

United Networks Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: United Networks Limited
ABN: 60 607 921 246
Reporting period: For the half-year ended 31 December 2017
Previous period: For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	53.2% to	1,725,120
Loss from ordinary activities after tax attributable to the owners of United Networks Limited	up	29.9% to	(1,015,913)
Loss for the half-year attributable to the owners of United Networks Limited	up	29.9% to	(1,015,913)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,015,913 (31 December 2016: \$781,868).

Reference is made to the 'Review of Operations' in the Directors' Report contained in the attached Interim Financial Report for United Networks Limited for the half-year ended 31 December 2017.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.51</u>	<u>3.42</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. 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.

11. Attachments

Details of attachments (if any):

The Interim Report of United Networks Limited for the half-year ended 31 December 2017 is attached.

12. Signed

Signed _____



Date: _____ 27-Feb- _____ 2018

United Networks Limited

ABN 60 607 921 246

Interim Report - 31 December 2017

United Networks Limited
Corporate directory
31 December 2017

Directors	Anthony Ghattas - Chairman Nicholas Ghattas - Chief Executive Officer Charbel Nader
Company secretary	Michael Potts
Registered office and principal place of business	Suite 201, Level 2 100 William Street Woolloomooloo NSW 2011 Phone:(02) 9003 9573
Share register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Phone: (08) 9389 8033
Auditor	Rothsay Chartered Accountants Level 1, 12 O'Connell Street Sydney NSW 2000
Solicitors	Sekel Grindberg Lawyers Level 8 - Currency House 23 Hunter Street Sydney NSW 2000
Bankers	National Australia Bank 85-95 Marrickville Rd Marrickville NSW 2204 Westpac Banking Corporation 425 Victoria Ave Chatswood NSW 2067
Stock exchange listing	United Networks Limited shares are listed on the Australian Securities Exchange (ASX code: UNL)
Website	www.unitednetworks.net.au
Corporate Governance Statement	www.unitednetworks.net.au/en/investors#corporateGovernance

United Networks Limited
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of United Networks Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- sale, customisation and integration of IT and telecommunications systems
- maintenance of IT and telecommunications systems
- internet based selling of hardware and software products

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,015,913 (31 December 2016: \$781,868).

The year to date results show revenue down on the same period last year due to the effect of the reduced performance of a key partner as outlined in the December 2017 Quarterly update lodged on 31 January 2018. We have completed our planned development cycle on the new products and have started to commercialise these. We have reacted to current market conditions and have instituted a restructuring of the business to return it to cash flow positive position.

We have implemented a series of cost savings to restructure the cost base in line with current revenue levels whilst still maintaining our SLA's and current pipeline of customers. We estimate these savings to be approximately \$900,000 on an annualised basis. We expect to see the final cost initiatives to be finalised by end of 3Q (this quarter) 2018. As a result, we expect in 2H FY2018 to be operationally cash flow positive.

The focus moving forward is to drive revenue in the Wi-Fi, SIM and Trust platform. Despite having good take up rates of the new products we have learned that United's business model can be further improved by embedding the price of the service into every policy. The focus right now is to drive a higher volume of connected clients through the TRUST platform and leverage this volume to add transaction related revenues which will boost the returns per client for all parties. The trust platform will continue to add innovative valuable products for partners. The SOS enhancements launched in January with Chubb is now generating revenue as a value-added inclusion for every Chubb policy.

United has made substantial progress over the 6 months to December. The major achievements have included:

- Implemented a restructure to reduce the operational costs of the business by \$900,000 on an annualised basis.
- Wi-Fi revenue continues to grow quarter on quarter. Supported by the increasing opt in rate over 32%.
- Significantly improved the gross margin percentage from 44% of sales YTD compared to 26% last year.
- Increased the average revenue per SIM card to \$79 up from \$69 last year.
- Re-engaged with our key partner and launched new Data promotions at the end of December and we have actively planned promotions for the last quarter to focus on the busy European travel.
- Released the SOS enhancements in December which represents a significant upgrade to the trust platform.
- Launched Priceline Wi-Fi offers and SIM reseller promotions.
- Large pipeline with several opportunities in the final stages of being finalised.
- Launched a new revenue stream in January with Chubb SOS available now in all active markets and partners.

Significant changes in the state of affairs

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

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 immediately after this directors' report.

United Networks Limited
Directors' report
31 December 2017

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



Nicholas Ghattas
Director

27-Feb- 2018

Sydney

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

To: The Directors of United Networks Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017 there have been:

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

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 27 February 2018

United Networks Limited

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General information

The financial statements cover United Networks Limited as a consolidated entity consisting of United Networks Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is United Networks Limited's functional and presentation currency.

United Networks Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 201, Level 2
100 William Street
Woolloomooloo
NSW 2011

A description of the nature of the consolidated entity'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 27 February 2018.

United Networks Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

		Consolidated	
	Note	31 Dec 2017	31 Dec 2016
		\$	\$
Revenue	3	1,725,120	3,684,081
Expenses			
Cost of sales		(948,999)	(2,426,907)
Marketing		(37,999)	(25,200)
Occupancy		(23,395)	(27,490)
Administration		(1,406,330)	(871,210)
Other expenses		(591,268)	(868,118)
Finance costs		(22,061)	(66,543)
		<u>(1,304,932)</u>	<u>(601,387)</u>
Loss before income tax (expense)/benefit		(1,304,932)	(601,387)
Income tax (expense)/benefit		289,019	(180,481)
		<u>(1,015,913)</u>	<u>(781,868)</u>
Loss after income tax (expense)/benefit for the half-year attributable to the owners of United Networks Limited		(1,015,913)	(781,868)
Other comprehensive income for the half-year, net of tax		-	-
		<u>(1,015,913)</u>	<u>(781,868)</u>
		Cents	Cents
Basic earnings per share	13	(0.81)	(0.87)
Diluted earnings per share	13	(0.81)	(0.87)

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

United Networks Limited
Statement of financial position
As at 31 December 2017

		Consolidated	
	Note	31 Dec 2017	30 June 2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	1,878,856	4,214,949
Trade and other receivables	5	1,867,190	1,896,706
Inventories		111,159	131,975
Other		43,255	59,322
Total current assets		<u>3,900,460</u>	<u>6,302,952</u>
Non-current assets			
Property, plant and equipment	6	421,668	506,047
Intangibles	7	18,006,651	17,876,073
Deferred tax		1,244,321	762,620
Total non-current assets		<u>19,672,640</u>	<u>19,144,740</u>
Total assets		<u>23,573,100</u>	<u>25,447,692</u>
Liabilities			
Current liabilities			
Trade and other payables	8	897,803	1,573,503
Borrowings	9	643,867	992,223
Provisions		183,763	129,051
Total current liabilities		<u>1,725,433</u>	<u>2,694,777</u>
Non-current liabilities			
Borrowings	10	149,071	231,088
Deferred tax		536,360	343,678
Total non-current liabilities		<u>685,431</u>	<u>574,766</u>
Total liabilities		<u>2,410,864</u>	<u>3,269,543</u>
Net assets		<u>21,162,236</u>	<u>22,178,149</u>
Equity			
Issued capital		24,278,800	24,278,800
Accumulated losses		<u>(3,116,564)</u>	<u>(2,100,651)</u>
Total equity		<u>21,162,236</u>	<u>22,178,149</u>

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

United Networks Limited
Statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	17,777,025	(1,063,474)	16,713,551
Loss after income tax expense for the half-year	-	(781,868)	(781,868)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(781,868)	(781,868)
<i>Transactions with owners in their capacity as owners:</i>			
Capital raising costs	(631,725)	-	(631,725)
Balance at 31 December 2016	<u>17,145,300</u>	<u>(1,845,342)</u>	<u>15,299,958</u>
Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	24,278,800	(2,100,651)	22,178,149
Loss after income tax benefit for the half-year	-	(1,015,913)	(1,015,913)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(1,015,913)	(1,015,913)
Balance at 31 December 2017	<u>24,278,800</u>	<u>(3,116,564)</u>	<u>21,162,236</u>

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

United Networks Limited
Statement of cash flows
For the half-year ended 31 December 2017

	Note	Consolidated	Consolidated
		31 Dec 2017	31 Dec 2016
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,666,026	4,284,436
Payments to suppliers and employees (inclusive of GST)		<u>(3,034,060)</u>	<u>(3,621,954)</u>
		(1,368,034)	662,482
Interest received		32,956	625
Interest and other finance costs paid		(41,427)	-
Income taxes paid		<u>-</u>	<u>(24,408)</u>
Net cash from/(used in) operating activities		<u>(1,376,505)</u>	<u>638,699</u>
Cash flows from investing activities			
Payments for property, plant and equipment	6	(6,923)	-
Payments for intangibles	7	(524,197)	(495,247)
Loans from/(to) related and other parties		1,905	(40,000)
Proceeds from disposal of investments		<u>-</u>	<u>21,029</u>
Net cash used in investing activities		<u>(529,215)</u>	<u>(514,218)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	144,321
Share issue transaction costs		-	(631,725)
Repayment of borrowings		<u>(430,373)</u>	<u>(64,800)</u>
Net cash used in financing activities		<u>(430,373)</u>	<u>(552,204)</u>
Net decrease in cash and cash equivalents		(2,336,093)	(427,723)
Cash and cash equivalents at the beginning of the financial half-year		<u>4,214,949</u>	<u>508,410</u>
Cash and cash equivalents at the end of the financial half-year	4	<u><u>1,878,856</u></u>	<u><u>80,687</u></u>

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

United Networks Limited
Notes to the financial statements
31 December 2017

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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 2017 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 or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Note 2. Operating segments

Identification of reportable operating segments

Operating segments are identified based on separate financial information which is regularly reviewed by the Board of Directors, representing the consolidated entity's Chief Operating Decision Makers (CODM), in assessing performance and determining the allocation of resources.

The consolidated entity operates in primarily one geographical segment, namely Australia. The primary business segment is telecommunications namely voice, data and value added services. As the consolidated entity operates in only one segment, the consolidated results are also its segment results.

The consolidated entity operates in one geographical segment being Australia. Revenue from overseas customers is not material to the consolidated entity.

Note 3. Revenue

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
<i>Sales revenue</i>		
Sales of goods	26,212	126,252
Services	<u>1,664,024</u>	<u>3,135,946</u>
	<u>1,690,236</u>	<u>3,262,198</u>
<i>Other revenue</i>		
Interest	32,956	625
Other revenue	<u>1,928</u>	<u>421,258</u>
	<u>34,884</u>	<u>421,883</u>
Revenue	<u><u>1,725,120</u></u>	<u><u>3,684,081</u></u>

United Networks Limited
Notes to the financial statements
31 December 2017

Note 4. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Cash on hand	455	99
Cash at bank	303,401	158,236
Cash on deposit	1,575,000	4,056,614
	<u>1,878,856</u>	<u>4,214,949</u>

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Trade receivables	869,004	858,868
Less: Provision for impairment of receivables	(24,000)	(34,237)
	<u>845,004</u>	<u>824,631</u>
Other receivables	616,637	634,698
Loan to related party	39,331	41,236
Commissions receivable	363,838	396,141
BAS receivable	2,380	-
	<u>1,867,190</u>	<u>1,896,706</u>

Note 6. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Plant and equipment - at cost	54,630	54,630
Less: Accumulated depreciation	(21,914)	(18,238)
	<u>32,716</u>	<u>36,392</u>
Furniture, fixtures and fittings - at cost	45,746	45,746
Less: Accumulated depreciation	(7,080)	(6,254)
	<u>38,666</u>	<u>39,492</u>
Computer equipment - at cost	76,014	69,091
Less: Accumulated depreciation	(55,622)	(50,560)
	<u>20,392</u>	<u>18,531</u>
Right-of-use assets - at cost	689,410	689,410
Less: Accumulated depreciation	(359,516)	(277,778)
	<u>329,894</u>	<u>411,632</u>
	<u>421,668</u>	<u>506,047</u>

United Networks Limited
Notes to the financial statements
31 December 2017

Note 6. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Plant and equipment \$	Furniture, fixtures and fittings \$	Computer equipment \$	Right-of-use assets - property leases \$	Total \$
Balance at 1 July 2017	36,392	39,492	18,531	411,632	506,047
Additions	-	-	6,923	-	6,923
Depreciation expense	(3,676)	(826)	(5,062)	(81,738)	(91,302)
Balance at 31 December 2017	<u>32,716</u>	<u>38,666</u>	<u>20,392</u>	<u>329,894</u>	<u>421,668</u>

Note 7. Non-current assets - intangibles

	Consolidated 31 Dec 2017 \$	30 June 2017 \$
Goodwill - at cost	16,016,577	16,016,577
Patents, trademarks and other rights - at cost	6,413	6,413
Web development - at cost	1,265,370	1,074,445
Less: Accumulated amortisation	(443,388)	(298,210)
	<u>821,982</u>	<u>776,235</u>
Software - at cost	2,273,437	1,940,165
Less: Accumulated amortisation	(1,111,758)	(863,317)
	<u>1,161,679</u>	<u>1,076,848</u>
	<u>18,006,651</u>	<u>17,876,073</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$	Patents, trademarks and other rights \$	Web development costs \$	Software \$	Total \$
Balance at 1 July 2017	16,016,577	6,413	776,235	1,076,848	17,876,073
Additions	-	-	190,925	333,272	524,197
Amortisation expense	-	-	(145,178)	(248,441)	(393,619)
Balance at 31 December 2017	<u>16,016,577</u>	<u>6,413</u>	<u>821,982</u>	<u>1,161,679</u>	<u>18,006,651</u>

Impairment testing

For the purpose of impairment testing, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit, among others, from the synergies of the business combination. The Group's cash-generating units are defined on the basis of the geographical market, normally country-related. The consolidated entity operates in primarily one geographical segment - Australia, and the carrying amount of goodwill has been allocated to Australia.

Note 7. Non-current assets - intangibles (continued)

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period (12 months to 31 December 2018) approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

The following key assumptions were used in the discounted cash flow model:

- (a) Pre-tax discount rate of 12.2% per annum;
- (b) Revenue growth is based on management projections for the 12 months to 31 December 2018, 30% increase for 31 December 2019, 25% increase for 31 December 2020 and 10% for 31 December 2021 and 2022;
- (c) Budgeted gross margin of 51%;
- (d) Operating expenses is based on management projections for the 12 months to 31 December 2018, and 7.5% increases for 31 December 2019 - 2022;
- (e) Long-term growth rate of 2.5%.

The discount rate of 12.2% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the 31 December 2018 revenue projection and the subsequent increases through to 2022 is achievable and justified, based on the projected growth of new products and partners and the roll-out is actively in place through out Asia-Pacific.

The budgeted gross margin is based on past performance and management's expectations for the future.

Operating expenses do not vary significantly with revenue. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.

The long-term growth rate is used to extrapolate cash flows beyond the 5-year forecast and is based on external forecasts.

Based on the above, the recoverable amount of the goodwill exceeded the carrying amount by \$1,461,150.

Sensitivity

The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- (a) A reduction in the revenue growth rate of 7% below management expectations for 31 December 2018 would result in impairment, with all other assumptions remaining constant.
- (b) A reduction in the gross margin to 48% for 31 December 2019 - 2022 would result in impairment, with all other assumptions remaining constant.
- (c) The discount rate would be required to increase to 12.7% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Note 8. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Trade payables	503,711	755,672
Interest payable	1,684	21,050
BAS payable	-	363,493
Other payables	392,408	433,288
	<u>897,803</u>	<u>1,573,503</u>

United Networks Limited
Notes to the financial statements
31 December 2017

Note 9. Current liabilities - borrowings

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Promissory note - related party	463,043	811,679
Lease liability	180,824	180,544
	<u>643,867</u>	<u>992,223</u>

Note 10. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2017	30 June 2017
	\$	\$
Lease liability	149,071	231,088
	<u>149,071</u>	<u>231,088</u>

Note 11. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Earnings per share

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Loss after income tax attributable to the owners of United Networks Limited	<u>(1,015,913)</u>	<u>(781,868)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>125,824,949</u>	<u>90,157,449</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>125,824,949</u>	<u>90,157,449</u>
	Cents	Cents
Basic earnings per share	(0.81)	(0.87)
Diluted earnings per share	(0.81)	(0.87)

United Networks Limited
Directors' declaration
31 December 2017

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 consolidated entity's financial position as at 31 December 2017 and of its performance for the financial 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



Nicholas Ghattas
Director

27-Feb- 2018

Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of United Networks Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of United Networks Limited, which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity (or "Group") comprising United Networks Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the consolidated 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 consolidated 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 Group's financial position as at 31 December 2017 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 United Networks 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 United Networks Limited, would be in the same terms if given 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 United Networks Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2017 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.

Rothsay Chartered Accountants

Frank Vrachas

Partner

Sydney, 27 February 2018