



Interim Report

For The Half Year Ended 31 December 2017

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Directors' Report

At the Annual General Meeting held on 22 November 2017 a special resolution to change the Company name to Longevity Group Australia Ltd was passed.

Directors

The Directors present their report, together with the financial statements of the consolidated entity (referred hereafter as the "Group") consisting of Longevity Group Australia Ltd – "Longevity" (referred hereafter as the "Company") and the entities it controlled for the half year ended 31 December 2017. 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

Mr John P. Coulson

Mr Philip N. Lovel AM

Ms Elizabeth H. Parkin

Mr Martyn R. Pickersgill

Managing Director

Mr Derek Cafferty

Company Secretary

Ms Sharon L. Brearley Roberts

Principal Activities

During the half year the principal continuing activities of the Group consisted of development of the new business strategy to design, build and deliver innovative homes for the empty nester market. In addition, the Group owned and managed a retirement village and an office building.

Directors' Report

Continued

Operating and Financial Review

The continuing operations of the Group made a loss after tax for the half year ended 31 December 2017 of \$761,278 (31 December 2016: loss of \$619,812).

The major activity of the continuing business consists of new project developments.

During the financial year 2017, the Directors and management conducted a review of the viability of the Retirement Village business segment of the Company. As a result the Directors passed a resolution to offer for sale the Company's interest in The Mornington Retirement Village business, and initiated an active program to identify buyers for the business.

Consequently the financial statements for the half year ended 31 December 2017 present the assets and liabilities associated with the Retirement Village business as a disposal group classified as held for sale, and its performance has been reported as a discontinued operation in the Statement of Profit or Loss and other Comprehensive Income.

Details of the disposal group classified as held for sale and the discontinued operations are provided in Note 4 and Note 5 to the financial statements.

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 14.

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



Mr John P. Coulson
Director

Melbourne

Dated this 26th day of February 2018

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the half year ended 31 December 2017

	Notes	31 December 2017	31 December 2016
		\$	\$
Continuing operations			
Revenue			
Operating revenue		506,626	606,169
Expenses			
Employee benefits		927,739	862,661
Consultant and professional services		212,894	269,818
Depreciation and amortisation		18,150	21,335
Information technology fees		61,186	61,490
Marketing		23,606	47,007
Administration		83,938	110,870
Services		48,731	43,624
Maintenance		15,578	9,061
Other expenses		119,748	102,273
		1,511,570	1,528,139
Profit/(loss) before income tax expense		(1,004,944)	(921,970)
Income tax benefit		243,666	302,158
Net profit/(loss) from continuing operations		(761,278)	(619,812)
Discontinued operations			
Profit/(loss) from discontinued operations	4	(410,888)	324,709
Profit/(loss) for the period		(1,172,166)	(295,103)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available for sale financial assets		-	-
Total other comprehensive income/(loss) for the period		-	-
Total comprehensive income/(loss) for the period		(1,172,166)	(295,103)
Total comprehensive income/(loss) for the period attributed to owners of Longevity Group Australia Ltd arises from:			
Continuing operations		(761,278)	(619,812)
Discontinued operations		(410,888)	324,709
		(1,172,166)	(295,103)

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

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	31 December 2017 \$	30 June 2017 \$
Current assets			
Cash and cash equivalents		1,145,632	1,560,508
Trade and other receivables		196,966	237,184
Other financial assets		7,233,235	13,409,355
Other		127,035	206,041
		8,702,868	15,413,088
Disposal group classified as held for sale	5	35,313,124	36,350,640
Total current assets		44,015,992	51,763,728
Non-current assets			
Inventories	6	17,840,802	6,404,909
Other financial assets		7,000,976	12,036,806
Plant and equipment		93,457	98,367
Investment property		3,557,980	3,550,000
Intangible assets		45,828	45,478
Total non-current assets		28,539,043	22,135,560
Total assets		72,555,035	73,899,288
Current liabilities			
Trade and other payables		510,816	571,318
Provisions		319,353	292,846
		830,169	864,164
Liabilities directly associated with the disposal group classified as held for sale	5	18,256,256	17,992,718
Total current liabilities		19,086,425	18,856,882
Non-current liabilities			
Deferred tax liabilities		4,801,521	5,201,040
Provisions		23,400	25,511
Total non-current liabilities		4,824,921	5,226,551
Total liabilities		23,911,346	24,083,433
Net assets		48,643,689	49,815,855
Equity			
Issued Capital		33,057,535	33,057,535
Reserves		1,217,758	1,217,758
Retained earnings		14,368,396	15,540,562
Total equity		48,643,689	49,815,855

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2017

	Issued Capital \$	2017 Retained Earnings \$	Reserves \$	Total \$
Balance at the beginning of the period	33,057,535	15,540,562	1,217,758	49,815,855
Comprehensive income/(loss) for the period				
Income/(loss) for the period	-	(1,172,166)	-	(1,172,166)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the period	-	(1,172,166)	-	(1,172,166)
Balance at the end of the period	33,057,535	14,368,396	1,217,758	48,643,689

	Issued Capital \$	2016 Retained Earnings \$	Reserves \$	Total \$
Balance at the beginning of the period	33,057,535	17,474,261	1,217,758	51,749,554
Comprehensive income/(loss) for the period				
Income/(loss) for the period	-	(295,103)	-	(295,103)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the period	-	(295,103)	-	(295,103)
Balance at the end of the period	33,057,535	17,179,158	1,217,758	51,454,451

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2017

	31 December 2017 Inflows/(Outflows) \$	31 December 2016 Inflows/(Outflows) \$
Cash flows from operating activities		
Receipts from rental and customers	2,024,517	1,686,772
Payments to suppliers, employees	(2,358,573)	(2,527,581)
Payments for purchase of inventories	(11,435,893)	(5,373,711)
Interest and dividends received	490,927	436,649
Net cash (outflow)/inflow from operating activities *	(11,279,022)	(5,777,871)
Cash flows from investing activities		
Payments for plant and equipment and intangibles	(24,036)	(59,633)
Capitalised development costs paid	-	(835,196)
Payments for improvements to investment property	(3,990)	-
Redemption of other financial assets	15,037,189	18,131,491
Investments in other financial assets	(3,825,239)	(15,000,000)
Proceeds from sale of equity instruments	-	203,668
Net cash (outflow)/inflow from investing activities *	11,183,924	2,440,330
Cash flows from financing activities		
Net movement in Loans from residents - serviced apartments	(315,000)	1,848,875
Finance lease repayments	(4,778)	(2,279)
Net cash (outflow)/inflow from financing activities *	(319,778)	1,846,596
Net decrease in cash and cash equivalents held	(414,876)	(1,490,945)
Cash and cash equivalents at the beginning of the period	1,561,808	6,361,357
Cash and cash equivalents at the end of the period	1,146,932	4,870,412
Cash and cash equivalents comprise of the following:		
Cash and cash equivalents from continuing operations	1,145,632	4,869,112
Cash and cash equivalents from discontinued operations	1,300	1,300
Total cash and cash equivalents at the end of the period	1,146,932	4,870,412

* The net cash inflows/(outflows) from operating, investing and financing activities above include the discontinued operations.

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

Notes to Financial Statements

Note 1. Reporting Entity

Longevity Group Australia Ltd - Longevity (the "Company") is a company domiciled in Australia. Longevity is an unlisted public company.

The financial statements include the consolidated financial statements and notes of Longevity Group Australia Ltd (the "Company") and controlled entities (the "Group").

Note 2. Significant Accounting Policies

(a) Statement of compliance

The consolidated financial statements are general purpose financial report prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*.

(b) Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement of certain assets at fair value.

The accounting policies and methods of computation adopted in the preparation of the year-end financial report are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the financial year ended 30 June 2017, 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) New and amended standards adopted by the entity

The Group 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 Group'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 disclosures.

Note 3. Critical Accounting Estimates and Judgements

The preparation of the consolidated interim financial report required the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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 2017.

Note 4. Discontinued Operations

Description

During the financial year 2017, the Directors and management conducted a review of the performance of the assets of Longevity Group Australia Ltd. Prior to 30 June 2017 the Directors passed a resolution to seek expressions of interest for the sale of The Mornington Retirement Village and initiated an active program to identify buyers for the business.

Consequently the interim financial statements for the half year ended 31 December 2017 are reporting the performance of The Mornington Retirement Village as a discontinued operation in the Statement of Profit or Loss and other Comprehensive Income and the related assets and liabilities as a Disposal group classified as held for sale (refer to Note 5). The comparative figures have been reclassified and repositioned where necessary.

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Revenue		
Operating revenue	1,395,521	1,359,218
Gain/(loss) on fair value adjustment of investment property	(680,000)	-
Total revenue	715,521	1,359,218
Expenses	1,282,263	895,348
Profit/(loss) before income tax	(566,742)	463,870
Income tax benefit/(expense)	155,854	(139,161)
Profit/(loss) from discontinued operations	(410,888)	324,709

Note 5. Disposal Group Classified as Held for Sale

The following assets and liabilities were classified as disposal group held for sale:

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Disposal group classified as held for sale		
Cash and cash equivalents	1,300	1,300
Trade and other receivables	15,892,674	16,173,790
Plant and equipment	445,190	472,018
Investment property	18,973,960	19,631,418
Other	-	72,114
	35,313,124	36,350,640
Liabilities directly associated with the disposal group classified as held for sale		
Trade and other payables	650,783	88,860
Interest bearing liabilities	-	4,778
Provisions	172,556	173,705
Resident loan	17,432,917	17,725,375
	18,256,256	17,992,718

Note 6. Inventories

As at 31 December 2017, Longevity has purchased three properties and has paid deposits to acquire other properties for the development of its new residential product. These developments are expected to take more than 12 months to complete.

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Development Properties	17,840,802	6,404,909
Total inventories	17,840,802	6,404,909

Inventories are measured at the lower of cost and net realisable value.

Note 7. Commitments

At reporting date the Group has entered into contracts for capital expenditure of \$4,996,489 (30 June 2017: \$10,175,619) not all of which has been incurred or provided for in the financial statements. The amounts are payable:

	31 December 2017 \$	30 June 2017 \$
(a) Capital commitments		
Within one year	4,996,489	10,175,619
One year or later and no later than five years	-	-
Later than five years	-	-
(b) Non-cancellable operating leases		
Longevity 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	39,264	100,115
One year or later and no later than five years	-	-
Later than five years	-	-
Total commitments	5,035,753	10,275,734

Capital commitments are related to the land purchase for the latest project (refer to Note 6).

Note 8. Segment Information

The Group has identified its operating segments based on informal reports reviewed and used by the Board in assessing performance and determining the allocation of resources.

Based on these reports, management has determined the Group has one operating segment, being the development of innovative homes for the empty nester market.

The Group's operations are located in Victoria Australia.

Note 9. Contingent Assets and Liabilities

There are no contingent assets or contingent liabilities.

Note 10. Subsequent Events

There are no matters or circumstances since 31 December 2017 that have significantly affected, or may significantly affect the Group operations, the results of those operations, or the Group's state of affairs in future periods.

Directors' Declaration

The Directors declare that:

1. The financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001* and:
 - i. Give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of performance for the half year ended on that date; and
 - ii. Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting*.
2. In the Directors' opinion there are reasonable grounds to believe that Longevity Group Australia Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made pursuant to S303(5) of the *Corporations Act 2001*.



Mr Martyn R. Pickersgill
Director



Mr John P. Coulson
Director

Melbourne

Dated this 26th day of February 2018

Independence Declaration



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Longevity Group Australia Limited for the half year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

K DUNDON
Partner

Dated: 26 February 2018
Melbourne, Victoria

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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

LONGEVITY GROUP AUSTRALIA LIMITED

We have reviewed the accompanying half-year financial report of Longevity Group Australia Limited ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the 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 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 Longevity Group Australia 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



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 Longevity Group Australia 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 Longevity Group Australia 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 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.

A handwritten signature in black ink that reads "Rsm".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "K Dundon".

K DUNDON
Partner

Dated: 26 February 2018
Melbourne, Victoria

Corporate Directory

Longevity Group Australia

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Melbourne Victoria 3000

Gadens Lawyers

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