

Auditing & Assurance Guidance Statement

AGS 1016
(October 2003)

Audit and Review Reports on Half-Year Financial Reports of Disclosing Entities Under the Corporations Act 2001

Prepared by the **Auditing & Assurance Standards Board** of the
Australian Accounting Research Foundation



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AUDITING & ASSURANCE GUIDANCE STATEMENT
AGS 1016 “AUDIT AND REVIEW REPORTS ON HALF-YEAR
FINANCIAL REPORTS OF DISCLOSING ENTITIES
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MAIN FEATURES

This Auditing and Assurance Guidance Statement (AGS):

- (a) provides guidance on the audit or review of half-year reports of disclosing entities under the *Corporations Act 2001*;
- (b) describes the auditor’s responsibilities for the audit or review of half-year reports of disclosing entities; and
- (c) provides guidance on the requirements for comparative information for half-year financial reports of disclosing entities.

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Introduction

- .01 This Auditing and Assurance Guidance Statement (AGS) has been prepared by the Auditing & Assurance Standards Board (AuASB) to assist an auditor engaged to undertake an audit or review of the half-year financial report of an entity that is a disclosing entity under the *Corporations Act 2001* (the “Act”). The AGS needs to be read in conjunction with Auditing and Assurance Standards AUS 702 “The Audit Report on a General Purpose Financial Report” and AUS 902 “Review of Financial Reports” and the relevant provisions of the Act.

Legislation

- .02 Section 302 of the Act requires that a disclosing entity must prepare a financial report and directors’ report for each half-year; have the half-year financial report either audited or reviewed in accordance with the provisions of the Act; obtain an auditor’s report; and lodge the financial report, the directors’ report and the auditor’s report on the financial report with the Australian Securities & Investments Commission (ASIC).

Disclosing entities include:¹

- (a) entities that are listed on a stock market of a securities exchange;
- (b) entities that raise funds pursuant to a prospectus;*
- (c) entities that offer securities (other than debentures) as consideration for an acquisition of shares under a takeover scheme;*
- (d) entities whose securities are issued under a compromise or scheme of arrangement;* and
- (e) borrowing corporations.

* Securities in these cases need to have been held by at least 100 persons at all times since the issue of the securities.

A disclosing entity which controls other entities is required to prepare half-year consolidated financial statements, but is not

¹ Refer *Corporations Act 2001*, Part 1.2A in particular, section 111AC.

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required to prepare financial statements for the individual parent entity.

.03 Under section 303 of the Act the financial report for the half-year consists of:

- (a) the financial statements for the half-year comprising:
 - (i) the profit and loss statement* for the half-year;
and
 - (ii) the balance sheet* as at the end of the half-year;
and
 - (iii) a statement of cash flows for the half-year; and
- (b) the notes to the financial statements; and
- (c) the directors’ declaration about the statements and notes.

* The profit and loss statement and the balance sheet are defined in paragraph 9.2 of Accounting Standard AASB 1029 “Interim Financial Reporting” (October 2000) respectively as *statement of financial performance* and *statement of financial position*.

.04 Section 320 of the Act requires a disclosing entity to lodge its half-year financial report with ASIC within 75 days after the end of the half-year. In addition, under the Australian Stock Exchange (ASX) Listing Rules 4.2A and 4.2B, disclosing entities which are also listed entities on the ASX, must also lodge these documents and Appendix 4D (Half-year-report) with the ASX when the documents become available or are lodged with ASIC, but in any event, no later than two months after the end of the accounting period (75 days for a mining exploration entity).

Accounting Standard

.05 Accounting Standard AASB 1029 “Interim Financial Reporting” prescribes the reporting requirements for half-year financial reports of disclosing entities. Where the entity is an economic entity, AASB 1029 requires that the interim financial report must be prepared on a consolidated basis.

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True and Fair View

- .06 Section 303(4) of the Act requires the directors’ declaration which forms part of the financial report, to state that:
- (a) the financial statements and notes to those statements comply with accounting standards; and
 - (b) that the financial statements and notes give a true and fair view; and
 - (c) whether in the directors’ opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.
- .07 Section 305 of the Act requires that if the financial statements of a disclosing entity prepared in compliance with accounting standards would not give a true and fair view, additional information must be included in the notes to the financial statements in accordance with subsection 303(3)(c) of the Act. From an audit perspective, if the auditor is of the opinion that the financial report is misleading because of the lack of disclosure of relevant and reliable information, or the disclosure of inappropriate information, a qualified report would be issued in accordance with AUS 702.

Audit or Review

- .08 The guidance in this AGS is presented in the context of the specific requirements relating to the audit or review of half-year financial reports for disclosing entities. Note that under section 285(2) of the Act, in addition to companies, disclosing entities may also include registered schemes which satisfy the definition of a disclosing entity under section 111AC of the Act.

Auditor’s Responsibilities

Audit

- .09 Section 307 of the Act requires that an auditor who conducts an audit of the financial report for a half-year must form an opinion on various matters pertaining to the financial report. These matters include: whether the financial report is in accordance with the Act, including compliance with accounting standards and that it gives a true and fair view; whether the auditor has been provided with all information, explanation, and assistance necessary for the conduct of the audit; and whether the disclosing entity has kept financial

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records sufficient to enable a financial report to be prepared and audited; and whether the disclosing entity has kept other records and registers as required by the Act.

- .10 The duty to form an opinion on the half-year financial report is reinforced by section 309, which specifies the matters upon which the auditor must report to the members. Specifically, section 309 requires the auditor to report on:
- (a) whether the disclosing entity’s financial report is in accordance with the Act, including:
 - (i) compliance with accounting standards as required by section 304; and
 - (ii) gives a true and fair view as required by section 305; and
 - (b) any defect or irregularity in the financial report and any deficiency, failure or shortcoming in respect of matters on which the auditor is required to form an opinion under section 307(d).
- .11 If the auditor is engaged to audit the half-year financial report, the audit needs to be conducted in accordance with Australian Auditing and Assurance Standards (AUSs) and the requirements of Part 2M.3 of the Act as explained in Appendix 3 of AUS 702. Examples of unqualified audit reports on half-year financial reports are provided in Appendices 1 and 2 to this AGS.

Review

- .12 If the auditor is engaged to review the half-year financial report, the review needs to be conducted in accordance with AUS 902. The following provides guidance on the application of AUS 902 in the context of half-year financial statements.
- .13 Section 309(4) dealing with review engagements requires the auditor who reviews the financial report for a half-year to report to members on whether the auditor became aware of any matter in the course of the review which makes the auditor believe that the financial report does not comply with the half-yearly reporting requirements of Division 2 of Part 2M.3 of the Act. In addition, section 309(5) requires the review report to describe any such matter and say why that matter makes the auditor believe that the financial

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report does not comply with Division 2 of Part 2M.3. An example review report is included in Appendix 3 to this AGS.

Application of AUS 902

- .14 As stated in AUS 106 “Explanatory Framework for Standards on Audit and Audit Related Services”, a review involves an examination where the scope of the auditor’s work, which is the sole responsibility of the auditor, is less extensive than that of an audit, and does not provide sufficient appropriate audit evidence to enable the auditor to provide the level of assurance provided by an audit report and a positive expression of opinion. The objective of a review is, therefore, to enable the auditor, based on procedures which do not provide all the evidence that would be required in an audit, to provide a moderate level of assurance that the financial report is free of material error, by issuing a negative expression of opinion. AUS 902 prescribes the Standards to be applied when a review engagement is undertaken.

Audit Based Knowledge

- .15 AUS 902 states that a review involves limited procedures comprising inquiries of the entity’s personnel and analytical procedures applied to financial and non-financial information. Note, however, that both the legislation and the requirements of AUS 902 recognise that a review engagement needs to be based on current knowledge of the client. The Act requires that the review be undertaken by an auditor. Furthermore, AUS 902 requires that the auditor possess knowledge and an understanding of the entity acquired by an auditor who has carried out audits or reviews of the entity’s financial reports in recent previous periods.
- .16 An incoming auditor who does not have the knowledge acquired from recent previous periods will need to be satisfied that sufficient knowledge and understanding can be obtained, to meet the requirements of AUS 304 “Knowledge of the Business”. The auditor would consider the need to increase the extent and/or broaden the nature of the procedures to be performed during the review engagement. In the case of a continuing auditor, knowledge obtained in prior periods needs to be updated for the half-year review.
- .17 In the case of both a continuing and incoming auditor, the requirement to base the review on current knowledge of the client would require the auditor to give consideration during the half-year reporting period to aspects of the audit process relevant to the

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current audit for the forthcoming full year financial report. The auditor would, for example, take into account matters relating to audit planning, materiality and audit risk and give consideration to the internal control structure and its impact on risk assessment. In effect, this may require a change in timing of procedures relevant to the audit of the financial year, and it may therefore be practical to complete the initial audit plan for the financial year audit prior to or in conjunction with completion of the half-year review.

Aspects of the Audit Process Relevant to Reviews

- .18 It is particularly important that the auditor has sufficient knowledge of the disclosing entity’s internal control structure as it relates to the preparation of both the annual and half-year financial reports. This knowledge is needed to:
- (a) identify the types of potential material misstatements in the half-year financial report and the likelihood of their occurrence;
 - (b) select the inquiry and analytical procedures that are appropriate to provide sufficient appropriate evidence upon which to base the auditor’s report; and
 - (c) assess the extent of reliance to be placed on the results of analytical procedures.
- .19 The selection of specific review procedures to be applied in any given engagement is a matter for the auditor’s judgement. In some circumstances, additional information may need to be obtained from management and/or additional procedures performed on aspects of the financial report subject to review. For example, if the auditor is of the view that internal control risk may be assessed as high, based on the results of tests conducted during the previous annual financial report audit, the auditor may apply more extensive inquiry and analytical procedures and/or substantive tests of details and balances.
- .20 Where, based on the auditor’s knowledge of the business and the results of the inquiry and analytical procedures, the auditor has reason to believe that the financial report is not in accordance with Division 2 of Part 2M.3 of the Act, AUS 902 requires the auditor to:
- (a) seek further information from management; and/or
 - (b) carry out additional or more extensive procedures.

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- .21 When the half-year review is of a consolidated financial report, and involves other auditors, the principal auditor would communicate with the other auditors as required by AUS 602 “Using the Work of Another Auditor”. The principal auditor needs to be satisfied that the work of other auditors is adequate for the purpose of the review.
- .22 For multi-location engagements, the auditor would consider the need to visit operating locations. There may be benefit in visiting significant operating locations to facilitate the review of half-year financial data. The decision whether to visit operating locations will be based on the assessment of risk associated with each location in terms of its effect on the half-year financial report.
- .23 Section 303(4) of the Act requires the directors to state in the directors’ declaration which forms part of the half-year financial report whether, in their opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable. As with the directors’ declaration for the annual financial report, the directors need to consider issues relating to solvency. Therefore, the auditor needs to consider the basic principles and essential procedures, together with the related guidance in AUS 706 “Subsequent Events” and AUS 708 “Going Concern”. Whilst the Act requires the directors’ declaration in respect of solvency to refer to the disclosing entity only, and not the consolidated entity, the auditor needs to consider going concern issues from the perspective of both the disclosing entity and the consolidated entity.

Comparatives

- .24 AASB 1029 does not require comparative information for half-year financial reports where it is applied for the first time and:
- (a) the previous version of AASB 1029 applied to the entity in the preceding corresponding half-year and the previous version of AASB 1029 did not require disclosure of information which corresponds to the information required to be disclosed by the current AASB 1029; or
 - (b) either the previous version of AASB 1029 or the revised AASB 1029 did not apply to the *entity* in the preceding corresponding half-year.

Many disclosing entities may, nevertheless, wish to include comparatives, and in subsequent accounting periods will be required to do so in accordance with AASB 1029.

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- .25 Subsequent to the half-year to which AASB 1029 is first applied, AASB 1029 requires comparative information as follows:
- (a) statement of financial position as at the end of the half-year and a comparative statement of financial position as at the end of the immediately preceding annual reporting period;
 - (b) statement of financial performance for the half-year with a comparative statement of financial performance for the comparable half-year of the immediately preceding annual reporting period; and
 - (c) statement of cash flows for the half-year with a comparative statement of cash flows for the comparable half-year of the immediately preceding annual reporting period.
- .26 Where comparative information is not provided in the first half-year period, an unqualified audit or review report can be issued.
- .27 Where comparative information is included in the financial report of the first half-year, the auditor will need to either:
- (a) undertake the level of work necessary to provide the same level of assurance (audit or review) on the comparatives as is being provided on the current period half-year financial report; or
 - (b) qualify the auditor’s audit or review report on the basis that the comparatives (other than the audited previous financial year statement of financial position comparatives) are unaudited. The auditor is encouraged to apply the standards and guidance in AUS 704 “Comparatives”, as either a continuing or incoming auditor, to the previous financial year statement of financial position comparatives. An example of a qualified review report is included in Appendix 4 to this AGS.

In the case of a qualified report on the basis of the comparatives being unaudited, AUS 704 states that the auditor should encourage clear disclosure in the half-year financial statements that the comparatives are unaudited.

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Reporting

- .28 An audit or review report on a disclosing entity half-year financial report is to be prepared in accordance with the requirements of AUS 702 and AUS 902 respectively. The following additional guidance is provided in relation to specific issues relevant to half-year audit or review engagements under the Act.

Addressee

- .29 Section 309 of the Act requires that the audit or review report on a half-year financial report is to be addressed to the members. As stated previously, section 302 requires that the disclosing entity obtain an auditor's report on the review or audit and lodge it, together with the half-year financial report and directors' report with ASIC. However, there is no requirement for the directors to present the half-year financial report to members, other than to ensure their availability by lodgement with ASIC.
- .30 Whilst the disclosing entity is required to lodge the audit or review report on a half-year financial report with ASIC in accordance with section 302, there is no requirement for the auditor's report to be circulated with any distribution of the financial report to the entity's members or to third parties. However, in the interests of effective communication and providing relevant and reliable information to members, the auditor may need to encourage a disclosing entity which does distribute its half-year financial report, to attach the audit or review report.

Review Engagement Qualification

- .31 Section 309(5) requires the auditor's review report to include a description of a matter, and the reasons for believing that a matter, makes the auditor believe that the financial report does not comply with Division 2 of Part 2M.3. The Act does not require the auditor to quantify the financial effect of a departure from an accounting standard, when describing such matters in a review report. However, in accordance with AUS 902.34, auditors need to:
- (a) include in the "Qualification" section of the report a quantification of the effect of a departure from accounting standards; or
 - (b) if this is not readily determinable, a statement to that effect.

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- .32 The AuASB is of the view that inclusion of a statement that quantification is not readily determinable would occur only in rare circumstances. The AuASB believes that the application of AUS 902.34 would require the auditor to, where practicable, undertake procedures sufficient to be able to quantify the financial effect of a departure from an accounting standard. In some cases this may require that the nature and extent of these procedures be the same as would be applied to that matter in an audit engagement.

Section 311

- .33 An auditor providing an audit or review report in accordance with section 309 must abide by the requirements of section 311 and notify ASIC in writing, if the auditor has reasonable grounds to suspect that a contravention of the Act has occurred, and the auditor believes that the contravention has not or will not be adequately dealt with by commenting on it in the their report or by bringing the matter to the attention of directors.

Half-Year Financial Report

- .34 In addition to the requirements in the Act outlined in this AGS, ASX Listing Rules 4.2A and 4.2B require listed entities to give to the ASX a copy of the statutory half-year financial report, directors' report and auditor's report that it lodges with ASIC under section 320 and the information required by Appendix 4D (Half-year report), no later than two months after the end of the entity's accounting period (75 days for a mining exploration entity).
- .35 Under ASIC Practice Note 61 "Relief from dual lodgement of financial reports" and Class Order 98/104 (as amended by Class Orders 99/90 and 99/837), ASIC and the ASX have agreed that listed entities can satisfy the requirements of the Act by lodging the half-year financial report, the directors' report, and the audit or review report on the financial report with the ASX.

Continuous Disclosure

- .36 In addition to the half-year reporting requirements, the Act requires that disclosing entities abide by the continuous disclosure regime. Sections 1001A and 1001B of the Act make it a criminal offence if a disclosing entity intentionally, recklessly or negligently fails to lodge with the ASX (for listed disclosing entities) or the ASIC (for unlisted disclosing entities), as soon as practicable, information of which the entity is aware and which, if generally available, would be

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likely to have a material effect on the price or value of the entity’s securities.

- .37 If the auditor becomes aware of a possible breach of sections 1001A or 1001B, the auditor needs to consider reporting the matter to ASIC in accordance with the requirements of section 311.

Operative Date

- .38 This AGS is operative from the date of issue and supersedes AGS 1016 “Audit and Review Reports on Half-Year Financial Reports” as issued in October 2001.

Compatibility with International Standards and Statements on Auditing

- .39 There is no corresponding International Standard or Statement on Auditing as at the date of issuance of this AGS.

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BACKGROUND TO REVISION

This section does not form part of the Guidance Statement. It is a summary of the reasons for the current revision to the Guidance Statement and of key issues which have been considered by the Auditing & Assurance Standards Board (AuASB) as part of this revision.

The AuASB has revised this AGS to reflect amendments to ASX Listing Rules (January 2003), which implement changes to enhance and rationalise ASX periodic disclosure requirements. The changes implemented include a reduction in the period for submitting half-year financial reports (75 days to 2 months) and the elimination of Appendix 4B as a basis for preparing the half-year financial report lodged with the ASX and ASIC.

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APPENDIX 1

*EXAMPLE OF AN UNQUALIFIED AUDIT REPORT ON A SINGLE
DISCLOSING ENTITY’S HALF-YEAR FINANCIAL REPORT*

INDEPENDENT AUDIT REPORT

To the members of [name of disclosing entity]:

Scope

We have audited the financial report of [name of disclosing entity] for the half-year ended 31 December 20X1 as set out on pages X to Y¹. The disclosing entity’s directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it, so as to enable the disclosing entity to lodge the financial report with the Australian Securities & Investments Commission.

Our audit has been conducted in accordance with Australian Auditing and Assurance Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standard AASB 1029 “Interim Financial Reporting” and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity’s financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the half-year financial report of [name of disclosing entity] is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the disclosing entity’s financial position as at 31 December 20X1 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 “Interim Financial Reporting” and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Date
Address

Firm
Partner

¹ or identify the individual components when appropriate, including the Directors’ Declaration.

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APPENDIX 2

*EXAMPLE OF AN UNQUALIFIED AUDIT REPORT ON A
CONSOLIDATED ENTITY'S HALF-YEAR FINANCIAL REPORT*

INDEPENDENT AUDIT REPORT

To the members of [name of disclosing entity]:

Scope

We have audited the financial report of [name of disclosing entity] for the half-year ended 31 December 20X1 as set out on pages X to Y¹. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it, so as to enable the disclosing entity to lodge the financial report with the Australian Securities & Investments Commission.

Our audit has been conducted in accordance with Australian Auditing and Assurance Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standard AASB 1029 “Interim Financial Reporting” and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the half-year financial report of [name of disclosing entity] is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 20X1 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 “Interim Financial Reporting” and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Date
Address

Firm
Partner

¹ or identify the individual components when appropriate, including the Directors' Declaration.

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APPENDIX 3

*EXAMPLE OF AN UNQUALIFIED REVIEW REPORT ON A SINGLE
DISCLOSING ENTITY’S HALF-YEAR FINANCIAL REPORT*

INDEPENDENT REVIEW REPORT

To the members of [name of disclosing entity]:

Scope

We have reviewed the financial report of [name of disclosing entity] for the half-year ended 31 December 20X1 as set out on pages X to Y¹. The disclosing entity’s directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 “Interim Financial Reporting” and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity’s financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity’s personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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 [name of disclosing entity] is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the [company/registered scheme/disclosing entity]’s financial position as at 31 December 20X1 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 “Interim Financial Reporting” and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Date
Address

Firm
Partner

1. or identify the individual components when appropriate, including the Directors’ Declaration.

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UNDER THE CORPORATIONS ACT 2001”**

APPENDIX 4

*EXAMPLE OF A REVIEW REPORT ON A SINGLE DISCLOSING
ENTITY'S HALF-YEAR FINANCIAL REPORT QUALIFIED ON THE BASIS
THAT THE COMPARATIVES HAVE NOT BEEN REVIEWED OR AUDITED*

INDEPENDENT REVIEW REPORT

To the members of [name of disclosing entity]:

Scope

We have reviewed the financial report of [name of disclosing entity] for the half-year ended 31 December 20X1 as set out on pages X to Y¹. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 “Interim Financial Reporting” and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Qualification

As this is the first year that [name of disclosing entity] is required to prepare a half-year financial report and have it reviewed, the statement of financial performance, statement of financial position, statement of cash flows and comparatives for the preceding corresponding half-year have not been reviewed or audited. Accordingly we are not in a position to and do not express any assurance in respect of the comparative information for the half-year ended (date of preceding corresponding half-year). We have, however, audited the financial report for the preceding financial year ended (date of preceding financial year) and therefore our review statement is not qualified in respect of the comparative information for the year ended (date of preceding financial year) included in the statement of financial position.

Statement

Except for the effect, if any, on the comparatives for the preceding corresponding half-year that may result from the qualification, based on our review, which is not an audit, we have not

¹ or identify the individual components when appropriate, including the Directors' Declaration.

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FINANCIAL REPORTS OF DISCLOSING ENTITIES
UNDER THE CORPORATIONS ACT 2001”**

become aware of any matter that makes us believe that the half-year financial report of [name of disclosing entity] is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the [company/registered scheme/disclosing entity]’s financial position as at 31 December 20X1 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 “Interim Financial Reporting” and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Date
Address

Firm
Partner