Thorney Opportunities Ltd

ABN 41 080 167 264

Appendix 4D and
2020 Half-Year
Financial Statements

31 December 2019

THORNEY OPPORTUNITIES LTD
ACN 080 167 264

APPENDIX 4D (Listing Rule 4.2A3)

Financial statements for the half-year ended 31 December 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31 December 2018)	$'000s	Movement $'000s	Up/Down	Movement
Revenue/(loss) from ordinary activities	(2,377)	14,369	Up	86%
Profit (loss) after tax for the year	(3,190)	9,217	Up	74%

Dividend information	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2020 Interim dividend per share	**0.73**	**0.73**	**27.5%**
2019 Final dividend per share	1.14	1.14	27.5%
2019 Interim dividend per share	0.66	0.66	27.5%

2020 Interim dividend dates	
Ex-dividend date	16 March 2020
Record date	17 March 2020
Interim dividend payment date	31 March 2020

The Company's Dividend Reinvestment Plan (DRP) will not apply to the 2020 Interim dividend.

	31 Dec 2019	31 Dec 2018	Movement
Net tangible asset backing per ordinary share	77.4 cents	68.7 cents	Up 13%

This report should be read in conjunction with the Thorney Opportunities Ltd 2019 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the financial statements for the half-year ended 31 December 2019.

This report is based on the financial statements for the half-year ended 31 December 2019 which have been reviewed by Ernst & Young.

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Company particulars

Thorney Opportunities Ltd is a disclosing entity under the *Corporations Act 2001* and currently considered an investment entity pursuant to ASX Listing Rules. The Company is primarily an investor in listed equities on the Australian securities market.

ASX Code:	TOP
Security:	Thorney Opportunities Ltd fully paid ordinary shares
Directors:	Alex Waislitz, Chairman Ashok Jacob Henry Lanzer AM Dr Gary Weiss AM
Secretary:	Craig Smith
Country of incorporation	Australia
Registered office:	Level 39, 55 Collins Street Melbourne Vic 3000
Contact details:	Level 39, 55 Collins Street Melbourne Vic 3000 T: + 613 9921 7116 F: + 613 9921 7100 E: craig.smith@thorney.com.au W: www.thorneyopportunities.com.au
Investment Manager:	Thorney Management Services Pty Ltd Level 39, 55 Collins Street Melbourne Vic 3000 AFSL: 444369
Auditor:	Ernst & Young, Melbourne 8 Exhibition Street Melbourne Vic 3000
Lawyers:	Arnold Bloch Leibler Level 21, 333 Collins Street Melbourne Vic 3000
Share Registry:	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 T: + 612 9290 9600 F: + 612 9279 0664 W: www.boardroomlimited.com.au For all shareholder related enquiries please contact the share registry.

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Chairman's letter

Dear Fellow Shareholders

TOP's 2019 half year result principally reflects reductions in the market value of the Company's portfolio for the six-month period, nevertheless, your directors remain confident about the medium to long term outlook.

Directors have decided to increase the interim dividend for the December 31 half year by 11% to 0.73 cents per share compared to 0.66 cents per share in the previous corresponding period.

Whilst share market volatility will always contribute to share price fluctuations over the short term, I remain very comfortable with the composition of TOP's core portfolio and our investment strategy over the medium to long term. Viewed from that perspective, TOP has continued to deliver very strong and consistent investment results for shareholders, with growth in net tangible asset backing (NTA), and inclusive of franked dividends, averaging 14% a year for the six-year period since TOP's inception in January 2014.

TOP's principal objective is to provide shareholders with strong growth over the medium to long term and while recent share market momentum has generally focused on larger cap stocks, many years of experience underwrite my strong belief that value and turnaround stocks such as those in the TOP portfolio will inevitably return to favour.

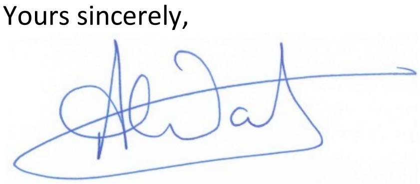
TOP's five largest portfolio holdings - Money 3 Corporation Ltd (MNY), AMA Group Ltd (AMA), Service Stream Ltd (SSM), Palla Pharma Ltd (PAL) and Austin Engineering Ltd (ANG) represent approximately 66% of TOP's listed portfolio. MNY and ANG recorded a higher closing share price at 31 December 2019 however AMA in particular, PAL and SSM all closed weaker which resulted in an overall unrealised loss for the period.

As a result, NTA after tax as at 31 December 2019 was 77.4 cents per share compared with 80.1 cents per share as at 30 June 2019. TOP's share price continues to trade at a significant discount to NTA which was one of the contributing factors to the Company announcing its intention to conduct an on-market share buy-back from the period 19 December 2019 to 18 December 2020.

NTA improved during January 2020 and stood at 78.3 cents as at January 31. This improvement was due primarily to the continued strong share price performance of MNY which has grown to become TOP's single largest holding by value.

I will provide more detailed commentary on MNY and other companies in the TOP portfolio including our investment in Australian Community Newspapers in my next Chairman's Update in March 2020 after the conclusion of the 2019 interim results reporting season.

Yours sincerely,



Alex Waislitz
Chairman

24 February 2020

Directors' report

The directors present their report, together with the financial statements of Thorney Opportunities Ltd (TOP or Company) for the half-year ended 31 December 2019 and the auditor's review report thereon. The financial statements have been reviewed and approved by the directors on the recommendation of the Audit and Risk Committee.

1. Directors

The directors of TOP in office during the half-year and at the date of this report are as follows:

Name:	Period of Directorship:
Alex Waislitz	Director since 21 November 2013
Ashok Jacob	Director since 21 November 2013
Henry Lanzer AM	Director since 21 November 2013
Dr Gary Weiss AM	Director since 21 November 2013

2. Principal activities

Thorney Opportunities Ltd is an investment company listed on the Australian Securities Exchange (ASX:TOP) and its principal activity is making investments in listed and unlisted securities.

3. Review of operations

For the half-year under review the Company recorded a net loss after tax of $3,190,126 and for the previous corresponding half-year recorded a net loss after tax of $12,406,916. TOP's half year result principally reflects mark to market reductions in the market value of the Company's portfolio for the six-monthly period.

TOP's five largest portfolio holdings (SSM, AMA, MNY, PAL, ANG), represent circa 66% of the TOP's listed portfolio. MNY and ANG recorded a higher closing share price at 31 December 2019 however AMA in particular, PAL and SSM all closed weaker which resulted in an overall unrealised loss for the period.

Key personnel from AMA, PAL and DCG presented at the TOP AGM Thorney Investment Forum in late November 2019 and these presentations were recorded and are available on the TOP website.

The Net Tangible Asset Backing per share (NTA) after tax as at 31 December 2019 was 77.4 cents per share compared with 80.1 cents per share as at 30 June 2019. These figures are after dividend payments of 1.8 cents per share during 2019 (2018: 1.5 cents).

A 2019 Final dividend of 1.14 cents per share fully franked was paid during the period and a 2020 interim fully franked dividend of 0.73 cents per share has been declared by the Board and will be paid on 31 March 2020.

On 5 December 2019 the Company announced its intention to conduct an On-Market Share Buy-Back from the period 19 December 2019 to 18 December 2020 unless the maximum number of shares are bought back prior to this date or TOP decides to cease the buy-back. At 31 December 2019, no shareholders had their shares bought back. Total cost of the Share Buy-Back to 31 December 2019 is $3,673.

4. Auditor's independence declaration

The Auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on the following page.

Signed in accordance with a resolution of directors:

Alex Waislitz
Chairman

Melbourne, 24 February 2020

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Auditor's Independence Declaration to the Directors of Thorney Opportunities Ltd

As lead auditor for the review of the half-year financial report of Thorney Opportunities Ltd for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Ernst & Young

Tony Morse

Tony Morse
Partner
24 February 2020

Statement of comprehensive income

For the half-year ended 31 December 2019

	Note	December 2019 $	December 2018 $
Income			
Net changes in fair value of trading investments	2	**(4,791,527)**	(19,513,011)
Interest income	2	**134,303**	142,101
Dividend income	2	**2,280,628**	2,596,404
Other income	2	**-**	29,074
Total investment income (loss)	2	**(2,376,596)**	(16,745,432)
Expenses			
Management fees	7	**(1,308,059)**	(1,108,834)
Performance fees	7	**-**	-
Directors' fees		**(84,863)**	(84,862)
Finance costs		**(137)**	(13)
Fund administration and operational costs		**(60,664)**	(65,350)
Legal and professional fees		**(96,134)**	(100,209)
Other administrative expenses		**(29,712)**	(19,310)
Total expenses		**(1,579,569)**	(1,378,578)
Loss before income tax benefit		**(3,956,165)**	(18,124,010)
Income tax benefit	3	**766,039**	5,717,094
Total comprehensive loss for the half-year		**(3,190,126)**	(12,406,916)
Basic and diluted loss per share	10	**(1.57)**	(6.09)

The Statement of comprehensive income should be read in conjunction with the notes to the half-year financial statements.

Statement of financial position

As at 31 December 2019

	Note	December 2019 $	June 2019 $
ASSETS			
Current assets			
Cash and short-term deposits	6	**21,581,684**	3,774,665
Financial assets	5	**141,000,148**	167,991,392
Receivables		**10,940**	1,114
Prepayments		**61,199**	11,807
Total current assets		**162,653,971**	171,778,978
Non-current assets			
Financial assets	5	**7,500,000**	7,500,000
Total non-current assets		**7,500,000**	7,500,000
TOTAL ASSETS		**170,153,971**	179,278,978
LIABILITIES			
Current liabilities			
Payables and accruals	7	**1,480,921**	4,741,196
Borrowings from Prime Broker		**416,365**	-
Total current liabilities		**1,897,286**	4,741,196
Non-current liabilities			
Deferred tax liabilities	4	**10,754,081**	11,520,120
Total non-current liabilities		**10,754,081**	11,520,120
TOTAL LIABILITIES		**12,651,367**	16,261,316
NET ASSETS		**157,502,604**	163,017,662
EQUITY			
Issued capital	8	**105,581,703**	105,585,376
Reserve		**90,916,369**	88,486,055
Accumulated losses		**(38,995,468)**	(31,053,769)
TOTAL EQUITY		**157,502,604**	163,017,662

The Statement of financial position should be read in conjunction with the notes to the half-year financial statements.

Statement of changes in equity

For the half-year ended 31 December 2019

	Issued capital $	Profits reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	**105,585,376**	**88,486,055**	**(31,053,769)**	**163,017,662**
Loss for the half-year	**-**	**-**	**(3,190,126)**	**(3,190,126)**
Total comprehensive loss for the half-year	**-**	**-**	**(3,190,126)**	**(3,190,126)**
Transfer to Profits Reserve	**-**	**4,751,573**	**(4,751,573)**	**-**
Transactions with shareholders:				
Dividends paid	**-**	**(2,321,259)**	**-**	**(2,321,259)**
Cost of Share Purchase Plan	**(3,673)**	**-**	**-**	**(3,673)**
Total transactions with shareholders	**(3,673)**	**(2,321,259)**	**-**	**(2,324,932)**
Balance as at 31 December 2019	**105,581,703**	**90,916,369**	**(38,995,468)**	**157,502,604**

For the half-year ended 31 December 2018

	Issued capital $	Profits reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2018	105,585,376	56,649,833	(8,086,664)	154,148,545
Profit for the half-year	-	-	(12,406,916)	(12,406,916)
Total comprehensive income for the half-year	-	-	(12,406,916)	(12,406,916)
Transfer to Profits Reserve	-	10,560,187	(10,560,187)	-
Transactions with shareholders:				
Dividends paid	-	(1,832,574)	-	(1,832,574)
Total transactions with shareholders	-	(1,832,574)	-	(1,832,574)
Balance as at 31 December 2018	105,585,376	65,377,446	(31,053,767)	139,909,055

The Statement of changes in equity should be read in conjunction with the notes to the half-year financial statements.

Statement of cash flows

For the half-year ended 31 December 2019

	December 2019 $	December 2018 $
Cash from operating activities:		
Interest received	**134,303**	142,101
Dividends received	**2,271,285**	2,649,054
Proceeds from sale of trading investments	**44,266,200**	27,219,338
Payments for trading investments	**(22,066,482)**	(33,681,625)
Payments to suppliers and employees	**(4,901,723)**	(4,460,251)
Finance costs	**(137)**	(13)
Other income received	**-**	29,074
Net cash provided by/(used in) operating activities	**19,703,446**	(8,102,322)
Cash flows from investing activities:		
Proceeds from sale of investments	**-**	-
Net cash provided by investing activity	**-**	-
Cash flows from financing activities:		
Drawdown from Prime Broker	**416,365**	121,443
Payment for Share Buy-Back costs	**(3,673)**	-
Dividends paid	**(2,309,119)**	(1,808,761)
Net cash used in financing activities	**(1,896,427)**	(1,687,318)
Net increase/ (decrease) in cash held	**17,807,019**	(9,789,640)
Cash at the beginning of the year	**3,774,665**	14,589,511
Cash at the end of the year	**21,581,684**	4,799,871

The Statement of cash flows should be read in conjunction with the notes to the half-year financial statements.

Notes to the financial statements

The half-year financial statements of Thorney Opportunities Ltd for the half-year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2020.

1. Summary of accounting policies

(a) Basis of preparation

The half-year financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements do not include all of the information required for full-year statements. Accordingly, these financial statements should be read in conjunction with the financial statements for the year ended 30 June 2019 and any public announcements made by Thorney Opportunities Ltd during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

Changes in Accounting Standards

The accounting policies adopted in the preparation of the financial statements for the half-year ended 31 December 2019 are consistent with those of the most recent annual financial report. The impact of adopting any new or amended standards and interpretations that apply in 2019, was not material. The Company holds no leasing commitments. Therefore, the adoption of AASB 16 Leases had no impact on the Company.

2. Total investment income (loss)

The major components of investment income in the Statement of comprehensive income are:

	2019 **$**	2018 $
Net realised gains of trading investments[1]	**20,243,682**	8,416,296
Gain/loss that had been unrealised in prior period for trading investments which were realised in the reporting period[2]	**(18,619,738)**	(8,374,452)
Unrealised loss for change in fair value of trading investments	**(6,415,471)**	(19,554,855)
Net changes in fair value of trading investments	**(4,791,527)**	(19,513,011)
Interest income	**134,303**	142,101
Dividend income	**2,280,628**	2,596,404
Other income	**-**	29,074
Total investment loss	**(2,376,596)**	(16,745,432)

[1] Net realised gains of trading investments is the difference between the selling price and the cost of the investments sold during the reporting period.

[2] Gain/loss that had been unrealised in prior period for trading investments which were realised in the reporting period, represents the 30 June 2019 unrealised fair value adjustments of investments sold in the reporting period.

Notes to the financial statements continued

3. Income tax

The income tax benefit attributable to the half-year differs from the prima facie amount receivable on the loss before tax benefit. The difference is reconciled as follows:

	December 2019	December 2018
Current tax		
Current income tax expense/(benefit)	**7,057,851**	(730,663)
Deferred tax		
Origination and reversal of temporary differences	**(7,823,890)**	(4,986,431)
Income tax benefit recognised in the Statement of profit or loss	**(766,039)**	(5,717,094)
Loss before income tax	**(3,956,165)**	(18,124,010)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2018: 27.5%)	**1,186,850**	4,984,103
Deferred income tax benefit/(expense)		
- Imputation credits converted to losses	**894,483**	1,010,054
- Imputation credits on dividends received	**(268,345)**	(277,765)
- Adjustment for change in corporate tax rate	**(1,046,949)**	-
- Other adjustment	**-**	702
Income tax benefit recognised in the Statement of profit or loss	**766,039**	5,717,094

4. Deferred tax

	December 2019	June 2019
Deferred tax		
Financial assets	**(15,309,546)**	(21,230,783)
Business establishment costs	**72,061**	78,176
Other	**3,189**	15,630
Losses available for offsetting against future taxable income	**4,480,215**	9,616,857
Net deferred tax liabilities	**(10,754,081)**	(11,520,120)

At 31 December 2019, the Company has estimated unused gross revenue tax losses of $14,934,050 (June 2019: $34,970,389) that are available to offset against future taxable revenue profits, subject to continuing to meet relevant statutory tests and have been recognised as a deferred tax asset.

At 31 December 2019, the Company has estimated unused gross capital tax losses of $30,714,821 (June 2019: $30,714,821) for which no deferred tax asset has been recognised.

5. Fair value measurements

To reflect the source of valuation inputs used when determining the fair value of its financial assets and financial liabilities, the Company uses the fair value hierarchy prescribed in AASB 13 *Fair Value Measurement*:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these investments is based on the last sale price for the security as quoted on the relevant exchange;

Level 2: valuation techniques using market observable inputs, either directly or indirectly. The fair value of assets and liabilities with short-term maturities are valued at the amount at which the asset or liability could be exchanged in a current transaction between willing parties; and

Level 3: valuation techniques using non-market observable data with the fair value for investments based on inputs determined by Directors' valuation.

The fair value measurement hierarchy of the Company's financial assets and financial liabilities is as follows:

		December 2019	June 2019
Assets measured at fair value			
Level 1:	Listed equities	**140,642,995**	167,991,392
Level 3:	Long-term financial assets[1] and equity investments[2]	**7,857,153**	7,500,000
Total financial assets		**148,500,148**	175,491,392
Total current		**141,000,148**	167,991,392
Total non-current		**7,500,000**	7,500,000
Liabilities measured at fair value			
Level 1:	-	-	-
Level 2:	-	-	-
Level 3:	-	-	-
Total financial liabilities		-	-

[1] Long-term financial assets and loan notes are valued using a discounted cash flow model or latest purchase price. This includes a long-term financial asset of a 25% ownership interest in Australian Community Media Group (incorporated in Australia), which is valued using a discounted cash flow model.

[2] Equity investment that is not actively trading on the ASX at 31 December 2019 and has been valued at their most recent capital raising price.

Notes to the financial statements continued

5. Fair value measurements (continued)

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Reconciliation of recurring fair value measurements categorised within Level 3 is as follows:

Financial assets:	Financial assets	Listed options	Total
Balance at 1 July 2019	**7,500,000**	**-**	**7,500,000**
Unrealised loss recognised in Statement of comprehensive income	**(1,524,429)**	**-**	**(1,524,429)**
Transfer from Level 1	**1,881,582**	**-**	**1,881,582**
Balance at 31 December 2019	**7,857,153**	**-**	**7,857,153**

We refer to the interim financial report of the previous financial year for the comparable information.

6. Cash and short term deposits

	December 2019 $	June 2019 $
Cash at bank	**16,581,684**	3,774,665
Short-term deposits	**5,000,000**	-
Total cash and short term deposits	**21,581,684**	3,774,665

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 90 days, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The carrying value of Cash and short-term deposits approximates fair value.

7. Payables and accruals

	December 2019 $	June 2019 $
Management fee payable	**1,308,059**	1,363,145
Performance fee accrual	**-**	3,106,092
Sundry creditors and accruals	**172,862**	271,959
Total payables and accruals	**1,480,921**	4,741,196

Payables are non-interest bearing and unsecured. Sundry creditors are generally paid in accordance with the terms negotiated with each individual creditor. The Management Fee is paid within 60 days of receiving an invoice from the Investment Manager.

The carrying value of Payables approximates Fair Value.

Notes to the financial statements continued

8. Issued capital

	December 2019 Number of shares	June 2019 Number of shares	December 2019 $	June 2019 $
(a) Ordinary shares				
Balance at 1 July	**203,619,230**	203,619,230	**105,585,376**	105,585,376
Share Buy-Back	**-**	-	**(3,673)**	-
Total issued and authorised capital	**203,619,230**	203,619,230	**105,581,703**	105,585,376

9. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 31 December 2019 and 2018:

	Services from and transactions with related parties[1]	
	December 2019 $	December 2018 $
Entities with significant influence over the Company:		
Thorney Management Services Pty Ltd [1]	**1,276,155**	1,081,789
TIGA Trading Pty Ltd	**26,000**	26,000
Related parties of key management personnel of the Company:		
Arnold Bloch Leibler	**31,048**	31,820

All related party transaction amounts are shown exclusive of GST

[1] Under the Investment Management Agreement the Investment Manager, Thorney Management Services Pty Ltd, is entitled to a Base Fee based on total assets under management and a Performance Fee in respect of any annual Increase Amount. Based on the Increase Amount for the six months to 31 December 2019, no Performance Fee has been accrued in the 2020 Half-year financial statements (2019: $nil). The accrual includes GST after deduction of the reduced input tax credit. Refer to note 7.

Notes to the financial statements continued

10. Earnings per share

	December 2019	December 2018
Basic and diluted earnings per share (cents)	**(1.57)**	(6.09)
Loss used in calculating basic and diluted earnings per share ($)	**(3,190,126)**	(12,406,916)

	2019 Number of Shares	2018 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings (loss) per share	**203,619,230**	203,619,230

11. Dividends

Dividends paid and payable by the Company during the half-year:

	December 2019	December 2018
(a) Final Dividend FY 2019 A fully franked dividend of 1.14 cents per share for the year ended 30 June 2019 was paid on 30 September 2019	**2,321,259**	1,832,573
(b) Interim Dividend FY 2020 not recognised at half-year end Since the end of the half-year, the Directors have declared a 0.73 cents per share fully franked dividend which has not been recognised as a liability at the end of the half-year	**1,471,414**	1,343,887

12. Contingent liabilities

The Company has no contingent liabilities as at 31 December 2019 (2018: nil).

Directors' declaration

In accordance with a resolution of directors of Thorney Opportunities Ltd, I state that:

1. In the opinion of the Directors:

(a) the financial statements and notes of Thorney Opportunities Ltd for the half-year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards and the *Corporations Regulations 2001*;

(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.

On behalf of the Board,

Alex Waislitz
Chairman

Melbourne, 24 February 2020

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Independent Auditor's Review Report to the Members of Thorney Opportunities Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Thorney Opportunities Ltd (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

The directors of the 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, anything has come to our attention that causes us to believe that the half–year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the 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 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Tony Morse
Partner

Melbourne
24 February 2020