



PRIMARY OPINION LIMITED

ABN 69 092 817 171

**APPENDIX 4D HALF YEAR REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

Primary Opinion Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Primary Opinion Limited
ABN:	69 092 817 171
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	8.6% to	13,948
Loss from ordinary activities after tax attributable to the owners of Primary Opinion Limited	down	83.0% to	(235,752)
Loss for the half-year attributable to the owners of Primary Opinion Limited	down	83.0% to	(235,752)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$235,752 (31 December 2015: \$1,386,215).

During the half year period ended 31 December 2016, the consolidated entity completed the acquisition of a 48% stake in Maggie Beer Products Pty Ltd (MBP) following a successful capital raising of \$20,000,000 in July 2016. This investment was seen as the first step of the company's wider investment strategy focused on the food and the beverage sector.

The operating expenses of the consolidated entity decreased significantly during the current half year period compared to the corresponding period as the previous period consisted of the Company's Primary Opinion UK business.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.55</u>	<u>-</u>

4. Loss of control over entities

Not applicable.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Primary Opinion Limited holds a 48% shareholding in Maggie Beer Products Pty Ltd.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-Year Report.

10. Attachments

Details of attachments (if any):

The Half-Year Report of Primary Opinion Limited for the half-year ended 31 December 2016 is attached.

11. Signed

Signed _____



Mr Tony Robinson
Non-Executive Chairman

Date: 27 February 2017

Primary Opinion Limited

ABN 69 092 817 171

Half-Year Report - 31 December 2016

Primary Opinion Limited

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31 December 2016

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Primary Opinion Limited
Corporate directory
31 December 2016

Directors	Mr Tony Robinson (Non-executive Chairman) Mr Hugh Robertson (Non-executive Director) Mr Tom Kiing (Non-executive Director)
Company secretaries	Ms Melanie Leydin Mr Justin Mouchacca
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205 Tel: +613 9692 7222 Fax: +613 9077 9233
Principal place of business	Level 4, 100 Albert Road South Melbourne VIC 3205 Tel: +613 9692 7222 Fax: +613 9077 9233
Share register	Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001
Auditor	Deloitte Touche Tohmatsu 550 Bourke Street Melbourne Victoria 3000
Stock exchange listing	Primary Opinion Limited shares are listed on the Australian Securities Exchange (ASX code: POP)
Website	www.primaryopinion.com

**Primary Opinion Limited
Directors' report
31 December 2016**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Primary Opinion Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons were directors of Primary Opinion Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Tony Robinson (Non-executive Chairman)
Mr Hugh Robertson (Non-executive Director)
Mr Tom Kiing (Non-executive Director)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- expanding its activities to the food and beverage industry with a particular focus on premium products; and
- carrying out its investment in Maggie Beer Products Pty Ltd (MBP).

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$235,752 (31 December 2015: \$1,386,215).

Financial Position

The net assets of the consolidated entity increased by \$18,619,265 to \$20,075,488 (30 June 2016: \$1,456,223). The increase during the period was as a result of a capital raising of \$20,000,000 followed by a 48% equity investment in Maggie Beer Products Pty Ltd (MBP) for \$15,000,000.

The investment in MBP was the first step in a wider investment strategy focused on the food and beverage sector.

Operating results for the year

The consolidated entity reported a net loss of \$235,752 for the financial period which was a reduction from the previous corresponding period. Included in the operating loss for the half-year period are expenses relating to share based payments during the half-year period amounting \$220,990 (2015: \$12,603), following the issue of Loan Funded Shares to employees of the company and MBP.

Significant changes in the state of affairs

On 15 July 2016, the Company announced that it had completed the capital raising of \$20,000,000 from the issue of 500,000,000 shares at an issue price of \$0.04 (4.0 Cents) per share. On 19 July 2016, The Company executed the Share Sale Agreement and Shareholders Agreement with the shareholders of Maggie Beer Products Pty Ltd (MBP) for the acquisition of a 48% stake in MBP.

On 19 July 2016, the Company issued 500,000,000 new fully paid ordinary shares pursuant to the Prospectus dated 20 June 2016 raising \$20,000,000. The Company also issued 21,750,000 fully paid ordinary shares pursuant to the Company's Employee Loan Funded Share Plan, as approved by shareholders at a general meeting of shareholders held on 24 June 2016.

On 21 July 2016, following the completion of the transaction to acquire a 48% interest in Maggie Beer Products Pty Ltd, the company was quoted on ASX. The investment in Maggie Beer Products will be equity accounted for as an investment in associates.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 13 February 2017, the Company announced that it will commence an On-Market Share Buyback program to acquire up to 10% of its issued capital from 1 March 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

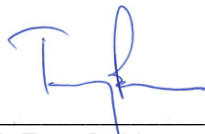
Primary Opinion Limited
Directors' report
31 December 2016

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Tony Robinson
Non-executive Chairman

27 February 2017

The Board of Directors
Primary Opinion Ltd
Level 4
100 Albert Road
South Melbourne VIC 3205

27 February 2017

Dear Board Members

Primary Opinion Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Primary Opinion Ltd.

As lead audit partner for the review of the financial statements of Primary Opinion Ltd 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.

Yours sincerely



DELOITTE TOUCHE TOHMATSU

Gerard Belleville
Partner
Chartered Accountants

Primary Opinion Limited
Condensed statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

		Consolidated	
	Note	31 December 2016	31 December 2015
		\$	\$
Revenue from continuing operations	3	13,948	12,842
Expenses			
Advertising and marketing expenses		(736)	(1,010)
Employee benefits expense	4	(285,751)	(32,603)
Depreciation and amortisation expense		-	(256)
Other expenses		(2,320)	-
Finance costs		-	(66,138)
Corporate costs		(145,070)	(103,968)
IT costs		(15,282)	(4,843)
Share of profits of associates	8	212,160	-
Loss before income tax expense from continuing operations		(223,051)	(195,976)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(223,051)	(195,976)
Loss after income tax expense from discontinued operations	5	(12,701)	(1,190,239)
Loss after income tax expense for the half-year attributable to the owners of Primary Opinion Limited		(235,752)	(1,386,215)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Primary Opinion Limited		<u>(235,752)</u>	<u>(1,386,215)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(235,752)	(195,976)
Discontinued operations		-	(1,190,239)
		<u>(235,752)</u>	<u>(1,386,215)</u>
		Cents	Cents
Basic earnings per share	14	(0.04)	(0.89)
Diluted earnings per share	14	(0.04)	(0.89)

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

Primary Opinion Limited
Condensed statement of financial position
As at 31 December 2016

		Consolidated	
	Note	31 December	30 June 2016
		2016	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		4,976,494	1,630,875
Trade and other receivables	6	65,142	64,906
Other	7	48,902	314,505
Total current assets		<u>5,090,538</u>	<u>2,010,286</u>
Non-current assets			
Investments accounted for using the equity method	8	15,212,160	-
Total non-current assets		<u>15,212,160</u>	<u>-</u>
Total assets		<u>20,302,698</u>	<u>2,010,286</u>
Liabilities			
Current liabilities			
Trade and other payables	9	227,210	554,063
Total current liabilities		<u>227,210</u>	<u>554,063</u>
Total liabilities		<u>227,210</u>	<u>554,063</u>
Net assets		<u>20,075,488</u>	<u>1,456,223</u>
Equity			
Issued capital	10	37,884,914	19,250,887
Reserves	11	755,677	534,687
Accumulated losses		<u>(18,565,103)</u>	<u>(18,329,351)</u>
Total equity		<u>20,075,488</u>	<u>1,456,223</u>

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

Primary Opinion Limited
Condensed statement of changes in equity
For the half-year ended 31 December 2016

Consolidated	Contributed Equity \$	Foreign Currency Reserve \$	Options Reserves \$	Retained Earnings \$	Option Premium on Convertible notes \$	Total deficiency in equity \$
Balance at 1 July 2015	16,099,980	125,291	517,254	(16,502,412)	-	240,113
Loss after income tax expense for the half-year	-	-	-	(1,386,215)	-	(1,386,215)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,386,215)	-	(1,386,215)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	700,000	-	-	-	-	700,000
Cost of capital raising	(4,081)	-	-	-	-	(4,081)
Share based payment	-	-	12,606	-	-	12,606
Reversal of foreign currency translation reserve	-	(125,291)	-	-	-	(125,291)
Issue of convertible notes	-	-	-	-	239,268	239,268
Balance at 31 December 2015	<u>16,795,899</u>	<u>-</u>	<u>529,860</u>	<u>(17,888,627)</u>	<u>239,268</u>	<u>(323,600)</u>

Consolidated	Contributed Equity \$	Foreign Currency Reserve \$	Options Reserves \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2016	19,250,887	-	534,687	(18,329,351)	1,456,223
Loss after income tax expense for the half-year	-	-	-	(235,752)	(235,752)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(235,752)	(235,752)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	20,000,000	-	-	-	20,000,000
Cost of capital raising	(1,365,973)	-	-	-	(1,365,973)
Share-based payments	-	-	220,990	-	220,990
Balance at 31 December 2016	<u>37,884,914</u>	<u>-</u>	<u>755,677</u>	<u>(18,565,103)</u>	<u>20,075,488</u>

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

Primary Opinion Limited
Condensed statement of cash flows
For the half-year ended 31 December 2016

	Consolidated	
Note	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(302,356)	(1,458,383)
Interest received	13,948	-
	<u>(288,408)</u>	<u>(1,458,383)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for investments in associates	(15,000,000)	-
Proceeds from Borrowings	-	600,000
	<u>(15,000,000)</u>	<u>600,000</u>
Net cash (used in)/from investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	20,000,000	700,000
Capital raising cost	(1,365,973)	(4,081)
	<u>18,634,027</u>	<u>695,919</u>
Net cash from financing activities		
Net increase/(decrease) in cash and cash equivalents	3,345,619	(162,464)
Cash and cash equivalents at the beginning of the financial half-year	1,630,875	414,281
	<u>4,976,494</u>	<u>251,817</u>
Cash and cash equivalents at the end of the financial half-year		

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

Primary Opinion Limited
Notes to the financial statements
31 December 2016

Note 1. General information

The financial statements cover Primary Opinion Limited as a consolidated entity consisting of Primary Opinion Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Primary Opinion Limited's functional and presentation currency.

Primary Opinion Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne VIC 3205
Tel: +613 9692 7222
Fax: +613 9077 9233

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2017.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 2. Significant accounting policies (continued)

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'

Amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in a joint operation where the operation constitutes a business.

The amendments apply where an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business (as defined in AASB 3 Business Combinations) and requires the entity to apply all of the principles on business combinations accounting to the extent of its share, subject to certain conditions. The disclosures required by AASB 3 are also required to be made.

AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'

AASB 134 Interim Financial Reporting– clarifies that certain information required by the Standard can be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time

AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.

Amends AASB 101 Presentation of Financial Statements to provide clarification regarding the disclosure requirements in AASB 101, including narrow-focus amendments to address concerns about existing presentation and disclosure requirements and to ensure entities are able to use judgements when applying a Standard in determining what information to disclose in their financial statements.

The amendments provide additional guidance in the following areas:

- **Materiality.** The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information (2) materiality considerations apply to the all parts of the financial statements and (3) even when a standard requires a specific disclosure, materiality considerations still apply, i.e. a specific disclosure is not required to be included in the financial report if it is not material to the entity
- **Statement of financial position and statement of profit or loss and other comprehensive income.** The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income (OCI) of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss
- **Notes.** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes rather than being presented in the order previously included in AASB 101.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'

AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'

Primary Opinion Limited
Notes to the financial statements
31 December 2016

Note 3. Revenue

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
From continuing operations		
Interest	13,948	242
Other income	-	12,600
	<u>13,948</u>	<u>12,842</u>
Income from continuing operations	<u>13,948</u>	<u>12,842</u>

Note 4. Expenses

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Employee benefits expense</i>		
Other employee benefits	64,761	20,000
Share based payments	220,990	12,603
	<u>285,751</u>	<u>32,603</u>
Total employee benefits expense	<u>285,751</u>	<u>32,603</u>

Refer to note 11 for details on the Loan Funded Share Plan

Note 5. Discontinued operations

Financial performance information

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Interest Income	-	120
Corporate costs	(12,701)	(26,921)
Contractor and consulting expenses	-	(207,513)
Employee benefits expense	-	(797,498)
Depreciation and amortisation expense	-	(5,496)
Advertising and marketing expenses	-	(58,601)
IT costs	-	(118,746)
Foreign exchange differences	-	78,642
Other expenses	-	(54,226)
Total expenses	<u>(12,701)</u>	<u>(1,190,359)</u>
Loss before income tax expense	(12,701)	(1,190,239)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(12,701)</u>	<u>(1,190,239)</u>

Primary Opinion Limited
Notes to the financial statements
31 December 2016

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 December	
	2016	30 June 2016
	\$	\$
GST/VAT receivable	65,142	64,906
	<u>65,142</u>	<u>64,906</u>

Note 7. Current assets - other

	Consolidated	
	31 December	
	2016	30 June 2016
	\$	\$
Prepayments	48,902	13,159
Other current assets*	-	301,346
	<u>48,902</u>	<u>314,505</u>

* Other current assets related to capital raising costs which were incurred during the previous financial year as part of the Company's Prospectus dated 20 June 2016. The fund raising in relation to this Prospectus did not complete until July 2016. The capital raising costs were subsequently applied against the equity raised in July 2016.

Note 8. Non-current assets - investments accounted for using the equity method

On 19 July 2016, the Company paid \$15,000,000 to acquire 48% of the shares of Maggie Beer Products Pty Ltd (MBP), a company domiciled in Australia that manufactures and sells premium and food and beverage products.

	Consolidated	
	31 December	
	2016	30 June 2016
	\$	\$
Investment in Maggie Beer Products Pty Ltd (MBP)	15,212,160	-
	<u>15,212,160</u>	<u>-</u>

	Consolidated	
	31 December	
	2016	19 July 2016
	\$	\$
Summarised Balance Sheet		
Current assets	15,875,300	7,193,300
Non-current assets	7,211,000	6,818,000
Current liabilities	(7,464,000)	(8,538,000)
Non-current liabilities	(135,000)	(428,000)
	<u>15,487,300</u>	<u>5,045,300</u>
Net assets		

Note 8. Non-current assets - investments accounted for using the equity method (continued)

	Consolidated 31 December 2016	
Reconciliation of carrying amount of investment		
Opening net assets		5,045,300
Profit/(loss) for the period		442,000
Other comprehensive Income		-
Capital Contribution		<u>10,000,000</u>
Closing net assets		<u><u>15,487,300</u></u>
	Consolidated	
	31 December	
	2016	19 July 2016
	\$	\$
Company share %	48%	24%
Company's share of net profit after tax for the period	212,160	-
Company's share of opening net assets at completion	7,221,744	1,553,832
Goodwill	<u>7,778,256</u>	<u>3,446,168</u>
Carrying amount of investment in associate	<u><u>15,212,160</u></u>	<u><u>5,000,000*</u></u>

*Initial \$5,000,000 consideration in purchase agreement. A capital contribution of \$10,000,000 was also made in exchange for another 24% of the company on the same day as part of the transaction.

In accordance with the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

Management have assessed the fair values of MBP's balance sheet as at 19 July 2016, the completion date of the investment transaction as \$5,045,300 and determined that no other material assets or liabilities existed as at completion date. The \$5 million intangible associated with the Maggie Beer brand has an indefinite life due to the prominence of the Maggie Beer brand in the marketplace.

The resultant goodwill of \$7,778,256 is attributable to MBP's strong national presence and significant potential for growth due to its highly skilled workforce and management team led by a high-profile figure in the Australian premium food industry. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Trade payables	222,341	553,055
Other payables	<u>4,869</u>	<u>1,008</u>
	<u><u>227,210</u></u>	<u><u>554,063</u></u>

Primary Opinion Limited
Notes to the financial statements
31 December 2016

Note 10. Equity - issued capital

	Consolidated			
	31 December	30 June 2016	31 December	30 June 2016
	2016		2016	
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>789,007,697</u>	<u>267,257,697</u>	<u>37,884,914</u>	<u>19,250,887</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2016	267,257,697		19,250,887
Issue of shares – capital raising	15 July 2016	500,000,000	\$0.04	20,000,000
Issue of shares – loan fund share plan	18 July 2016	21,750,000	-	-
Cost of Capital Raising		-		<u>(1,365,973)</u>
Balance	31 December 2016	<u>789,007,697</u>		<u>37,884,914</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

On 13 February 2017, the Company announced that it will commence an On-Market Share Buyback program to acquire up to 10% of its issued capital from 1 March 2017.

Note 11. Equity - reserves

	Consolidated	
	31 December	30 June 2016
	2016	
	\$	\$
Options reserve	<u>755,677</u>	<u>534,687</u>

Share based payments - Loan Funded Employee Share Plan (LFESP)

The equity settled employee benefits reserves arise following the issue of equity under the Loan Share Plan or the Executive Share Option Plan to Executives and senior employees. Amounts are transferred out of the reserves and into issued capital when the loans are repaid or the options are exercised. Amounts are transferred to accumulated losses when the shares or options are cancelled.

Primary Opinion Limited
Notes to the financial statements
31 December 2016

Note 11. Equity - reserves (continued)

On 19 July 2016, the Company issued 21,750,000 ordinary shares subject to a holding lock in accordance with the Plan. The purpose of the LFESP is to assist with the retention, motivation and rewards of employees and the Chairman for the successful advancement of the Company, including MBP.

Key terms of the plan as discussed in the LFESP agreement are as follows:

- Per the invitation to participate in LFESP dated 18 July 2016, shares are issued by POP at \$0.04 / Share and the funding of those shares is by way of a loan from the company and there is no cash arising to the Company from this issue;
- the shares rank equally in all respects with the ordinary shares of POP;
- while the shares are held by employees, the shares are subject to vesting and forfeiture conditions. Vesting conditions include conditions relating to continuous employment. Forfeiture conditions include “bad leaver” (meaning terminated by POP for various reasons, including performance) and breaches in the terms of the loan;
- there is a 5% cap on the total number of shares that can be issued at any one time;
- there are a number of disposal conditions, meaning that the Board has control over such shares; and
- the loan funded shares can be bought back in the event that there is forfeiture, or the participant requires the shares to be re-purchased or the term of the loan ends.

The key terms of the loan are as follows:

- it is interest free;
- It is a limited recourse loan in that POP’s recourse to recover the loan is limited to the proceeds from sale and dividends from the shares. If an employee fails to repay the share loan, the shares will be forfeited and the proceeds of the sale will be used to repay the loan; and
- the after-tax amount of the dividend is to be deducted from the loan amount owing.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Employee equity settled benefits \$	Total \$
Balance at 1 July 2016	534,687	534,687
Share based payment	4,401	4,401
Loan funded share plan	<u>216,589</u>	<u>216,589</u>
Balance at 31 December 2016	<u><u>755,677</u></u>	<u><u>755,677</u></u>

Note 12. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Primary Opinion Limited
Notes to the financial statements
31 December 2016

Note 15. Share-based payments (continued)

Set out below are summaries of options and employee share plan (ESP) granted under the plan:

2016							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
17/12/2013	17/12/2018	\$0.06	1,258,033	-	-	-	1,258,033
17/12/2013	17/12/2019	\$0.06	1,258,033	-	-	-	1,258,033
17/12/2013	17/12/2020	\$0.06	1,258,033	-	-	-	1,258,033
			<u>3,774,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,774,099</u>
2015							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Consolidation of options	Expired/ forfeited/ other	Balance at the end of the year
17/12/2013	17/12/2018	\$0.06	1,258,033	-	-	-	1,258,033
17/12/2013	17/12/2019	\$0.06	1,258,033	-	-	-	1,258,033
17/12/2013	17/12/2020	\$0.06	1,258,033	-	-	-	1,258,033
			<u>3,774,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,774,099</u>
Weighted average exercise price			\$0.060	\$0.000	\$0.000	\$0.000	\$0.060

Details of share options held by employees, former employees, consultants and former Directors outstanding as at end of year:

Grant date	Vesting date	Share price at grant date	Exercise price	Fair value at grant date
17/12/2013	17/12/2018	\$0.021	\$0.06	\$0.026
17/12/2013	17/12/2019	\$0.021	\$0.06	\$0.027
17/12/2013	17/12/2020	\$0.021	\$0.06	\$0.023

There are no EPS hurdles attached to the options granted, however, there are market conditions as follows:

a) The option will vest on the daily closing price of ordinary shares (as quoted on ASX) remaining at or above \$0.085 (8.5 cents) throughout any consecutive 20 business day period (being a date on which the ASX is open for trading) commencing at any time after the date that is 12 months after the date of issue of the Options and ending before the expiry date.

b) The option will vest on the daily closing price of ordinary shares (as quoted on ASX) remaining at or above \$0.285 (28.5 cents) throughout any consecutive 20 business day period (being a date on which the ASX is open for trading) commencing at any time after the date that is 12 months after the date of issue of the Options and ending before the expiry date.

c) The option will vest on the daily closing price of ordinary shares (as quoted on ASX) remaining at or above \$0.50 (50 cents) throughout any consecutive 20 business day period (being a date on which the ASX is open for trading) commencing at any time after the date that is 12 months after the date of issue of the Options and ending before the expiry date.

Primary Opinion Limited
Notes to the financial statements
31 December 2016

Note 15. Share-based payments (continued)

Loan Funded Share Plan (LFSP)

At a general meeting of shareholders on 24 June 2016, shareholders approved the adoption of a LFSP. During the half year, the Company granted a total of 21,750,000 loan funded shares to Tony Robinson and employees of Maggie Beer Products Pty Ltd (MBP).

MBP is an associate of the company and does not form part of the consolidated group. Amounts attributable to the share based payments to Tony Robinson and employees of MBP are expensed by the company as these share based payments vest.

Set out below are summaries of loan funded shares granted during the period:

31 December 2016

Grant date	Expiry date	Issue Price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
18/07/2016	18/07/2020	\$0.04	-	8,750,000	-	-	8,750,000
18/07/2016	18/07/2024	\$0.04	-	6,250,000	-	-	6,250,000
18/07/2016	18/07/2024	\$0.04	-	5,000,000	-	-	5,000,000
18/07/2016	18/07/2024	\$0.04	-	1,250,000	-	-	1,250,000
18/07/2016	18/07/2024	\$0.04	-	500,000	-	-	500,000
			-	<u>21,750,000</u>	-	-	<u>21,750,000</u>

Below is a summary of the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
18/07/2016	18/07/2020	\$0.043	\$0.04	63.00%	-	1.73%	\$0.01958
18/07/2016	18/07/2024	\$0.043	\$0.04	65.50%	-	1.73%	\$0.02679

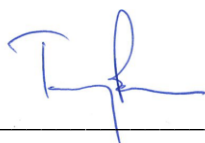
Primary Opinion Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Tony Robinson
Non-executive Chairman

27 February 2017

Independent Auditor's Review Report to the Members of Primary Opinion Ltd

We have reviewed the accompanying half-year financial report of Primary Opinion Ltd, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, 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 end of the half-year or from time to time during the half-year as set out on pages 6 to 20.

Director's 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 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 gives a true and fair view and 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 Primary Opinion Ltd, 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.

Auditor's Independence Declaration

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 Primary Opinion Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

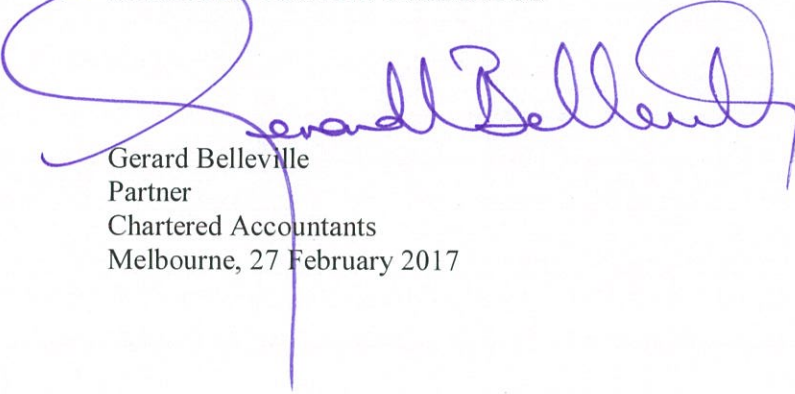
Conclusion

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 Primary Opinion 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 the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Gerard Belleville
Partner
Chartered Accountants
Melbourne, 27 February 2017