Hazer Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Hazer Group Limited
ABN:	40 144 044 600
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	921%	to	38,160
Loss for the period	up	170%	to	1,686,983
Loss to the owners of Hazer Group Limited	up	170%	to	1,686,983

Dividends

No dividends were paid in the period.

Comments
The loss for the company amounted to $1,686,983 (31 December 2015: $624,407).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.92	6.85

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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8. Attachments

Details of attachments (if any):

The Interim Report of Hazer Group Limited for the half-year ended 31 December 2016 is attached.

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9. Signed

Signed ______________________________ Date: 28 February 2017

Geoff Pocock
Director
Perth

Hazer Group Limited

ABN 40 144 044 600

Interim Report - 31 December 2016

Hazer Group Limited
Directors' report
31 December 2016

The directors present their report, together with the financial statements, of Hazer Group Limited (referred to hereafter as the 'company') at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons were directors of Hazer Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Rick Hopkins
Geoff Pocock
Bryant Mclarty (resigned 7 February 2017)
Danielle Lee
Andrew Harris
Terence Walsh (appointed 7 February 2017)

Principal activities

During the financial half-year, the principal continuing activities of the company consisted of research and development of novel graphite and hydrogen production technology.

The company has intellectual property rights to a technology which allows the production of hydrogen gas from methane (natural gas) with negligible carbon dioxide emissions and the co-production of a high purity graphite product (the 'Hazer Process').

Costs associated with the research and development of novel graphite and hydrogen production technology have not at the reporting date met the criteria for recognition as an intangible asset with the exception of costs incurred for the pre-pilot plant which commenced during the half-year. As a result, the company has recognised all other costs as an expense when incurred. The company will re-assess the treatment of these costs during future periods as the company continues to progress with the development of its technology.

Review of operations

The loss for the company amounted to $1,686,983 (31 December 2015: $624,407).

Losses after income tax increased by 170% on the prior half-year as the Company increased research and development activities to commercialise the Hazer Process. Research and development paths undertaken included process scale-up work, graphite product development / functionalisation and graphite commercialisation work.

Operating expenses during the period principally related to consulting fees, employee expenses, general corporate overhead and research and development expenses.

The Company's cash and cash equivalents were $3,049,309 at 31 December 2016 (30 June 2016: $4,677,919) and net assets at 31 December 2016 were $3,178,132 (30 June 2016: $4,420,770). Parts and engineering services associated with the construction of a pre-pilot plant facility totalling $636,182 were capitalised during the half-year.

The operating cash outflow for the half-year increased by 140% to $1,337,221 (31 December 2015: $557,932) largely as a result of increased research and development activities. Investing cash outflows of $308,717 (31 December 2015: $0) related to the procurement of parts and engineering services associated with the construction of a pre-pilot plant facility. Financing cash inflows decreased to $17,328 (31 December 2015: $4,589,976) as a result of the initial public offering and admission to the Australia Securities Exchange ('ASX') in the prior half-year which raised $5,000,000 before expenses from the issue of 25,000,000 fully paid ordinary shares at $0.20 per share.

As an early stage company, the Company's business model is highly dependent on the achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial half-year.

Matters subsequent to the end of the financial half-year

On 7 February 2017, Terence Walsh was appointed as a Director of the Company and Bryant McLarty resigned as a Director of the Company.

On 7 February 2017, the following options were resolved to be issued to Terence Walsh as a Director of the Company and are subject to shareholder approval at the next annual general meeting: (i) 450,000 options exercisable at $0.75 each and expiring 30 June 2020 which vest 6 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date and (ii) 450,000 options exercisable at $0.90 each and expiring 31 December 2020 which vest 18 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date.

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 the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Geoff Pocock
Director

28 February 2017
Perth

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Hazer Group Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 February 2017

TUTU PHONG
Partner

Contents

General information

The financial statements cover Hazer Group Limited. The financial statements are presented in Australian dollars, which is Hazer Group Limited's functional and presentation currency.

Hazer Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Hazer Group Limited was admitted to the official list on the ASX on 30 November 2015. Official quotation of its securities commenced on the 2 December 2015.

Its registered office and principal place of business are:

Registered office	Principal place of business
7/29 The Avenue Nedlands WA 6009	7/29 The Avenue Nedlands WA 6009

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2017.

Hazer Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Note	31 Dec 2016 $	31 Dec 2015 $
Revenue			
Interest received		38,160	3,739
Expenses			
Administration expenses		(453,513)	(383,636)
Consulting and research expenses		(319,150)	(166,448)
Employee benefits expenses		(524,641)	(40,225)
Share based payments		(427,017)	(37,735)
Finance costs		(822)	(102)
Loss before income tax expense		(1,686,983)	(624,407)
Income tax expense		-	-
Loss after income tax expense for the half-year		(1,686,983)	(624,407)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(1,686,983)	(624,407)
		Cents	**Cents**
Basic and diluted losses per share		(2.61)	(1.55)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hazer Group Limited
Statement of financial position
As at 31 December 2016

	Note	31 Dec 2016 $	30 Jun 2016 $
Assets			
Current assets			
Cash and cash equivalents		3,049,309	4,677,919
Other current assets		97,975	75,768
Total current assets		3,147,284	4,753,687
Non-current assets			
Pre-pilot plant		636,182	-
Total non-current assets		636,182	-
Total assets		3,783,466	4,753,687
Liabilities			
Current liabilities			
Trade and other payables		476,271	114,276
Provisions		129,063	218,641
Total current liabilities		605,334	332,917
Total liabilities		605,334	332,917
Net assets		3,178,132	4,420,770
Equity			
Issued capital	2	6,011,010	5,993,682
Reserves	3	1,865,711	1,438,694
Accumulated losses	4	(4,698,589)	(3,011,606)
Total equity		3,178,132	4,420,770

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

Hazer Group Limited
Statement of changes in equity
For the half-year ended 31 December 2016

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	1,582,945	129,394	(1,167,248)	545,091
Loss after income tax expense for the half-year	-	-	(624,407)	(624,407)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(624,407)	(624,407)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,388,584	-	-	3,388,584
Share-based payments	-	1,239,127	-	1,239,127
Balance at 31 December 2015	4,971,529	1,368,521	(1,791,655)	4,548,395
Balance at 1 July 2016	5,993,682	1,438,694	(3,011,606)	4,420,770
Loss after income tax expense for the half-year	-	-	(1,686,983)	(1,686,983)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,686,983)	(1,686,983)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	17,328	-	-	17,328
Share-based payments		427,017	-	427,017
Balance at 31 December 2016	6,011,010	1,865,711	(4,698,589)	3,178,132

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

Hazer Group Limited
Statement of cash flows
For the half-year ended 31 December 2016

	Note	31 Dec 2016 $	31 Dec 2015 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,380,490)	(561,568)
Interest received		44,091	3,739
Interest and other finance costs paid		(822)	(103)
Net cash used in operating activities		(1,337,221)	(557,932)
Cash flows from investing activities			
Payments for pre-pilot plant		(308,717)	-
Net cash used in investing activities		(308,717)	-
Cash flows from financing activities			
Proceeds from exercise of share options		17,328	-
Proceeds from issue of shares		-	4,589,976
Net cash provided by financing activities		17,328	4,589,976
Net (decrease)/increase in cash and cash equivalents		(1,628,610)	4,032,044
Cash and cash equivalents at the beginning of the financial half-year		4,677,919	562,927
Cash and cash equivalents at the end of the financial half-year		3,049,309	4,594,971

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company 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 and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not resulted in a significant or material change to the company's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Equity - issued capital

	31 Dec 2016 Shares	30 Jun 2016 Shares	31 Dec 2016 $	30 Jun 2016 $
Ordinary shares - fully paid	64,598,516	64,540,752	5,862,607	5,845,279
Listed options	15,283,800	15,041,564	148,403	148,403

Movements in ordinary shares

	No of shares	Issue price	$
Opening balance 1 July 2016	64,540,752		5,845,279
Issue of shares on exercise of options, 27 July 2016	33,632	$0.30	10,090
Issue of shares on exercise of options, 1 September 2016	11,132	$0.30	3,338
Issue of shares on exercise of options, 9 November 2016	13,000	$0.30	3,900
Closing balance 31 December 2016	64,598,516		5,862,607

Movements in listed options

Opening balance 1 July 2016	15,041,564	148,403
Exercise of options, 27 July 2016	(33,632)	-
Exercise of options, 1 September 2016	(11,132)	-
Exercise of options, 9 November 2016	(13,000)	-
Quotation of existing Series E unlisted options as listed options, 9 November 2016	300,000	-
Balance 31 December 2016	**15,283,800**	**148,403**

Total issued capital 31 December 2016	**6,011,010**

Note 3. Equity - reserves

	31 Dec 2016 $	30 Jun 2016 $
Option reserve	1,865,711	1,438,694
	1,865,711	1,438,694

Option reserve
The option reserve records items recognised as expenses on the valuation of share options.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	No of Options	Value $
Balance at 1 July 2016	32,300,000	1,438,694
New options issued during the half-year vesting over multiple periods		
Series F	1,150,000	212,622
Series G – Tranche 1	1,150,000	73,662
Series G – Tranche 2	100,000	31,691
Series G – Tranche 3	600,000	60,483
Existing options vesting over multiple periods		
Series D		27,940
Series E		20,619
Existing options quoted as listed options during the half-year		
Series E	(300,000)	-
Balance at 31 December 2016	35,000,000	1,865,711

Of the above movements during the half-year, $427,017 were expensed to the statement of profit or loss and other comprehensive income.

Note 4. Equity – Accumulated losses

	31 Dec 2016 $	30 Jun 2016 $
Accumulated losses at the beginning of the financial year	3,011,606	1,167,248
Loss after income tax expense for the year	1,686,983	1,844,358
Accumulated losses at the end of the financial year	4,698,589	3,011,606

Note 5. Contingent liabilities

The company does not have any contingent liabilities at 31 December 2016.

Note 6. Events after the reporting period

On 7 February 2017, Terence Walsh was appointed as a Director of the Company and Bryant McLarty resigned as a Director of the Company.

On 7 February 2017, the following options were resolved to be issued to Terence Walsh as a Director of the Company and are subject to shareholder approval at the next annual general meeting: (i) 450,000 options exercisable at $0.75 each and expiring 30 June 2020 which vest 6 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date and (ii) 450,000 options exercisable at $0.90 each and expiring 31 December 2020 which vest 18 months after appointment provided the holder has continued to be engaged as an employee or contractor of the Company prior to the vesting date.

Hazer Group Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Geoff Pocock
Director

28 February 2017
Perth

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
HAZER GROUP LIMITED

We have reviewed the accompanying half-year financial report of Hazer Group Limited which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2016 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*. As the auditor of Hazer Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hazer Group Limited, would be in the same terms if given to the directors as at the time of this auditor's 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 Hazer Group Limited 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 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 28 February 2017