

**NOVION LIMITED  
(Formerly CFX CO LIMITED)  
(ACN 167 087 363)**

**INTERIM REPORT  
31 DECEMBER 2014**

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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 annual report for the year ended 30 June 2014 and any public announcements made by Novion Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

# NOVION LIMITED

## DIRECTORS' REPORT

The Directors of Novion Limited present their report on the consolidated entity, comprising Novion Limited (the 'Company') and its controlled entities (the 'Group') for the half-year ended 31 December 2014.

Novion Limited is stapled to Novion Trust (the 'Trust') to form the stapled group Novion Property Group (Novion). Novion's interim report has been prepared separately and includes the results of the stapled group as a whole.

### Directors

The names of the Directors of the Company at any time during the half-year and up to the date of this report are:

#### (i) Chairman – Non-executive Director

R M Haddock AM (independent)

#### (ii) Non-executive Directors

T Gerber (independent)

P A F Hay (independent) (appointed 25 July 2014)

P D Kahan

J F Kropp (independent) (resigned 30 September 2014)

N J Milne OAM (independent)

K L C Penrose (independent)

D M Thurin

#### (iii) Executive Director

A McNaughton

### Company Secretary

M T Brady was Company Secretary for the half-year and up to the date of this report.

### Change of name

Novion Limited was formerly known as CFX Co Limited. The name change was effective from 3 November 2014.

### Principal activities

Novion Limited is a public company registered with the Australian Securities and Investments Commission (ASIC). Its registered office is at Level 39, MLC Centre, 19 Martin Place, Sydney, New South Wales 2000.

There were no significant changes in the nature of Novion Limited's activities during the half-year ended 31 December 2014. Subsequent to that date, Novion announced a merger with Federation Centres.

### Merger of Novion and Federation

On 3 February 2015, Novion announced that a Merger Implementation Agreement had been entered into with Federation Centres ('Federation') to merge subject to certain conditions (the 'Merger'). The Merger will create one of Australia's largest real estate investment trusts (REITs) with over \$22 billion in assets under management, invested across the full retail asset spectrum (the 'Merged Group').

# NOVION LIMITED DIRECTORS' REPORT

## Merger of Novion and Federation (continued)

The Merged Group, which combines two highly complementary platforms, will be a significant owner and manager of Australian retail assets, fully diversified by retail asset type, geographic location and tenant mix. Key metrics of the Merged Group include:

- over \$22 billion of retail assets under management across 102 retail assets with over \$18.2 billion in annual retail sales<sup>1</sup>
- second largest listed manager of Australian retail assets and a top 10 listed manager of retail assets globally
- #1 owner/manager of Australian sub-regional centres, #1 in outlet centres and #2 in super-regional and regional centres combined
- one of the largest retail landlords in Australia, with over 500 million annual customer visits to more than 9,500 retail tenancies over 3 million sqm of lettable area under management, and
- a market capitalisation of over \$11 billion<sup>2</sup>, the third largest A-REIT and an ASX top 30 entity.

The Merger requires a number of approvals, including the approval of Novion securityholders voting at a meeting expected to be held in May 2015. A scheme booklet will be mailed to securityholders in April 2015. If approved, the Merger is expected to be implemented in June 2015.

## Dividends

No dividends were declared for the period.

## Operating and financial review

### (a) Business overview and operations

Novion Limited is stapled to Novion Trust, forming the stapled group Novion Property Group. The Novion Property Group invests in a portfolio of retail assets through Novion Trust, which has a tax flow-through status as a trust. To preserve the tax flow-through status, Novion Limited was established to undertake other business activities which include:

- directly employing over 800 staff,
- the funds management of the Trust and the wholesale funds, and
- the asset management of properties owned by the Trust (Direct Portfolio), the wholesale funds and other external parties.

### Asset management and funds management

The Group earns asset management fees on its \$14.9 billion of assets under management. The nature of this revenue is in the form of property management, leasing and development management fees generated from the asset management of retail assets. These fees are generally calculated as a proportion of rental income and development costs (in relation to development management).

Novion Funds Management Pty Limited (NFM) is an entity wholly-owned by Novion Limited. NFM earns revenue in the form of funds management fees from the investment management of the Trust and the wholesale funds. Typically, funds management fees are calculated as a percentage of each fund's Gross Asset Value (GAV), ranging from 0.25% to 0.60% per annum. The Group charges management fees to the Trust on a cost recovery basis. The wholesale funds business is primarily comprised of two wholesale closed-end funds and one direct property mandate:

- Novion Retail Partnership (NRP): a fully-invested closed-end fund, with \$1.2 billion of retail assets, and is the co-owner of three assets in Novion's Direct Portfolio. Novion Enhanced Retail Fund (NERF): a closed-end fund with \$0.6 billion of committed equity, which is in its investment phase. Since 30 June 2014, the Group has made significant progress in fulfilling this equity commitment, acquiring three new assets for \$0.2 billion, including one asset acquired subsequent to reporting date. As at the date of this report, NERF's investment portfolio comprises five assets with a total value of \$0.3 billion.
- A direct property mandate for Commonwealth Bank Group Super (CBGS): a diversified portfolio with \$0.6 billion in assets under management.

<sup>1</sup> Adjusted for acquisitions and divestments, post-31 December 2014.

<sup>2</sup> Based on the combination of Novion's and Federation's stand-alone market capitalisations as at 2 February 2015.

# NOVION LIMITED DIRECTORS' REPORT

## Operating and financial review (continued)

### (b) Financial results

Key financial highlights for the period include:

- The Group recorded a statutory net profit of \$3.4 million for the period.
- The Group derived \$70.7 million of management fee revenue for the period. Management fee revenue is received for the provision of funds and asset and development management services to the Trust and a number of wholesale funds.

### Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of the affairs of Novion Limited that occurred during the period other than those matters stated in this report.

### Matters subsequent to reporting date

Other than the Merger Implementation Agreement noted above, the Directors are not aware of any matter or circumstance that has arisen since 31 December 2014 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the state of the affairs of the Group in future financial years other than those matters stated in this report.

### Rounding of amounts

The Group is an entity of a kind referred to in Class Order 98/100, issued by ASIC. Accordingly, amounts in the financial report have been rounded to the nearest thousand dollars (\$'000), unless stated otherwise.

### Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

### 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 5.

This Directors' report is signed in accordance with the resolution of the Directors of Novion Limited.



**R M Haddock AM**

Chairman

Sydney

18 February 2015



## Auditor's Independence Declaration

As lead auditor for the review of Novion Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Novion Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'V. Papageorgiou', is written over a circular stamp or watermark.

Voula Papageorgiou  
Partner  
PricewaterhouseCoopers

Sydney  
18 February 2015

# NOVION LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 \$'000	Consolidated for the period 4 Dec 2013 to 31 Dec 2013 \$'000
<b>Revenue</b>			
Management fee revenue		70,680	5,542
		<b>70,680</b>	<b>5,542</b>
<b>Other income</b>			
Share of net profit from equity accounted investments		391	-
Interest and other income		2,148	11
<b>Total revenue and other income</b>		<b>73,219</b>	<b>5,553</b>
<b>Expenses</b>			
Employee benefits expenses		38,161	-
Funds management fees		-	5,531
Borrowing costs		7,616	-
Depreciation expense		1,474	-
Alignment fee expense		6,546	-
Other management expenses		11,520	16
Amortisation of intangibles	4	1,362	-
<b>Total expenses</b>		<b>66,679</b>	<b>5,547</b>
<b>Net profit before income tax expense for the period</b>		<b>6,540</b>	<b>6</b>
Income tax expense		(3,155)	(2)
<b>Net profit for the period</b>		<b>3,385</b>	<b>4</b>
Other comprehensive income		-	-
<b>Total comprehensive profit for the period</b>		<b>3,385</b>	<b>4</b>
Basic earnings per security (cents)	6(b)	0.11	4,000
Diluted earnings per security (cents)	6(b)	0.11	4,000

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

# NOVION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	Consolidated 31 Dec 2014 \$'000	Consolidated 30 Jun 2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents		30,207	47,377
Receivables		30,246	39,682
Prepayments and other assets		8,618	6,320
<b>Total current assets</b>		<b>69,071</b>	<b>93,379</b>
<b>Non-current assets</b>			
Equity accounted investments		372	689
Plant and equipment		10,806	7,107
Intangibles	4	438,059	439,421
Deferred tax assets		12,708	15,863
Receivables		2,711	3,284
Other		203	67
<b>Total non-current assets</b>		<b>464,859</b>	<b>466,431</b>
<b>Total assets</b>		<b>533,930</b>	<b>559,810</b>
<b>Current liabilities</b>			
Trade creditors and other payables		33,345	45,734
Provisions		32,182	35,839
Interest bearing liabilities	5	-	239,671
<b>Total current liabilities</b>		<b>65,527</b>	<b>321,244</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	5	229,603	-
Trade creditors and other payables		1,298	-
Provisions		9,864	16,756
<b>Total non-current liabilities</b>		<b>240,765</b>	<b>16,756</b>
<b>Total liabilities</b>		<b>306,292</b>	<b>338,000</b>
<b>Net assets</b>		<b>227,638</b>	<b>221,810</b>
<b>Equity</b>			
Contributed equity	6	226,516	224,101
Reserves and retained profits		1,122	(2,291)
<b>Total equity</b>		<b>227,638</b>	<b>221,810</b>

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

# NOVION LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 \$'000	Consolidated for the period 4 Dec 2013 to 31 Dec 2013 \$'000
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		82,219	-
Payments in the course of operations		(89,733)	-
Interest received		477	-
Borrowing costs paid		(7,616)	-
Distributions and dividends received		708	-
<b>Net cash flows used in operating activities</b>		<b>(13,945)</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(3,248)	-
Payments for investments		(3)	-
Proceeds for QV Retail management	3	7,700	-
Net cash acquired through business acquisition		-	11,445
<b>Net cash flows from investing activities</b>		<b>4,449</b>	<b>11,445</b>
<b>Cash flows from financing activities</b>			
Repayment of interest bearing liabilities		(7,674)	-
<b>Net cash flows used in financing activities</b>		<b>(7,674)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(17,170)</b>	<b>11,445</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>47,377</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>30,207</b>	<b>11,445</b>
Non-cash financing and investing activities		2,415	-

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

# NOVION LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2014

	Note	Contributed equity \$'000	Reserves and retained profits \$'000	Total \$'000
<b>Opening balance at 4 December 2013</b>	6(b)	-	-	-
Net profit for the period ended 31 December 2013		-	4	4
Other comprehensive income		-	-	-
Total comprehensive income for the period ended 31 December 2013		-	4	4
<b>Transactions with securityholders in their capacity as securityholders:</b>				
Issue of stapled securities	6(b)	-	-	-
<b>Total equity as at 31 December 2013</b>		-	4	4
<b>Total equity as at 30 June 2014</b>		<b>224,101</b>	<b>(2,291)</b>	<b>221,810</b>
Net profit for the period ended 31 December 2014		-	3,385	3,385
Other comprehensive income		-	-	-
Total comprehensive income for the period ended 31 December 2014		-	3,385	3,385
<b>Transactions with securityholders in their capacity as securityholders:</b>				
Issue of stapled securities	6(b)	2,415	-	2,415
Securities-based payments reserve		-	28	28
<b>Total equity as at 31 December 2014</b>		<b>226,516</b>	<b>1,122</b>	<b>227,638</b>

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

# NOVION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

### 1. Summary of significant accounting policies

#### (a) Basis of preparation

This interim report is for Novion Limited Group (the 'Group'), formerly CFX Co Group. The Group comprises Novion Limited (the 'Company'), formerly CFX Co Limited, and its controlled entities. The units of the Company are stapled to the shares of Novion Trust (the 'Trust'), formerly CFS Retail Property Trust 1, and listed on the Australian Securities Exchange (ASX).

The interim report for the half-year ended 31 December 2014 is a general purpose financial report and has been prepared in accordance with the Company Constitution, Accounting Standard AASB 134 Interim Financial Reporting, other applicable accounting standards, other mandatory professional reporting requirements and the Corporations Act 2001.

The interim 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 30 June 2014 Annual Report and any public announcements issued during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001. The Group is a for-profit entity for the purpose of preparing this interim report.

The interim report has also been prepared in accordance with the historical cost convention.

The interim report of the Group for the half-year ended 31 December 2014 is presented in Australian dollars (\$) and was approved by the Board of Directors on 18 February 2015. The Directors have the power to amend and reissue the interim report.

The Group has a net current surplus (current assets exceed current liabilities) at reporting date. The interim report is therefore prepared on a going concern basis.

#### Comparative information

The Company was registered with the Australian Securities and Investments Commission (ASIC) as a public company on 4 December 2013. Comparative information for the period 4 December 2013 to 31 December 2013 has been presented and reviewed by the Group's auditor.

On 17 December 2013, the Company acquired Novion RE Limited, the Responsible Entity for the Trust and a number of wholesale funds. While the Group derived funds management and performance fees from this date, the management function was delegated to entities external to the Group prior to 24 March 2014. Therefore, the Statement of Comprehensive Income for the comparative period includes management fee revenue of \$5,542,000 and funds management fee expense of \$5,531,000.

#### New accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The adoption of the following new standards which became mandatory in the interim reporting period commencing 1 July 2014 did not materially impact any of the amounts recognised in the financial statements or the accounting policies adopted by the Group:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to Australian Accounting Standards – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2014-1 Amendments to Accounting Standards – Parts A-C
- AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements.

# NOVION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

### 1. Summary of significant accounting policies (continued)

#### (b) Critical accounting estimates and judgements

The preparation of the financial statements requires the Company to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Company bases its judgements and estimates on historical experience and other various factors it considers to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which form the basis of the carrying values of assets and liabilities. As a result, actual results could differ from those estimates.

There are no key estimates and assumptions significant to the Group's financial statements not already noted in the 30 June 2014 Annual Report.

### 2. Segment information

The Group operates in one segment, being asset and funds management in Australia.

This operating segment has been determined based on internal reports provided to the Managing Director and Chief Executive Officer, Mr Angus McNaughton, the Deputy Chief Executive Officer and Chief Investment Officer, Mr Michael Gorman, the Head of Asset Management and Chief Operating Officer, Mr David Marcun and the Chief Financial Officer, Mr Richard Jamieson, being the Group's chief operating decision makers (CODMs).

The Trust contributes approximately 60% of the Group's revenues. The total revenue contributed by the Trust for the half-year ended 31 December 2014 was \$44,984,000.

### 3. Internalisation

On 24 March 2014, Novion Limited paid \$475.5 million (\$467.8 million excluding a \$7.7 million receivable for QV Retail management) to the Commonwealth Bank of Australia (CBA) to acquire Novion RE Limited (formerly Commonwealth Managed Investments Limited) and CBA's retail property asset management business and to terminate funds management contracts for the Trust and a number of wholesale property funds and mandates. This acquisition enabled Novion's management to be internalised and also enabled Novion to undertake the management of a number of wholesale property funds and property mandates.

Acquisition-related costs and other one-off costs related to internalisation of \$0.5 million are included in the statement of comprehensive income for this interim period.

The \$7.7 million amount owing at 30 June 2014 for QV Retail management was received during the period.

### 4. Intangible assets

<b>Consolidated 31 Dec 2014</b>	<b>Finite life management rights \$'000</b>	<b>Indefinite life management rights \$'000</b>	<b>Consolidated total \$'000</b>
Opening carrying value	12,267	427,154	439,421
Amortisation charge	(1,362)	-	(1,362)
<b>Carrying value</b>	<b>10,905</b>	<b>427,154</b>	<b>438,059</b>

The management rights, which reflect the right to provide asset and fund management services in accordance with the management agreements, are recognised as a result of a business combination. They are recognised at their fair value at the date of internalisation and certain management rights considered to have a finite life are subsequently amortised on a straight-line basis depending on the timing of the projected cash flows under the management agreements. Finite intangibles are determined based on termination dates reflected in the management agreements and are amortised using the straight-line method over periods ranging from 2.5 to 6.25 years.

# NOVION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

### 4. Intangible assets (continued)

For management rights where the estimated useful life is considered indefinite, reflecting those management agreements without termination dates, the recoverable amount is determined based on fair value less costs to sell. This has been determined using discounted cash flow valuations of the asset and funds management businesses. Assumptions used in the calculation of the recoverable amount of indefinite life management rights remain unchanged from the previous financial year.

### 5. Interest bearing liabilities

The establishment of the Company was partially funded by the Trust making a loan to the Company on 24 March 2014. As at 31 December 2014 the loan has a carrying value of \$229,603,000 (Jun 2014: \$239,671,000). The decrease in the carrying value reflects principal repayments made by the Company during the period. The reclassification of the loan from current to non-current reflects a change in the terms of the loan.

### 6. Contributed equity

	Number of stapled securities '000	Consolidated \$'000
Opening balance 4 December 2013 <sup>(b)</sup>	-	-
Issue of stapled securities - 24 March 2014	3,018,051	224,344
Cost for issue of stapled securities	-	(347)
Deferred tax asset related to issue costs	-	104
<b>Total contributed equity at 30 Jun 2014</b>	<b>3,018,051</b>	<b>224,101</b>
Opening balance 1 July 2014	3,018,051	224,101
Issue of stapled securities – DRP <sup>(b)</sup>	32,305	2,393
Issue of stapled securities- ESAP <sup>(b)</sup>	272	22
<b>Total contributed equity at 31 Dec 2014</b>	<b>3,050,628</b>	<b>226,516</b>

#### (a) Rights and restrictions over securities

Each stapled security ranks equally with all other stapled securities for the purpose of distributions and on termination of the Company.

#### (b) Placement of stapled securities

On 4 December 2013, the Company issued 100 shares for \$100. Basic and diluted earnings per security for the period to 31 December 2013 were 4,000 cents (calculated as net profit of \$4,000 divided by 100 shares).

On 29 August 2014, 32,305,000 stapled securities were issued at \$2.01 per stapled security pursuant to a distribution reinvestment plan (DRP) for a total value of \$64,933,000. The portion attributable to Novion Limited was \$2,393,000.

On 19 December 2014, 272,000 stapled securities were issued at \$2.17 per stapled security pursuant to an employee share acquisition plan (ESAP) for a total value of \$590,000. The portion attributable to Novion Limited was \$22,000.

#### (c) Distribution reinvestment plan

There is a DRP in place for the period ended 31 December 2014, with the issue price being calculated as a 2% discount to Novion Property Group's weighted average market price for the 10 trading days commencing on the second trading day after the record date. On 28 February 2015, 26.6 million new stapled securities will be issued under the DRP at \$2.12 per stapled security, and will raise \$56.4 million. The portion to be attributed to Novion Limited will be \$2,042,000.

### 7. Dividends paid and payable

No dividends have been paid or declared for the half-year ended 31 December 2014 (Jun 2014: nil).

# NOVION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

### 8. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities included in the statement of financial position approximates their carrying value. They are considered level 2 in the fair value hierarchy and are calculated as the present value of the estimated future cash flows based upon quoted market inputs.

### 9. Capital commitments

Estimated capital expenditure contracted for at reporting date, but not provided for:

	<b>Consolidated</b>
	<b>31 Dec 2014</b>
	<b>\$'000</b>
Not later than one year	14
Later than one year and not later than five years	-
<b>Total capital commitments</b>	<b>14</b>

### 10. Contingent assets and liabilities

As at reporting date, the Group has no contingent assets or liabilities.

### 11. Events occurring after the reporting date

On 3 February 2015, Novion announced that a Merger Implementation Agreement had been entered into with Federation Centres ('Federation') to merge subject to certain conditions (the 'Merger'). The Merger will create one of Australia's largest real estate investment trusts (REITs) with over \$22 billion in assets under management, invested across the full retail asset spectrum.

Implementation of the Merger by way of Novion schemes of arrangement requires the approval of Novion securityholders. If approved, Federation will act as the legal acquiring entity, issuing 0.8225 Federation securities in exchange for each Novion security. The Novion securityholders' vote is expected to be held at an Extraordinary General Meeting in May 2015. A meeting booklet will be mailed to securityholders in April 2015. If approved, the Merger is expected to be implemented in June 2015.

In addition to the approval of Novion securityholders of Novion schemes of arrangement, the Merger is also subject to other customary conditions including court approval, regulatory approvals and an independent expert concluding the Merger is fair and reasonable to, and in the best interest of, Novion securityholders.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2014 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the state of the affairs of the Group in future financial years other than those matters stated in this report.

## **NOVION LIMITED DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Novion Limited we declare that:

- (a) in the opinion of the Directors, the financial statements and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of Novion Limited and its controlled entities' financial position as at 31 December 2014 and of the performance for the half-year ended on that date, and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and the Company Constitution, and
- (b) in the opinion of the Directors, there are reasonable grounds to believe that Novion Limited and its controlled entities will be able to pay their debts as and when they become due and payable.

The Directors have been given Declarations of the type required to be made to the Directors in accordance with section 295A of the Corporations Act 2001, for the half-year ended 31 December 2014.

Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with the resolution of the Directors of Novion Limited.



**R M Haddock AM**  
Chairman

Sydney  
18 February 2015



## **Independent auditor's review report to the members of Novion Limited**

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

We have reviewed the accompanying half-year financial report of Novion Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Novion Limited Group (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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 Novion 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*.

### ***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 Novion Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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V. Papageorgiou

Voula Papageorgiou  
Partner

Sydney  
18 February 2015