(Increase)/decrease in deferred tax assets	(1,729)	(119)
(Increase)/decrease in other operating assets	11	36
(Decrease)/increase in trade and other payables	2,133	7,863
(Decrease)/increase in other operating liabilities	1,210	418
(Decrease)/increase in provision for income taxes payable	568	(1,153)
(Decrease)/increase in deferred tax liabilities	(68)	7
Net cash inflow/(outflow) from operating activities	11,812	16,961

17 Other reserves

(a) Other Reserves

	31 December 2013 \$'000	30 June 2013 \$'000
Cash flow hedges	<u>(809)</u>	<u>(1,094)</u>
Movements:		
<i>Cash flow hedges</i>		
Opening balance	(1,094)	(1,192)
Revaluation	<u>285</u>	<u>98</u>
Balance	<u>(809)</u>	<u>(1,094)</u>

The total bank loans and corresponding interest rate swaps owing at 31 December 2013 are not due to be repaid until 30 June 2016. Whilst these liabilities are expected to be re-financed as part of the upcoming IPO process, they have been presented as 'non-current' in the balance sheet as there is no contractual obligation at 31 December 2013 to repay the balance before the scheduled repayment.

18 Fair Value measurements

The only financial assets or financial liabilities carried at fair value are interest rate swaps. The directors consider the interest rate swaps to be Level 2 financial instruments because, unlike Level 1 financial instruments, their measurement is derived from inputs other than quoted prices that are observable for the assets and liabilities, either directly (as prices) or indirectly (derived from prices). There have been no transfers between levels 1, 2 and 3 for recurring fair value measurements during the half year. The interest rate swaps fair value's have been obtained from third party valuations derived from discounted cash flow forecasts of forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates.

The fair value of the interest rate swaps at 31 December was a liability of \$1.15 million (30 June 2013: \$1.45 million).

The directors consider that the carrying amount of other financial assets and liabilities recorded in the financial statements approximate their fair values.

19 Events occurring after the reporting period

On the 4th February 2014 the Group performed a share split where share holders received one new issued share for every share held.

20 Business Combination

Current Period

(a) Summary of acquisition

During the period the Group acquired the net assets of the following businesses:

- Coolalinga Car Parts
- Peps Discount Auto Spares
- Hampson Automotive
- Precision Auto Spares & Farburn
- Bulk Automotive Parts Wholesale

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid	5,950
Total purchase consideration	5,950

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash	5
Trade and other receivables	10
Inventories	2,820
Plant and equipment	389
Deferred tax asset	218
Provision for employee benefits	(915)
Other payables	(181)
Net identifiable assets acquired	2,346
Add: goodwill	3,604
Net Assets acquired	5,950

20 Business Combination (continued)

Prior Period

(a) Summary of acquisition

During the period the Group acquired the net assets of the following businesses:

- Castle Hill Automotive, Castle Hill
- Direct Auto Supply, Mackay VIC
- Geoff Walsh Engine Parts, Mackay Chain
- Auto Parts Centre, Bundaberg

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (b) below):	
Cash paid	3,200
Total purchase consideration	3,200

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash	1
Trade and other receivables	4
Inventories	1,050
Plant and equipment	259
Deferred tax asset	33
Provision for employee benefits	(108)
Net identifiable assets acquired	1,239
Add: goodwill	1,961
Net Assets acquired	3,200

In the directors' opinion:

- (a) the interim financial report and notes set out on pages 3 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year on that date, and
- (b) there are reasonable grounds to believe that the Group 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 directors.



Justin James Ryan
Chairman

Melbourne
20 February 2014



Independent auditor's review report to the members of Burson Group Holdings Pty Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, of Burson Group Holdings Pty Limited, (the company) which comprises the statement of financial position as at 31 December 2013, 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, other explanatory notes and the directors' declaration for Burson Group Holdings Pty Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the accounting policies as described in Note 1 to the financial statements and have determined that the accounting policies in Note 1, which form part of the financial report, are appropriate to meet the needs of the members. The directors' are also responsible 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Assurance practitioner'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 Australian Auditing Standard on Review Engagements ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is not the 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 financial report is not presented fairly, in all material respects, in accordance with the accounting policies as described in Note 1 to the financial report. ASRE 2400 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

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.

Conclusion

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 Burson Group Holdings Pty Limited does not present fairly, in all material respects, the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date.



Basis of Accounting and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The half-year financial report has been prepared to assist Burson Group Holdings Pty Limited to meet the requirements of preparing for an initial public offering ("IPO") on the Australian Securities Exchange ("ASX"). As a result, the half-year financial report may not be suitable for another purpose. Our report is intended solely for the members of Burson Group Holdings Pty Limited .

A handwritten signature in blue ink that reads 'Daniel Rosenberg'. The signature is fluid and cursive, with the first letter 'D' being particularly large and stylized.

Daniel Rosenberg
Authorised Representative
PricewaterhouseCoopers Securities Ltd

20 February 2014