



INTERIM REPORT

**FOR THE
HALF YEAR
ENDED
31 DECEMBER
2016**



TFSL trading as Longevity Group Australia

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DIRECTORS' REPORT

DIRECTORS

The directors present their report, together with the financial statements of the consolidated entity (referred hereafter as the “consolidated entity”) consisting of Transport Friendly Society Ltd – TFSL (referred hereafter as the “Company” or “Parent entity”) and the entities it controlled for the half year ended 31 December 2016. The following persons were Directors of the company during the half year and up until the date of this report unless otherwise stated:

Mr Phillip S. Altieri

Mr Derek Cafferty (appointed 23 November 2016)

Mr John P. Coulson

Mr John A. Giraud (retired 23 November 2016)

Mr Philip N. Lovel AM

Mr Nicholas B. Madden (retired 23 November 2016)

Ms Elizabeth H. Parkin (appointed 23 November 2016)

Mr Martyn R. Pickersgill

MANAGING DIRECTOR/CEO

Mr Derek Cafferty

COMPANY SECRETARY

Ms Sharon L. Brearley Roberts

PRINCIPAL ACTIVITIES

During the half year the principal continuing activities of the consolidated entity consisted of the ownership and management of a retirement village and office building and the development of the new business strategy to develop housing for the empty nester market.

The consolidated entity began trading as Longevity Group Australia and has commenced a rebranding exercise.

The Group’s objectives are to:

- Improve the performance of existing business
- Develop and provide economies of scale
- Develop new businesses by innovation
- Continue to work towards the listing of TFSL

DIRECTORS' REPORT

CONTINUED

The Group's strategy for achieving these objectives includes:

- Maximise the effectiveness of our systems, our people and our facilities
- Drive the performance of our business by building and improving on past performance
- Embrace the economies of scale that can drive our business forward
- Improve the economies of scale of our people and systems
- Acquire people, skills and facilities that will improve our business
- Increase our presence in the marketplace
- Identify gaps in our marketplace and develop products that will fill the gaps
- Build our business by leading and innovation
- Create products that improve our clients' living experiences
- Grow the business to meet the market capitalisation targets

REVIEW OF OPERATIONS AND ACTIVITIES

The consolidated entity had a loss after tax for the half year ended 31 December 2016 of \$295,103 (31 December 2015: loss of \$391,721).

The strategic plans of the consolidated entity are reviewed regularly and the directors continue to seek improved financial returns on assets invested for the benefit of shareholders.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* is set out on page 12.

The Directors' Report is signed in accordance with a resolution of the Board of Directors, made pursuant to S306 (3) of the *Corporations Act 2001*.

On behalf of the directors



Mr. Martyn R. Pickersgill
Director

Melbourne



Mr. John P. Coulson
Director

Dated this 21st day of February 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016 \$	31 December 2015 \$
Continuing Operations		
Revenue		
Operating revenue	1,965,387	2,091,884
Expenses		
Employee benefits	(1,257,397)	(1,233,627)
Consultants and professional services	(378,073)	(567,215)
Depreciation and amortisation	(59,325)	(55,526)
Information technology fees	(68,067)	(53,372)
Marketing	(113,257)	(125,649)
Administration	(178,845)	(210,145)
Supplies	(97,644)	(92,829)
Resident services	(104,155)	(96,405)
Other expenses	(166,724)	(188,398)
Loss before income tax expense	(458,100)	(531,282)
Income tax benefit	162,997	139,561
Net loss for continuing operations	(295,103)	(391,721)
Loss for the period	(295,103)	(391,721)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available for sale financial assets	–	(26,746)
Total other comprehensive income/(loss) for the period	–	(26,746)
Total comprehensive loss for the period	(295,103)	(418,467)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	31 December 2016 \$	30 June 2016 \$
Current assets			
Cash and cash equivalents		4,870,412	6,361,357
Trade and other receivables		1,841,930	1,835,027
Other financial assets		11,602,374	13,728,239
Other		359,806	303,687
Total current assets		18,674,522	22,228,310
Non-current assets			
Receivables		14,379,373	14,518,336
Inventories	5	5,610,044	236,333
Other financial assets		10,740,535	11,935,417
Plant and equipment		620,861	605,220
Investment property		25,157,941	23,912,437
Intangible assets		63,483	78,816
Total non-current assets		56,572,237	51,286,559
Total assets		75,246,759	73,514,869
Current liabilities			
Trade and other payables		939,989	715,876
Interest bearing liabilities		7,137	4,638
Provisions		403,998	488,977
Other		15,732,625	13,679,000
Total current liabilities		17,083,749	14,888,491
Non-current liabilities			
Interest bearing liabilities		-	4,778
Deferred tax liabilities		6,676,305	6,839,301
Provisions		32,254	32,745
Total non-current liabilities		6,708,559	6,876,824
Total liabilities		23,792,308	21,765,315
Net assets		51,454,451	51,749,554
Equity			
Issued capital		33,057,535	33,057,535
Reserves		1,217,758	1,217,758
Retained earnings		17,179,158	17,474,261
Total equity		51,454,451	51,749,554

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016				2015			
	Issued Capital \$	Retained Earnings \$	Reserves \$	Total \$	Issued Capital \$	Retained Earnings \$	Reserves \$	Total \$
Balance at the beginning of the half year	33,057,535	17,474,261	1,217,758	51,749,554	33,057,535	14,207,901	1,221,521	48,486,957
Comprehensive income for the period								
Loss for the period	-	(295,103)	-	(295,103)	-	(391,721)	-	(391,721)
Other comprehensive income /(loss) for the period	-	-	-	-	-	-	(26,746)	(26,746)
Total comprehensive loss for the period	-	(295,103)	-	(295,103)	-	(391,721)	(26,746)	(418,467)
Balance at the end of the half year	33,057,535	17,179,158	1,217,758	51,454,451	33,057,535	13,816,180	1,194,775	48,068,490

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016 Inflows/(outflows) \$	31 December 2015 Inflows/(outflows) \$
Cash flows from operating activities		
Receipts from rental and customers (inclusive of goods and services tax)	1,686,772	1,350,165
Payments to suppliers, employees and purchase of inventories (inclusive of goods and services tax)	(7,901,292)	(3,254,648)
Interest and dividends received	436,649	617,897
Net cash outflow from operating activities	(5,777,871)	(1,286,586)
Cash flows from investing activities		
Payments for plant and equipment and intangibles	(59,633)	(113,558)
Capitalised development costs paid	(835,196)	–
Net proceeds from sale of plant and equipment	–	3,522
Redemption of other financial assets	18,131,491	23,349,447
Investments in other financial assets	(15,000,000)	(31,719,786)
Proceeds from sale of equity instruments	203,668	–
Net cash inflow/(outflow) from investing activities	2,440,330	(8,480,375)
Cash flows from financing activities		
Net movement in Loans from residents – serviced apartments	1,848,875	230,000
Finance lease repayments	(2,279)	(2,259)
Net cash inflow from financing activities	1,846,596	227,741
Net decrease in cash and cash equivalents held	(1,490,945)	(9,539,220)
Cash and cash equivalents at the beginning of the period	6,361,357	14,302,715
Cash and cash equivalents at the end of the period	4,870,412	4,763,495

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. REPORTING ENTITY

Transport Friendly Society Ltd – TFSL (the “Company”) is a company domiciled in Australia. TFSL is an unlisted public company. The condensed consolidated interim financial report of the Company for the half year ended 31 December 2016 comprises Transport Friendly Society Ltd (‘the Company’) and controlled entities (‘the consolidated entity’).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated interim financial report is a general purpose financial report prepared in accordance with the Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year report does not include all of the information required for an annual financial report and shall be read in conjunction with the most recent annual financial report for the financial year ended 30 June 2016.

(b) Basis of preparation

This consolidated interim financial report has been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain non-current assets and financial instruments.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company’s 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half year.

The adoption of the new and revised Standards and Interpretations has not had a material impact and has not resulted in changes to the consolidated entity’s presentation of, or disclosure in its half-year statements.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosure.

NOTE 3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The significant judgements made by management in applying the consolidated entity’s accounting policies and the key sources of estimation uncertainty in preparing the consolidated interim financial report were those that applied to the most recent annual financial report as at and for the year ended 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

NOTE 4. SEGMENT INFORMATION

The segment analysis presented in these financial statements reflects operations analysed by the business. This best describes the way the consolidated entity is managed and provides a meaningful insight into the business activities of the consolidated entity. The information disclosed below is derived directly from the internal financial reporting system used by Senior Management and the Board of Directors to monitor and evaluate the performance of the operating segments separately.

31 December 2016 – Consolidated	Property and Investment \$	Retirement Village \$	Total \$
Loss and other comprehensive income			
Revenue:			
Revenues from external customers	161,794	1,358,314	1,520,108
Other revenue	444,375	904	445,279
Total segment revenue	606,169	1,359,218	1,965,387
Profit/(loss) before income tax			
Profit/(loss) before intersegment transactions and income tax	(921,971)	463,871	(458,100)
Intersegment transactions	464,284	(464,284)	-
Loss before income tax	(457,687)	(413)	(458,100)
Financial Position			
Segment assets at the beginning of the period	36,444,494	37,070,375	73,514,869
Net additions	671,701	1,060,189	1,731,890
Consolidated assets as at 31 December 2016	37,116,195	38,130,564	75,246,759

31 December 2015 – Consolidated	Property and Investment \$	Retirement Village \$	Total \$
Loss and other comprehensive income			
Revenue:			
Revenues from external customers	117,214	1,281,839	1,399,053
Other revenue	691,635	1,196	692,831
Total segment revenue	808,849	1,283,035	2,091,884
Profit/(loss) before income tax			
Profit/(loss) before intersegment transactions and income tax	(863,491)	332,209	(531,282)
Intersegment transactions	427,980	(427,980)	-
Loss before income tax	(435,511)	(95,771)	(531,282)
Financial Position			
Segment assets at the beginning of the period	38,614,616	31,317,327	69,931,943
Net additions	822,044	462,058	1,284,102
Consolidated assets as at 31 December 2015	39,436,660	31,779,385	71,216,045

NOTE 5. INVENTORIES

As at 31 December 2016, TFSL has purchased property for the development of its new residential product.

	31 December 2016 \$	30 June 2016 \$
Development Properties	5,610,044	236,333
Total inventories	5,610,044	236,333

NOTE 6. COMMITMENTS

At reporting date the Group has entered into contracts for capital expenditure for the new development project of \$5,588,165 (2015:\$NIL) not all of which has been incurred or provided for in the financial statements. The amounts are payable:

	31 December 2016 \$	30 June 2016 \$
(a) Capital commitments		
Within one year	5,588,165	4,959,880
One year or later and no later than five years	–	–
Later than 5 years	–	–
	5,588,165	4,959,880
Capital commitments-finance		
Within one year	7,137	5,135
One year or later and no later than five years	–	4,919
Later than five years	–	–
Total commitment	7,137	10,054
Less: future finance charges	(337)	(638)
Net commitment recognised as liabilities	6,800	9,416
Representing		
Lease liability – current	7,137	4,638
Lease liability – non-current	–	4,778
(b) Non-cancellable operating leases		
TFSL rents premises under a non-cancellable operating lease expiring within three years. The lease has annual fixed reviews and an option to renew.		
Within one year	109,700	109,747
One year or later and no later than five years	41,580	86,404
Later than five years	–	–
Total commitment	151,280	196,150

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

NOTE 7. RELATED PARTY TRANSACTIONS

During the half year retirement payments were made to two retiring Directors totalling \$95,020. These payments were made from the Retirement Provision Scheme which was frozen in June 2011.

NOTE 8. EVENTS AFTER THE END OF THE INTERIM PERIOD

There are no matters or circumstances since 31 December 2016 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs on future financial years.

DIRECTORS' DECLARATION

THE DIRECTORS DECLARE THAT:

1. The financial statements and notes, as set out on pages 03 to 10, have in the Directors' opinion, been prepared in accordance with the *Corporations Act 2001*, including:
 - i. comply with Australian Accounting Standards AABS 134: *Interim Financial Reporting*; and
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that Transport Friendly Society Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors, made pursuant to S306 (3) of the *Corporations Act 2001*.



Mr. Martyn R. Pickersgill
Director

Melbourne

Dated this 21st day of February 2017



Mr. John P. Coulson
Director

INDEPENDENCE DECLARATION



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Transport Friendly Society 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.

R S M

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads 'P W Fraser'.

P W FRASER
Partner

21 February 2017
Melbourne, Victoria

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRANSPORT FRIENDLY SOCIETY LIMITED

We have reviewed the accompanying half-year financial report of Transport Friendly Society Limited ("the consolidated entity") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity 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 consolidated entity'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 Resource Base 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.

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INDEPENDENT AUDITOR'S REPORT

CONTINUED



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 Transport Friendly Society 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 Transport Friendly Society Ltd 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 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*.

R S M

RSM AUSTRALIA PARTNERS

P W Fraser

P W FRASER
Partner

21 February 2017
Melbourne, Victoria

CORPORATE DIRECTORY

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