APPENDIX 4D

1. COMPANY DETAILS

Name of entity:	Johns Lyng Group Limited
ABN:	86 620 466 248
Reporting period:	For the half-year ended 31 December 2017
Previous periods:	For the year ended 30 June 2017 For the half-year ended 31 December 2016

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$
Revenues from ordinary activities (sales)	up	23.2%	to	147,791,620
Profit from ordinary activities after tax attributable to the owners of Johns Lyng Group	up	66.9%	to	6,905,793
Profit for the half-year attributable to the owners of Johns Lyng Group	up	66.9%	to	6,905,793

Dividends

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

Explanatory note on results

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $6,905,793 (31 December 2016: $4,137,689). For further information refer to 'operating and financial review' section within the attached Directors' report.

3. NET TANGIBLE ASSETS

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	11.04	(8.86)

4. CONTROL GAINED OVER ENTITIES

Not applicable.

5. LOSS OF CONTROL OVER ENTITIES

Not applicable.

6. 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.

7. DIVIDEND REINVESTMENT PLANS

Not applicable.

APPENDIX 4D

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Johns Lyng Group has a 49% equity investment in its associate Club Home Response Pty Ltd. The share of net profits accounted for using the equity method attributable to the owners of Johns Lyng Group and non-controlling interests for the half-year ended 31 December 2017 amounted to $241,251 (31 December 2016: $375,096).

9. FOREIGN ENTITIES

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

Not applicable.

10. AUDIT QUALIFICATION OR REVIEW

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

The financial statements were subject to a review by the independent auditors with an unqualified opinion. The review report is attached as part of the Financial Report for the half-year ended 31 December 2017.

11. ATTACHMENTS

Details of attachments (if any):

The Financial Report of Johns Lyng Group for the half-year ended 31 December 2017 is attached.

12. OTHER INFORMATION REQUIRED BY LISTING RULE 4.2A.3

Other information requiring disclosure to comply with Listing Rule 4.2A.3 is contained in the Financial Report for the half-year ended 31 December 2017 (which includes the Directors' report).

13. ACCOUNTING STANDARDS

This report has been compiled using Australian Accounting Standards and International Financial Reporting Standards.

JOHNS LYNG GROUP

JOHNS LYNG GROUP LIMITED
ABN 86 620 466 248
AND CONTROLLED ENTITIES

FINANCIAL REPORT

for the half-year ended 31 December 2017

CONTENTS

31 December 2017

DIRECTORS' REPORT

31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Johns Lyng Group Limited (referred to hereafter as 'Johns Lyng Group', the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity consist of insurance building and restoration services, commercial building services and commercial construction. There were no significant changes in the nature of the consolidated entity's activities during the period.

DIRECTORS AND COMPANY SECRETARY

The following persons were directors or the company secretary of Johns Lyng Group during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Peter Nash (Chairman and Non-executive Director. Appointed 1 October 2017)
- Scott Didier AM (Managing Director. Appointed 28 September 2017)
- Lindsay Barber (Executive Director. Appointed 14 July 2017)
- Matthew Lunn (Executive Director. Appointed 14 July 2017)
- Adrian Gleeson (Executive Director. Appointed 28 September 2017)
- Curtis (Curt) Mudd (Executive Director. Appointed 28 September 2017)
- Paul Dwyer (Non-executive Director. Appointed 28 September 2017)
- Robert Kelly (Non-executive Director. Appointed 1 December 2017)
- John McPhee (Executive Director. Appointed 14 July 2017. Resigned 1 October 2017)
- Sophie Karzis (Company Secretary. Appointed 28 September 2017)

Current director and company secretary profiles

Peter Nash (Chairman and Non-executive Director)

Peter most recently served as the National Chairman of KPMG Australia from 2011 through 2017. In this role he also served as a member of KPMG's Global and Regional Boards. His previous positions with KPMG included: Regional Head of Audit for Asia Pacific, National Managing Partner for Audit in Australia and head of KPMG Financial Services. In his role as National Chairman, Peter was responsible for the overall governance and strategic positioning of KPMG in Australia. Peter has worked in geographically diverse and complex operating environments providing advice on a range of topics including: business strategy, risk management, internal controls, business processes and regulatory change. He has also provided both financial and commercial advice to many Government businesses at both a Federal and State level. Peter is a board member of: Reconciliation Australia, Koorie Heritage Trust, Golf Victoria and the Migration Council Australia. He is a Member of the Advisory Council of The Centre for Contemporary Chinese Studies.

Scott Didier AM (Managing Director)

Scott has led the Group since acquisition in 2003. During that time, Scott's enthusiasm, strong leadership and approach towards business has grown the organisation from a single building services company to a diverse, industrial business. The Group's culture and ethos are driven by Scott's emphasis on people. He takes a holistic approach towards employees, hiring them as much for their personalities and morals as their accomplishments and skills. This approach has fostered a sense of cohesion and healthy competition within the business which has expedited growth. Scott has also applied his business acumen to the philanthropic sector, founding 'The Star Ball' in 1998. Under Scott's guidance as Chairman, this prestigious event has become the Starlight Foundation's largest income generator, raising over $1.5 million each year to brighten the lives of seriously ill children.

Lindsay Barber (Executive Director)

Lindsay joined the Group as Chief Operating Officer in 2005. A degree qualified Civil Engineer and Oxford University alumnus of the Said Business School, Lindsay brings a wealth of experience from a long and celebrated career in construction and project management. Lindsay leads the day-to-day operations, strategic planning and growth initiatives of the Group. Lindsay has deep experience in all facets of the construction industry, having worked as a Senior Project Manager at construction giant John Holland, Construction Manager at Betona Corporation and Site Engineer Foreman and Site Manager for Jennings Industries.

DIRECTORS' REPORT

Matthew Lunn (Executive Director)

Matthew is a strategic and commercial Finance Executive. He has significant experience in Corporate Finance across Investment Banking, Private Equity and Professional Services Environments. Prior to joining the Group in 2016, he was General Manager of Corporate Development with Aligned Resources Group (Private Equity Investment Company). Prior to that, Matthew worked with Ernst & Young's Australian mergers and acquisitions team. Matthew relocated to Australia from the UK in 2010, where he worked in London for over 9 years, latterly with Vantis Corporate Finance and Dresdner Kleinwort Investment Bank where he focused on M&A and Private Equity Advisory. Matthew is a UK Chartered Accountant and CFq designation holder (ICAEW's Advanced Diploma in Corporate Finance).

Adrian Gleeson (Executive Director)

Adrian served as the Group's Chairman from 2011 to Listing. After finishing his AFL playing career with Carlton Football Club (where he played 176 games, was a member of the 1987 Premiership team and is a Life Member), he developed a career in the wealth management and financial services industries. In 1999, he established C.A.G Wealth Management, which subsequently merged with Tribeca Financial. Adrian has a strong focus on relationship building within the SME market and has supported a number of high net worth individuals, family offices and corporates helping to co-ordinate their accounting, legal, banking and finance affairs in a successful manner. Adrian has also served on the board of directors of Carlton Football Club from May 2006 to November 2017.

Curtis (Curt) Mudd (Executive Director)

Curt has over 30 years' professional experience including senior roles at Nike and The Limited Brands Company where he developed and led a proven system of talent management strategies and Human Resource solutions. These strategies and solutions support the development of organisational capabilities and systems that drive and sustain an innovation agenda for brands, products and their consumers. From start-ups to Fortune 500 companies, Curt has a high degree of expertise in a variety of wholesale and retail industry segments that include: consumer products and packaged goods, personal care and beauty, natural and organic foods, software, non-profits and a variety of market segments in professional services. This includes significant international experience and success with major markets in Asia and Europe.

Paul Dwyer (Non-executive Director)

Paul has deep expertise, significant experience and extensive relationships in the Insurance Sector. Paul is the founder and Managing Director of ASX listed PSC Insurance Group. Prior to founding PSC, Paul held senior executive positions with Oamps Insurance Brokers Limited and prior to that, he was a Regional Underwriter with CGU. Paul adds significant value to the Board, leveraging his relationships and Insurance Sector expertise, in particular through his insight and contribution to corporate strategy.

Robert Kelly (Non-executive Director)

Robert is the Managing Director & CEO of Steadfast Group Limited, the largest general insurance broker network and underwriting agency group in Australasia with growing operations in Asia and Europe. He has more than 45 years' experience in the insurance industry. In April 1996, Robert co-founded Steadfast with a vision to band together non-aligned insurance brokerages and adopt a unified approach to the market. In 2013, he led the company to a successful Listing on the ASX. Steadfast is now an ASX 200 company with a market capitalisation of over $2 billion. Robert is also a director of various subsidiaries of Steadfast, the Steadfast Foundation and ACORD International as well as other international organisations.

Sophie Karzis (Company Secretary)

Ms Karzis is a practising lawyer with over 15 years' experience as a corporate and commercial lawyer, company secretary and general counsel for a number of public companies. Ms Karzis is the principal of Corporate Counsel, a corporate law practice with a focus on corporate governance for the ASX listed entities, as well as the more general aspects of corporate and commercial law. Ms Karzis is currently the Company Secretary of a number of ASX listed and unlisted entities, and is a member of the Law Institute of Victoria as well as the Governance Institute of Australia.

OPERATING AND FINANCIAL REVIEW

Financial information in the operating and financial review is based on the reviewed condensed consolidated financial statements for the half-year ended 31 December 2017.

Profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $6,905,793 (31 December 2016: $4,137,689). The increase in profit was due to the following factors:

- Sales for the half-year ended 31 December 2017 of $147,791,620 (31 December 2016: $119,943,619) were $27,848,001 higher driven by the Insurance Building and Restoration Services segment and in particular increased revenues from 'catastrophic events' (predominantly Cyclone Debbie);

DIRECTORS' REPORT

- Gross profit margin for the half-year ended 31 December 2017 increased to 21.0% (31 December 2016: 19.0%) as a result of job mix and efficiency improvements;
- Operating profit for the half-year ended 31 December 2017 of $8,920,460 (31 December 2016: $5,356,980) was $3,563,480 higher as a result of the increased gross profit margin and decreased operating expenses relative to revenue (notwithstanding non-recurring IPO related costs expensed to the condensed consolidated statement of profit or loss and other comprehensive income of $3,253,150). This was predominantly due to the (semi) fixed nature of certain overhead costs and higher staff utilisation as a result of increased job volumes; and
- Income tax benefit for the half-year ended 31 December 2017 of $326,344 resulting from the initial recognition of Deferred Tax Assets on corporatisation (IPO) predominantly relating to employee provisions and IPO capital raising costs.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 26 October 2017 Johns Lyng Group successfully completed an Initial Public Offering (IPO) and was admitted to the Australian Securities Exchange. The purpose of the IPO was to:

- Provide access to capital markets to fund growth opportunities including the expansion of Johns Lyng Group's service offering and geographical footprint;
- Reduce and restructure existing debt obligations; and
- Allow existing equity holders to realise part of their investment.

As a result of the IPO, Johns Lyng Group:

- Issued new shares realising gross proceeds of $46,902,236;
- Materially repaid existing third-party borrowings and beneficiary entitlements:
  - » Beneficiary entitlements comprise unpaid distributions to unitholders in subsidiary trusts – the balance of $4,637,509 as at 31 December 2017 will be paid during the 6 month period ending 30 June 2018; and
- Incurred IPO related transaction costs in the order of $6,500,000 (per the Prospectus), of which during the half-year ended 31 December 2017:
  - » $3,253,150 was expensed within the condensed consolidated statement of profit or loss and other comprehensive income; and
  - » $2,901,500 was recognised directly in equity (pre-tax).

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

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

Peter Nash
Chairman

26 February 2018

Scott Didier AM
Managing Director

26 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS

JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES

In relation to the independent auditor's review for the half-year ended 31 December 2017, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional* Accountants.

This declaration is in respect of Johns Lyng Group Limited and the entities it controlled during the period.

S D WHITCHURCH
Partner

26 February 2018

PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2017

		Consolidated	
	Note	31 December 2017 $	31 December 2016 $
Revenue			
Sales income	4	147,791,620	119,943,619
Cost of sales		(116,720,870)	(97,144,081)
Gross profit		31,070,750	22,799,538
Other revenue and income		1,202,721	750,261
Expenses			
Employee benefits expense		(11,243,896)	(10,943,504)
Depreciation and amortisation expense		(1,217,417)	(978,969)
Motor vehicle expenses		(1,172,655)	(1,054,987)
Travelling expenses		(736,004)	(459,543)
Insurance		(522,564)	(484,751)
Professional fees		(967,193)	(536,630)
Telephone and communication		(481,624)	(437,928)
Finance costs		(469,745)	(405,747)
Advertising expense		(504,235)	(434,213)
Occupancy expense		(1,427,754)	(1,061,696)
IPO related expenses		(3,253,150)	–
Other expenses		(1,356,774)	(1,043,736)
Impairment expense		–	(351,115)
Total expenses		(23,353,011)	(18,192,819)
Operating profit		8,920,460	5,356,980
Share of net profits of investments accounted for using the equity method		241,251	375,096
Profit before income tax		9,161,711	5,732,076
Income tax benefit/(expense)	5	326,344	(335,184)
Profit after income tax for the half-year		9,488,055	5,396,892
Other comprehensive income for the half-year			
Movement in foreign currency reserve		(2,488)	(10,817)
Total comprehensive income for the half-year		**9,485,567**	**5,386,075**
Profit for the half-year is attributable to:			
Non-controlling interest		2,582,262	1,259,203
Owners of Johns Lyng Group		6,905,793	4,137,689
		9,488,055	**5,396,892**
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		2,582,262	1,259,203
Owners of Johns Lyng Group		6,903,305	4,126,872
		9,485,567	**5,386,075**

	Cents	Cents
Earnings per share (EPS) for profit from continuing operations attributable to equity holders of the parent entity:		
Basic earnings per share	3.89	2.72
Diluted earnings per share	3.89	2.72

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		Consolidated	
	Note	31 December 2017 $	30 June 2017 $
Assets			
Current assets			
Cash and cash equivalents		21,642,526	6,816,112
Trade and other receivables		40,172,660	44,383,214
Inventories		1,189,008	782,717
Accrued income		12,121,907	11,078,080
Current tax asset		–	736
Other		506,813	569,919
Total current assets		75,632,914	63,630,778
Non-current assets			
Investments accounted for using the equity method		456,243	214,992
Property, plant and equipment		7,503,379	7,494,510
Intangibles		3,396,478	3,401,593
Deferred tax asset	5	2,314,803	–
Total non-current assets		13,670,903	11,111,095
Total assets		89,303,817	74,741,873
Liabilities			
Current liabilities			
Trade and other payables		39,882,419	42,773,031
Borrowings		292,890	18,615,185
Current tax payable	5	1,154,812	–
Provisions		2,444,950	2,221,605
Beneficiary entitlements		4,637,509	13,773,707
Income in advance		10,295,679	9,253,367
Total current liabilities		58,708,259	86,636,895
Non-current liabilities			
Borrowings		310,731	2,176,305
Provisions		277,490	246,616
Total non-current liabilities		588,221	2,422,921
Total liabilities		59,296,480	89,059,816
Net assets/(liabilities)		**30,007,337**	**(14,317,943)**
Equity			
Issued capital	6	57,489,194	2,000,010
Reserves	7	(22,504,375)	(1,253,356)
Accumulated losses		(4,856,782)	(14,797,919)
Equity/(deficiency) attributable to the owners of Johns Lyng Group		30,128,037	(14,051,265)
Non-controlling interest		(120,700)	(266,678)
Total equity/(deficiency)		**30,007,337**	**(14,317,943)**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2017

	Issued capital	Reserves	Net accumulated losses	Non-controlling interest	Total deficiency in equity
Consolidated	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2016	2,000,017	(821,415)	(13,049,240)	136,457	(11,734,181)
Profit for the half-year	–	–	4,137,689	1,259,203	5,396,892
Movements in foreign currency reserve	–	(10,817)	–	–	(10,817)
Total comprehensive income for the half-year	–	(10,817)	4,137,689	1,259,203	5,386,075
Transactions with owners in their capacity as owners:					
Distributions to unitholders	–	–	–	(1,640,085)	(1,640,085)
Balance at 31 December 2016	**2,000,017**	**(832,232)**	**(8,911,551)**	**(244,425)**	**(7,988,191)**

	Issued capital	Reserves	Net accumulated losses	Non-controlling interest	Total equity
Consolidated	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2017	2,000,010	(1,253,356)	(14,797,919)	(266,678)	(14,317,943)
Profit for the half-year	–	–	6,905,793	2,582,262	9,488,055
Movement in foreign currency reserve	–	(2,488)	–	–	(2,488)
Total comprehensive income for the half-year	–	(2,488)	6,905,793	2,582,262	9,485,567
Transactions with owners in their capacity as owners:					
Issue of equity on Roll-up	21,270,463	(21,263,818)	–	(6,645)	–
Interposition of Johns Lyng Group Limited – demerger of non-core businesses pre-IPO	(10,422,357)	–	10,422,357	–	–
Other transactions with the Group	–	(121,713)	–	20	(121,693)
Shares issued on IPO	46,902,236	–	–	–	46,902,236
Share issue transaction costs, net of tax	(2,261,158)	–	–	–	(2,261,158)
Distributions to unitholders	–	–	(7,387,013)	(2,429,659)	(9,816,672)
Share based payments	–	137,000	–	–	137,000
Balance at 31 December 2017	**57,489,194**	**(22,504,375)**	**(4,856,782)**	**(120,700)**	**30,007,337**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2017

	Note	Consolidated 31 December 2017 $	Consolidated 31 December 2016 $
Cash flows from operating activities			
Receipts from customers		165,112,693	144,927,976
Payments to suppliers and employees		(151,721,293)	(132,927,102)
Interest received		50,683	18,948
Finance costs		(469,745)	(405,746)
Income tax paid		(192,569)	(427,934)
Net cash from operating activities		**12,779,769**	**11,186,142**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		76,727	169,433
Payment for property, plant and equipment		(301,891)	(463,375)
Net cash used in investing activities		**(225,164)**	**(293,942)**
Cash flows from financing activities			
Proceeds from share issue[1]	6	43,454,911	–
Proceeds from borrowings		–	6,434,429
Receipts from beneficiaries		2,799,741	–
Payments to beneficiaries		(19,325,089)	(15,153,694)
Payments to related parties		(2,366,534)	(1,173,055)
Repayment of borrowings		(16,691,787)	(952,500)
Repayment of hire purchase		(5,154,150)	(863,688)
Share issue transaction costs		(445,283)	–
Net cash from/(used in) financing activities		**2,271,809**	**(11,708,508)**
Net increase/(decrease) in cash and cash equivalents		14,826,414	(816,308)
Cash and cash equivalents at the beginning of the financial half-year		6,816,112	6,756,571
Cash and cash equivalents at the end of the financial half-year		**21,642,526**	**5,940,263**

[1] Proceeds from issue of shares comprises 46,902,236 shares issued at $1 each less $3,447,325 in IPO related expenses deducted at settlement.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 1. GENERAL INFORMATION

The financial statements cover Johns Lyng Group Limited as a consolidated entity consisting of Johns Lyng Group 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 Johns Lyng Group's functional and presentation currency.

Johns Lyng Group is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 19, 15 William Street Melbourne VIC 3000	1 Williamsons Road Doncaster VIC 3108

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 26 February 2018.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the condensed consolidated half-year financial report

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 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 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 in the preparation of the financial statements are set out either in the respective notes or below.

(b) Principles of consolidation

The condensed consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Johns Lyng Group ('company' or 'parent entity') as at 31 December 2017 and the results of all subsidiaries for the half-year then ended. Johns Lyng Group and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where any difference between the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in equity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position and condensed consolidated statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

(d) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2017. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(e) Revenue

Revenue from the rendering of services is recognised upon delivery of the service to the customers.

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is determined by a combination of surveys of work performed, completion of a physical proportion of the contract work, or by the proportion that contract costs incurred for work performed to date to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

All expected losses are recognised as an expense immediately when it is probable that the total contract costs will exceed total contract revenue.

Dividend revenue is recognised when the right to receive a dividend has been established.

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

(f) Finance costs

Finance costs include interest expense calculated using the effective interest method and finance charges in respect of finance leases.

Finance costs incurred as part of the cost of construction of qualifying assets, including construction contracts and work in progress, are included within contract costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

(g) Income tax

Current income tax expense or benefit is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the condensed consolidated statement of financial position.

(i) Inventories

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

(j) Construction contracts and work in progress – accrued income and income in advance

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to contract activity in general that can be allocated on a reasonable basis.

Construction profits are recognised on the percentage of completion basis measured using a combination of surveys of work performed, completion of a physical proportion of the contract work, or by the proportion of contract costs incurred for work performed to date to the estimated total contract cost. Where losses are anticipated they are provided for in full.

(k) Property, plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	10-25%	Straight line
Plant and equipment at cost	25-33%	Straight line
Motor vehicles at cost	27%	Diminishing value
Office equipment at cost	25-33%	Straight line
Furniture, fixtures and fittings at cost	33%	Straight line
Computer equipment at cost	25-33%	Straight line

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments in associates

An associate is an entity over which the Group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits and losses of the associate are recognised in the Group's profit or loss and the Group's share of other comprehensive income is recognised in the Group's other comprehensive income.

Unrealised gains and losses on transactions between the Group and an associate are eliminated to the extent of the Group's share in an associate.

(m) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The condensed consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated Group are translated into the presentation currency at the rate of exchange ruling at the date of the translation.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the reporting period.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the reporting period.

(n) Financial instruments

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments are held.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable fair value performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the Group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is reclassified from equity to profit or loss as a reclassification adjustment.

Non-listed investments for which the fair value cannot be reliably measured, are carried at cost and tested for impairment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(o) Employee benefits

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undisclosed) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the condensed consolidated statement of financial position.

Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of estimates of future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the condensed consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the condensed consolidated statement of financial position.

Retirement benefit obligations

Defined contribution superannuation plan

The Group makes superannuation contributions (currently 9.5% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Group's obligation with respect to employee's defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the condensed consolidated statement of financial position.

(p) Current and non-current classification

Assets and liabilities are presented in the condensed consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right held by the consolidated entity to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into four operating segments: insurance building and restoration services, commercial building services, commercial construction – commercial builders, and other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM's')) in assessing performance and in determining the allocation of resources.

The CODM's reviews revenue and EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM's are consistent with those adopted in the financial statements.

The information reported to the CODM's is on a monthly basis.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM's. The CODM's is responsible for the allocation of resources to operating segments and assessing their performance.

Operating segment information

	Insurance building and restoration services	Commercial building services	Commercial construction – commercial builders	Other[1]	Intercompany eliminations	Total
Consolidated – 31 December 2017	**$**	**$**	**$**	**$**	**$**	**$**
Revenue						
Sales to external customers	106,899,637	27,129,051	12,265,488	1,497,444	–	147,791,620
Intersegment sales	6,437,026	1,680,274	–	700,107	(8,817,407)	–
Total revenue	**113,336,663**	**28,809,325**	**12,265,488**	**2,197,551**	**(8,817,407)**	**147,791,620**
Total other revenue and expenses	(99,827,870)	(27,005,681)	(13,129,976)	(6,088,561)	8,817,407	(137,234,681)
Share of profit of associate using equity accounting method	–	241,251	–	–	–	241,251
EBITDA	**13,508,793**	**2,044,895**	**(864,488)**	**(3,891,010)**	**–**	**10,798,190**
Depreciation and amortisation	(898,275)	(117,194)	(37,221)	(164,727)	–	(1,217,417)
Finance income	11,275	3,685	4,157	31,566	–	50,683
Finance costs	(268,971)	(77,673)	65,854	(188,955)	–	(469,745)
Profit/(loss) before income tax	**12,352,822**	**1,853,713**	**(831,698)**	**(4,213,126)**	**–**	**9,161,711**
Income tax benefit/ (expense)						326,344
Profit after income tax						**9,488,055**

[1] Included in Other is $3,253,150 in IPO related expenses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

Consolidated – 31 December 2016	Insurance building and restoration services $	Commercial building services $	Commercial construction – commercial builders $	Other $	Intercompany eliminations $	Total $
Revenue						
Sales to external customers	66,399,187	29,418,299	24,023,270	102,863	–	119,943,619
Intersegment sales	3,931,417	867,443	–	218,990	(5,017,850)	–
Total revenue	**70,330,604**	**30,285,742**	**24,023,270**	**321,853**	**(5,017,850)**	**119,943,619**
Total other revenue and expenses	(63,950,349)	(28,494,174)	(25,215,939)	(227,144)	5,017,850	(112,869,756)
Share of profit of associate using equity accounting method	–	375,096	–	–	–	375,096
EBITDA	**6,380,255**	**2,166,664**	**(1,192,669)**	**94,709**	**–**	**7,448,959**
Depreciation and amortisation	(763,674)	(81,251)	(37,221)	(96,823)	–	(978,969)
Finance income	2,343	1,687	5,923	8,995	–	18,948
Finance costs	(268,658)	(57,077)	38,561	(118,573)	–	(405,747)
Impairment expense	–	–	–	(351,115)	–	(351,115)
Profit/(loss) before income tax	**5,350,266**	**2,030,023**	**(1,185,406)**	**(462,807)**	**–**	**5,732,076**
Income tax benefit/ (expense)						(335,184)
Profit after income tax						**5,396,892**

NOTE 4. SALES INCOME

	Consolidated	
	31 December 2017 $	**31 December 2016 $**
Insurance building and restoration services	106,899,637	66,399,187
Commercial building services	27,129,051	29,418,299
Commercial construction – commercial builders	12,265,488	24,023,270
Other sales revenue	1,497,444	102,863
	147,791,620	**119,943,619**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 5. INCOME TAX

	Consolidated	
	31 December 2017 $	31 December 2016 $
a) Components of tax expense/(benefit)		
Current tax	1,348,117	276,632
Deferred tax	(1,674,461)	58,552
Under/(over) provision in prior years	–	–
	(326,344)	**335,184**
b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit before tax	9,161,711	5,732,076
Prima facie income tax payable on profit before income tax at 30.0% (2016: 30.0%)	2,748,513	1,719,623
Add tax effect of:		
– Subsidiary losses not recognised	470,700	–
– Other non-deductible expenses	86,640	–
Less tax effect of:		
– Recognition of deferred tax assets post restructure	(868,367)	–
– Distribution of profits to unitholders pre-IPO	(2,472,738)	–
– Distribution of trust profits to unitholders	–	(1,384,439)
– Distributions to non-controlling interests post-IPO	(165,062)	–
– Share of profits from equity accounted investments	(72,375)	–
– Franking credits	(53,655)	–
	(326,344)	**335,184**
c) Current tax		
Current tax relates to the following:		
Current tax liabilities/(assets)		
Opening at 1 July	(736)	(7,119)
Income tax	1,348,117	276,632
Tax payments	(192,569)	(427,934)
Closing at 31 December	**1,154,812**	**(158,421)**
d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
– Accruals	113,236	–
– Employee entitlements	816,732	–
– Capital raising costs	1,384,835	–
	2,314,803	**–**
e) Deferred income tax (benefit)/expense included in income tax expense comprises		
Decrease/(increase) in deferred tax assets	(1,674,461)	58,552
f) Deferred income tax related to items charged or credited directly to equity		
Decrease/(increase) in deferred tax assets	(640,342)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 6. EQUITY – ISSUED CAPITAL

	Consolidated			
	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 $	30 June 2017 $
Ordinary shares – fully paid	220,000,000	200,001,000	57,489,194	2,000,010

Movements in ordinary share capital

Details	Date	Shares	$
Units in Johns Lyng Unit Trust			
Opening balance	1 July 2017	200,001,000	2,000,010
Issue of units on Roll-up	18 October 2017	26,869,119	21,270,463
Internal restructure – interposition of Johns Lyng Group Limited	26 October 2017	(226,870,119)	(23,270,473)
At 31 December 2017		–	–
Shares in Johns Lyng Group Limited			
Internal restructure – interposition of Johns Lyng Group Limited	26 October 2017	226,870,119	23,270,473
Internal restructure – demerger of non-core businesses pre-IPO	26 October 2017	–	(10,422,357)
Share reduction	26 October 2017	(54,072,355)	–
Issue of new shares	26 October 2017	46,902,236	46,902,236
Loan funded shares	26 October 2017	300,000	–
Costs of share issue, net of tax		–	(2,261,158)
At 31 December 2017		**220,000,000**	**57,489,194**

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 $1 par (nominal) value and the company does not have a limited amount of authorised share 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

There is no current on-market share buy-back.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 6. EQUITY – ISSUED CAPITAL (CONTINUED)

Restructure

During the period, the Group was restructured to facilitate the Listing on the ASX. As part of the restructure:

- 26,869,119 units were issued by Johns Lyng Unit Trust as part of the Roll-up of non-controlling interests' equity in subsidiaries with a value of $21,270,463;
- Johns Lyng Group Limited was incorporated on 14 July 2017;
- Johns Lyng Group Limited acquired 100% of the units in Johns Lyng Unit Trust on 26 October 2017. Shares were issued to all Johns Lyng Unit Trust unitholders prior to acquisition for units held at a ratio of 1:1;
- Shares in Johns Lyng Group Limited were then consolidated at a ratio of 1.3129, reducing the number of shares issued by 54,072,355;
- 46,902,236 shares were issued as part of the IPO; and
- 300,000 loan funded shares were issued as part of the IPO.

In accordance with relevant accounting standards, the share capital of the Group is formed on the following basis:

- The share capital of Johns Lyng Group Limited on interposition, which is comprised of the equity of Johns Lyng Unit Trust at the date of acquisition being:
  - » Issued units – $2,000,010
  - » Issued units on Roll-up – $21,270,463
  - » Historical losses incurred by non-core businesses demerged pre-IPO – $10,422,357
- The issue of shares by Johns Lyng Group Limited as part of the IPO; and
- Less $2,261,158 being the cost of share issue, net of tax.

Loan Funded Shares

300,000 loan funded shares were issued as part of the IPO. In accordance with relevant accounting standards, the loan funded shares have been classified as Options and therefore not recognised within share capital.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

NOTE 7. EQUITY – RESERVES

	Consolidated	
	31 December 2017 $	30 June 2017 $
Foreign currency translation reserve	–	2,488
Options reserve	137,000	–
Subsidiary interests reserve	(22,641,375)	(1,255,844)
	(22,504,375)	**(1,253,356)**

Movements in reserves

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

	Foreign currency translation reserve	Options reserve	Subsidiary interests reserve	Total
Consolidated	$	$	$	$
Balance at 1 July 2017	2,488	–	(1,255,844)	(1,253,356)
Issue of equity on Roll-up	–	–	(21,263,818)	(21,263,818)
Other transactions with the Group	–	–	(121,713)	(121,713)
Foreign currency translation	(2,488)	–	–	(2,488)
Share based payments	–	137,000	–	137,000
Balance at 31 December 2017	**–**	**137,000**	**(22,641,375)**	**(22,504,375)**

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2017 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.

DIRECTORS' DECLARATION

31 December 2017

The directors declare that:

1 In the directors' opinion, the financial statements and notes thereto, as set out on pages 5 to 19, are in accordance with the *Corporations Act 2001*, including:

(a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance for the half-year ended on that date.

2 In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that *Johns Lyng Group Limited* 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 directors.

On behalf of the directors

Peter Nash
Chairman

26 February 2018

Scott Didier AM
Managing Director

26 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JOHNS LYNG GROUP

PITCHER PARTNERS

JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES
ABN 86 620 466 248

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Johns Lyng Group Limited "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 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 group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Johns Lyng Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JOHNS LYNG GROUP

PITCHER PARTNERS

JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES
ABN 86 620 466 248

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES

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 Johns Lyng Group Limited and controlled entities is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

S D WHITCHURCH
Partner

PITCHER PARTNERS
Melbourne

26 February 2018

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