



**KNIGHTS CAPITAL GROUP LIMITED
AND CONTROLLED ENTITY
A.C.N. 072 769 174**

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2019**

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

Directors' report

The directors present their report together with the consolidated interim financial statement for the half year ended 31 December 2019 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Non-executive	
Mr Michael Britton	Director since 1 March 2013
Mr Gregory Paramor	Director since 1 March 2013
Executive	
Mr Grant Hodgetts	Director since 1 March 2013

Review of operations

The principal activities of the consolidated entity during the course of the half-year to 31 December 2019, were its operation (through its fully owned subsidiary Knights Parks & Properties Pty Ltd ('KP&P')) of the Albany Gardens Holiday Resort ('AGHR') and the operation of the Albany Gardens Lifestyle Village ('AGLV'); investments in Arbortech Industries Ltd; and its investment in listed and unlisted securities (See Note 5).

On 12 February 2019 the Company appointed agents to market the Albany Garden Resort ("AGHR") and Albany Garden Lifestyle Village ("AGLV"). An international and domestic marketing campaign took place, with the contracts signed for the sale of both assets on 30 September 2019 with the property settlement occurring on 1 November 2019.

The company continued the strategy to divest assets, selling the listed shares in Discovery Africa Limited. The shares in Greatcell Solar Limited were written off after notice to shareholders from the appointed liquidator was received advising this could occur as it was unlikely that the shareholders of the company will receive a distribution.

The Company also completed a Return of Capital to shareholders of the company's investment in Arbortech via an in- specie distribution in November 2019.

The Company's only remaining asset is the investment in Cedar Woods Wellard Ltd ("**CWWL**"). Returns from this investment will impact the future operations of the company.

Company Overview

The consolidated entity recorded a net profit before comprehensive income and income tax of \$176,495 for the six months ended 31 December 2019, compared to a net loss before comprehensive income and income tax for the same period last year of \$1,890,477. The improvement from the previous year can be attributed to a reduction in expenses, the previous year's expenditure on the legal case not being repeated in the December 2019 period and settlement of the litigation. The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2019 shows a consolidated net profit attributable to members of \$176,495 compared with a loss of \$1,946,706 for the same period in 2018.

The Consolidated Interim Balance Sheet shows net assets decreased by \$10,068,467 to \$2,360,842 from \$12,429,309 as at 30 June 2019 as a result of, in the main, the return of capital to shareholders of \$8,254,096 during the period, a reduction in the fair value of the Company's interest in CWWL and the in-specie transfer of the Company's shareholding in Arbortech.

The Consolidated Entity's total assets decreased by \$10,233,535 to \$2,386,031 (30 June 2019: \$12,619,566) over the half year.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

Directors' report (Continued)

The Company's investment in CWWL continues to be detrimentally affected by the slowdown in demand for residential lots in the suburban Perth market, particularly markets to the South of Perth. Given the current rate of sale, Emerald Park, the CWWL project, is expected to continue until 2025. The Board of Cedar Woods Wellard Limited ('CWWL') approved a return of capital of \$0.1875 cents per share, resulting in the scheduled return of capital to the group of \$1,050,000 in December 2019. This brings the total return of capital to the company from the investment to \$2,450,000.

A general meeting of shareholders was held on 12 March 2019. The shareholders voted to approve an initial return of capital of \$0.1625 per share and proposed further returns of capital when the Company was able to do so. The initial return of capital, totalling \$3,914,023.26, was paid to shareholders March 2019. A second return of capital of \$0.285 per share, totalling \$6,864,596, was paid to shareholders in December 2019 after the directors had considered the financial impact of the return of capital and satisfied themselves that the return of capital would not impede the Company's operations and ability to meet debts as and when they fall due. In addition, an in-specie return of capital of the Company's shareholding in Arbortech shares was made to shareholders in November 2019. This totalled \$1,389,501.

Dividends

No provisions for dividends have been made as at 31 December 2019.

Events subsequent to balance date

Since the balance date of 31 December 2019, the Directors have been seeking to dispose of the Company's sole remaining asset, being its 35% interest in CWWL, with an intention of making a final return of capital to shareholders. Once this occurs, the affairs of the company are likely to come to an end and, in the opinion of the directors, the Company can be deregistered.

Other than the above, there has not arisen in the interval between 31 December 2019 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY


Directors' report (Continued)

Auditor's Independence Declaration under Section 307C of the Corporation Act 2001

The auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2019.

Dated at Perth this 17th day of March 2020

Signed in accordance with a resolution of the directors:



Grant Hodgetts
Director

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

To the directors of Knights Capital Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been:

- [i] No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and,
- [ii] No contraventions of any applicable code of professional conduct in relation to the review.



ACCRU⁺ PERTH
Chartered Accountants



GRAEME ROBERT JENNINGS
Auditor

Dated: 12th March, 2020
West Perth, WA

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Other income		7,750	8,135
Administrative expenses		(51,830)	(56,535)
Other expenses	8	(231,063)	(2,086,308)
Results from continuing operations		(275,143)	(2,134,708)
Discontinued operations	6	(296,257)	149,563
(Loss)/Profit from discontinued operations		(296,257)	149,563
Financial income	9	747,895	93,539
Revaluation of investment properties		-	1,129
Net financing income		747,895	94,668
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Profit/(Loss) before income tax		176,495	(1,890,477)
Income tax (expense)/benefit	7	-	(56,229)
Profit/(Loss) for the period		176,495	(1,946,706)

This statement is to be read in conjunction with the notes to the consolidated interim financial statement on pages 11-16.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Other comprehensive income for the period net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Net loss in fair value of available for sale financial assets reclassified to profit and loss		(710,656)	-
Net loss on revaluation of land and buildings		-	(579,724)
Net loss on revaluation of financial assets	5	(1,280,210)	(90,270)
Other comprehensive (loss)/income for the period		(1,990,866)	(669,994)
Total comprehensive (loss) attributable to equity holders of the parent		(1,814,371)	(2,616,700)

Earnings per share

From continuing and discontinued operations:

- basic earnings per share (cents)	(0.075)	(0.1086)
- diluted earnings per share (cents)	(0.075)	(0.1086)

From continuing operations:

- basic earnings per share (cents)	(0.011)	(0.1086)
- diluted earnings per share (cents)	(0.011)	(0.1086)

This statement is to be read in conjunction with the notes to the consolidated interim financial statement on pages 11-16.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Issued Capital	Fair value Reserve	Accumulated Profit/(Losses)	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2018	29,281,915	3,521,375	(13,178,468)	19,624,822
<i>Transactions with owners in their capacity as owners:</i>				
Other comprehensive (loss) for the period		(669,994)	-	(669,994)
(Loss)/Profit for the period	-	-	(1,946,707)	(1,946,707)
Balance at 31 December 2018	29,281,915	2,851,381	(15,125,175)	17,008,121
Balance at 1 July 2019	25,367,856	2,969,171	(15,907,718)	12,429,309
<i>Transactions with owners in their capacity as owners:</i>				
Return of Capital	(8,254,096)			(8,254,096)
Other comprehensive (loss) for the period		(1,990,866)	-	(1,990,866)
Profit for the period	-	-	176,495	176,495
Balance at 31 December 2019	17,113,760	978,305	(15,731,223)	2,360,842

This statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial statement on pages 11-16.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents		1,002,553	2,279,112
Trade and other receivables		70,445	32,932
Inventories		-	832
Investment property available for sale		-	2,381,820
Property, plant and equipment available for sale		-	2,821,184
Financial assets available for sale		1,300,000	-
Other		63,082	76,599
Total current assets		2,436,080	7,592,479
Non-current assets			
Financial Assets	5	-	5,027,087
Total non-current assets		-	5,027,087
Total assets		2,436,080	12,619,566
Liabilities			
Current liabilities			
Trade and other payables		72,485	177,588
Provisions		-	9,471
Loans and borrowings		2,753	3,198
Total current liabilities		75,238	190,257
Total liabilities		75,238	190,257
Net assets		2,360,842	12,429,309
Equity			
Issued capital		17,113,760	25,367,856
Reserves		978,305	2,969,171
Accumulated losses		(15,731,223)	(15,907,718)
Total equity		2,360,842	12,429,309

The statement is to be read in conjunction with the notes to the consolidated interim financial statement on pages 11-16.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
Cash receipts from customers	10	388,250	638,433
Cash paid to suppliers and employees		(821,391)	(2,811,896)
Cash generated from operations		(433,141)	(2,173,463)
Income taxes paid		-	-
Net cash (used) / provided by operating activities		(433,141)	(2,173,463)
Cash flows from investing activities			
Interest received	9	1,732	61,287
Dividends received	9	32,252	32,252
Capital proceeds returned on investment	5	1,050,000	350,000
Proceeds from sale of property, plant & equipment	6	2,477,073	(10,797)
Proceeds from sale of investment property	6	2,476,593	-
Proceeds from sale of investments	5	1,373,464	-
Net cash provided / (used) by investing activities		7,411,114	432,752
Cash flows from financing activities			
Repayment of borrowings		(436)	(7,615)
Return of capital to shareholders	13	(8,254,096)	-
Net cash (used)/provided by financing activities		(8,254,532)	(7,615)
Net (decrease)/increase in cash held		(1,276,559)	(1,748,326)
Cash and cash equivalents at 1 July		2,279,112	7,991,584
Cash and cash equivalents at 31 December		1,002,553	6,243,258

The statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial statement on pages 11-16.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

1. Reporting Entity

Knights Capital Group Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

The consolidated annual financial statement of the Group as at and for the year ended 30 June 2019 is available upon request from the Company's registered office at L 2, 35 Havelock Street, West Perth WA 6005 and the Company's website (www.knightsgroup.com.au).

2. Statement of Compliance

The consolidated interim financial statement is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such it does not include all of the information required for a full annual financial statement and should be read in conjunction with the consolidated annual financial statement of the Group as at and for the year ended 30 June 2019, together with any public announcements made during the following half-year.

This consolidated interim financial statement was approved by the Board of Directors on 13th March 2020.

3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial statement are the same as those applied by the Group in its consolidated financial statement as at and for the year ended 30 June 2019 and corresponding interim reporting period.

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

The half year statement has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

4. Estimates

The preparation of the interim financial statement requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial statement, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statement as at and for the year ended 30 June 2019.

5. Financial Assets

	31 December 2019 \$	30 June 2019 \$
Financial Assets		
Listed equity securities designated at fair value through other comprehensive income	-	7,376
Unlisted equity securities designated at fair value through other comprehensive income	1,300,000	5,019,711
	<hr/> 1,300,000	<hr/> 5,027,087

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

5. Financial Assets (cont'd)

- (a) As at 31 December 2019 the Company had sold its investment in Discovery Africa Ltd and the shares held in Greatcell Solar Limited were written off due to declaration from liquidators dated 6 September 2019 in accordance with Section 104-145 of ITAA97.
- (b) The Company completed a Return of Capital via an in-specie distribution to shareholders of the investment held Arbortech Industries Ltd ("Arbortech") totalling \$1,389,501, an unlisted public company acquired at a cost of \$685,401.
- (c) The Company has a 35.00% interest in Cedar Woods Wellard Ltd. Based on the assessment by the directors of the investment and current market conditions, the fair value of the investment has been determined to be \$1,300,000 (\$0.23 per share) as at 31st December 2019. A revaluation loss of \$1,280,210 was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the current period.

The interest in CWWL was acquired by the previous management for \$8,694,000 in February 2008. Since then a total return of capital of \$2,450,000 has been paid and the remaining value of this interest, if able to be sold in the current market, would crystallise a significant loss.

6. Discontinued Operations

On 12 February 2019 the Company appointed agents to market the Albany Garden Resort ("AGHR") and Albany Garden Lifestyle Village ("AGLV"). An international and domestic marketing campaign took place, with the contracts signed for the sale of both assets on 30 September 2019 with settlement occurring on 1 November 2019.

Financial information relating to the discontinued operation to the date of settlement is set out below.

The financial performance of the discontinued operation to the date of sale, which is included in the profit/(loss) from discontinued operations per the financial statement of comprehensive income, is as follows:

	2019	2018
	\$	\$
Revenue	367,964	630,692
Cost of Sales	(3,390)	(3,950)
Gross Profit	364,574	626,742
Expenses	(381,826)	(477,179)
(Loss) before income tax	(17,252)	149,563
Income tax (expense)/benefit	-	(25,086)
(Loss)/Profit attributable to owners of the Parent Entity	(17,252)	124,477
(Loss) on sale of discontinued operation before income tax	(279,005)	-
Income tax expense	-	-
(Loss) on sale after income tax	(279,005)	-
Total (loss) after tax attributable to the discontinued operation	(296,257)	124,477

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	(108,597)	199,854
Net cash inflow from investing activities	4,953,666	(10,797)
Net increase in cash generated by the discontinued division	4,845,069	189,057

Loss on disposal of the division included in loss from discontinued operations per the statement of comprehensive income.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

7. Income Tax Expense

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax consolidation

The Company and its wholly owned Australian resident subsidiary Knights Parks & Properties Pty Ltd ('KP&P') formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Knights Capital Group Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the separate taxpayer within group approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group and are recognised by the company as amounts payable/(receivable) to/(from) other entities in the tax consolidated group). Any difference between these amounts is recognised by the company as an equity contribution or distribution. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses assumed from subsidiaries are recognised by the head entity only.

8. Other Expenses

The reduction in other expenses for the consolidated entity as compared to the same period last year, was largely due to the costs of litigation and the financial settlement that occurred in December 2018 period were not repeated in the 31 December 2019 period. All costs associated with the litigation had been recognised at 31 December 2018.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

9. Financial income

	31 December 2019	31 December 2018
	\$	\$
Interest income	1,732	61,287
Dividend income	32,252	32,252
Net gain on disposal of available for sale financial assets reclassified from equity	713,911	-
Financial income	<u>747,895</u>	<u>93,539</u>

10. Cash receipts from Customers

Cash receipts from Customers, represents rental revenues received by Knights Parks & Properties ('KP&P') as well as Directors consulting fees. The group reported an overall decrease in receipts due to sale of AHGR and AGLV which settled on 1 November 2019.

11. Loans and Borrowings

The group does not have any external borrowings, except the National Australia Bank credit card facility maintained by the Company (KCGL), with a facility limit of \$10,000.

As a result of only maintaining a credit card facility which is managed to ensure no finance costs are incurred, the group currently has no debt and external financing charges are non-existent for the period ending 31 December 2019.

12. Dividends

There is no provision for dividends as at 31 December 2019.

13. Issued Capital

	31 December 2019		31 December 2018	
	No.	\$	No.	\$
Fully paid ordinary shares	24,086,297	25,367,856	24,086,297	29,281,915
Return of Capital	-	(8,254,096)	-	-
	<u>24,086,297</u>	<u>17,113,760</u>	<u>24,086,297</u>	<u>29,281,915</u>

An initial return of capital occurred in March 2019 of \$0.1625 per share. A further return of capital occurred in December 2019 of \$0.285 per share, in addition as a further return of capital, an in-specie transfer of Arbortech shares was made to shareholders of \$0.0577 per share totalling \$1,389,501.

14. Related party transactions

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2019 annual financial statement.

15. Subsequent Events

Other than the above detailed in the Directors Report there has not arisen in the interval between 31 December 2019 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

KNIGHTS CAPITAL GROUP LIMITED AND CONTROLLED ENTITY DIRECTORS' DECLARATION

1. In the opinion of the directors of Knights Capital Group Limited:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date; and
 - (ii) compliance with Australian Accounting Standards
- (b) there are reasonable grounds to believe that the Company and the Group Entities 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:

Director
Grant Hodgetts

Date: 13th MARCH, 2020

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
KNIGHTS CAPITAL GROUP LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Knights Capital Group Limited (and its Controlled Entity), which comprises the consolidated condensed Statement of Financial Position as at 31 December 2019, consolidated condensed Statement of Profit or Loss and Other Comprehensive Income, consolidated condensed Statement of Changes in Equity and consolidated condensed Statement of Cash Flows for the half-year ended on that date, Notes comprising a Summary of Significant Accounting Policies and other explanatory information and the Directors' Declaration.

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 Australian Accounting Interpretations) and the Corporations Act 2001, and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material mis-statement, 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 Standards on Review Engagements ASRE 2410 *Review of a Half-Year 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 2019 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As auditors of Knights Capital Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the 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.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
KNIGHTS CAPITAL GROUP LIMITED**

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 provided to the directors of Knights Capital Group Limited would be in the same terms if provided to the directors as at the date 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 Knights Capital Group Limited and controlled Entity 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 2019 and of its performance for the half-year ended on that date; and,
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.



ACCRU⁺ PERTH
Chartered Accountants



GRAEME ROBERT JENNINGS
Partner

Date: 13th MARCH, 2020
West Perth, WA