

### 1. Company details

Name of entity:	Audinate Group Limited
ABN:	56 618 616 916
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

### 2. Results for announcement to the market

Effective 30 June 2017, the Group as part of a capital reconstruction and group reorganisation, acquired Audinate Pty Limited. As a result of this reorganisation, the comparative information are the results of Audinate Pty Limited and its subsidiaries. The current period represents Audinate Group Limited and its subsidiaries for the entire period. Refer to note 2 to the financial statements for further details.

			\$
Revenue from ordinary activities	up	34.2%	8,847,991
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)*	down	60.6% to	85,585
Profit from ordinary activities after tax attributable to the owners of Audinate Group Limited	up	>100% to	2,186,910
Profit for the half-year attributable to the owners of Audinate Group Limited	up	>100% to	2,186,910

#### Dividends

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

#### Comments

The profit for the Group after providing for income tax amounted to \$2,186,910 (31 December 2016: loss of \$16,019,892).

The prior period loss was primarily due to a charge for the change in fair value of convertible redeemable preference shares, amounting to \$15,863,386. EBITDA for the prior period excludes public company costs and LTI expenses which were incurred in the current period and caused the decrease in EBITDA for the half-year ended 31 December 2017.

\* The directors consider EBITDA to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items.

Refer to the 'Review of operations' section of the Directors' report accompanying this Appendix 4D for further commentary.

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>28.70</u>	<u>26.19</u>

### 4. Dividend reinvestment plans

Not applicable.

## 5. 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 Interim Report.

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## 6. Attachments

*Details of attachments (if any):*

The Interim Report of Audinate Group Limited for the half-year ended 31 December 2017 is attached.

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## 7. Signed

Signed David Krall

Date: 22 February 2018

David Krall  
Chairman  
Sydney

# **Audinate Group Limited**

**ABN 56 618 616 916**

**Interim Report - 31 December 2017**

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Directors	David Krall Lee Ellison John Dyson Roger Price Alison Ledger Tim Finlayson
Company secretary	Rob Goss
Registered office	Level 1 458 Wattle Street Ultimo NSW 2007 Tel: 02 8280 7100
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000
Solicitors	DLA Piper Level 22 1 Martin Place Sydney NSW 2000
Stock exchange listing	Audinate Group Limited shares are listed on the Australian Securities Exchange (ASX code: AD8)
Website	<a href="http://www.audinate.com">www.audinate.com</a>

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Audinate Group 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 2017.

### Directors

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

David Krall  
 Lee Ellison  
 John Dyson  
 Roger Price  
 Alison Ledger  
 Tim Finlayson

### Principal activities

The Group's principal activity is the development and sale of digital Audio Visual ('AV') networking solutions. Dante is the Group's technology platform that distributes uncompressed digital audio signals over computer networks. Dante comprises software and hardware that is sold to and integrated inside the AV products of its Original Equipment Manufacturer ('OEM') customers.

### Review of operations

The directors consider EBITDA to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items.

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax expense for the half-year	2,186,910	(16,019,892)
Interest revenue	(113,113)	(20,691)
Other revenue	(29,686)	(27,208)
Finance cost	-	15,863,386
Income tax expense/(benefit)	(2,643,918)	2,234
Depreciation and amortisation	685,392	419,474
EBITDA	<u>85,585</u>	<u>217,303</u>

For the half-year ended 31 December 2017 the Group reported an increase in revenue of 34% to \$8.8 million from \$6.6 million in the previous comparable period. As the Group invoices its customers in US dollars, this currency is considered to be a more relevant measure of sales performance. In US dollars, revenue increased by 39% to US\$6.8 million for the current period compared to US\$4.9 million for the half-year ended 31 December 2016.

The Group has grown its OEM base to 392 manufacturer brands at 31 December 2017, up from 346 at 31 December 2016. Once the OEM has designed the Dante platform into one of its products, the Group will receive revenue at each production run in the form of sales of Dante chips, modules, cards or royalties. Dante enabled OEM products available for sale increased to 1,292 products, up 33% from 973 at 31 December 2016. Sales units of the volume of chips, modules and cards, shipped in the first half of 2018 increased to 113,898, a 42% increase over the previous comparable period.

Operating expenses, which consist of employee expenses, marketing expenses and administration and other operating expenses increased by approximately 38% to \$6.5 million in the current period from \$4.7 million in the half-year ended 31 December 2016. The increase in operating costs is primarily due to additional headcount and public company costs. Earnings before interest, tax, depreciation and amortisation ('EBITDA'), excluding the non-cash change in fair value of preference shares in 2016, was \$0.1 million for half-year ended 31 December 2017 compared to EBITDA of \$0.2 million in the previous comparable period.

Following the Initial Public Offer ('IPO'), the Group entered into a tax consolidated group with effect from 1 July 2017 and the impact of this decision is recorded as an income tax benefit in the current period, amounting to approximately \$2.4 million. The Group continues to be eligible for a research and development incentive from the Australian Tax Office, however this may be received in the form of a tax rebate rather than a cash refund. Accordingly this item is now recorded as an income tax benefit in the profit or loss for the current period.

In the prior period the Group recorded a non-cash charge for the change in fair value of the convertible redeemable preference shares ('CRPS') issued by Audinate Pty Limited amounting to approximately \$15.7 million. These instruments were converted into ordinary shares in Audinate Group Limited as a part of the capital reconstruction that occurred as a part of the IPO, that occurred on 30 June 2017.

Consequently the Group recorded a profit after tax of \$2.2 million for the half-year ended 31 December 2017 compared to a loss of \$16.0 million for the previous comparable period, which included the expense for CRPS described above.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group 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 following the Directors' Report.

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

This report is made in accordance with a resolution of directors.

On behalf of the directors



David Krall  
Chairman

22 February 2018  
Sydney

22 February 2018

The Board of Directors  
Audinate Group Limited  
Level 1, 458 Wattle Street  
Ultimo NSW 2007

Dear Committee Members

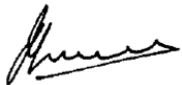
### **Auditor's Independence Declaration to Audinate Group Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Audinate Group Limited.

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

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

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants



**Audinate Group Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**



	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales		8,847,991	6,593,523
Cost of goods sold		<u>(2,244,857)</u>	<u>(1,647,703)</u>
Gross margin		6,603,134	4,945,820
<b>Expenses</b>			
Employee expenses		(4,323,042)	(3,302,830)
Marketing expenses		(740,405)	(680,433)
Administration and other operating expenses		(1,454,102)	(745,254)
Depreciation and amortisation		(685,392)	(419,474)
Finance costs		-	(15,863,386)
Total expenses		<u>(7,202,941)</u>	<u>(21,011,377)</u>
<b>Operating loss</b>		(599,807)	(16,065,557)
Other income	4	<u>142,799</u>	<u>47,899</u>
<b>Loss before income tax (expense)/benefit</b>		(457,008)	(16,017,658)
Income tax (expense)/benefit	5	<u>2,643,918</u>	<u>(2,234)</u>
<b>Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Audinate Group Limited</b>		2,186,910	(16,019,892)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>293,571</u>	<u>(14,580)</u>
Other comprehensive income for the half-year, net of tax		<u>293,571</u>	<u>(14,580)</u>
<b>Total comprehensive income for the half-year attributable to the owners of Audinate Group Limited</b>		<u><u>2,480,481</u></u>	<u><u>(16,034,472)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11	3.62	(516.28)
Diluted earnings per share	11	3.49	(516.28)

Refer to note 2 for information on comparatives, which relate to Audinate Pty Limited and controlled entities.

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

**Audinate Group Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2017**



	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		14,455,227	18,694,193
Trade and other receivables		1,833,718	2,030,127
Receivable from issue of shares		-	4,062,354
Research and development incentive		-	901,936
Inventories		1,080,347	767,015
Other assets		297,637	246,346
<b>Total current assets</b>		<u>17,666,929</u>	<u>26,701,971</u>
<b>Non-current assets</b>			
Property, plant and equipment		466,932	365,447
Intangibles		2,778,281	2,000,750
Deferred tax asset	6	2,655,323	-
<b>Total non-current assets</b>		<u>5,900,536</u>	<u>2,366,197</u>
<b>Total assets</b>		<u>23,567,465</u>	<u>29,068,168</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,790,300	2,557,814
Payable to selling shareholders		-	7,029,899
Income tax payable		-	34,216
Employee benefits		1,041,624	1,359,954
Provisions		70,808	33,285
Unearned revenue		143,478	163,705
<b>Total current liabilities</b>		<u>3,046,210</u>	<u>11,178,873</u>
<b>Non-current liabilities</b>			
Employee benefits		299,768	304,818
<b>Total non-current liabilities</b>		<u>299,768</u>	<u>304,818</u>
<b>Total liabilities</b>		<u>3,345,978</u>	<u>11,483,691</u>
<b>Net assets</b>		<u>20,221,487</u>	<u>17,584,477</u>
<b>Equity</b>			
Contributed capital	7	63,282,701	63,261,592
Reserves	8	731,557	302,566
Accumulated losses		<u>(43,792,771)</u>	<u>(45,979,681)</u>
<b>Total equity</b>		<u>20,221,487</u>	<u>17,584,477</u>

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

**Audinate Group Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2017**



<b>Consolidated</b>	<b>Contributed capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2016	29,392	243,672	(25,536,293)	(25,263,229)
Loss after income tax expense for the half-year	-	-	(16,019,892)	(16,019,892)
Other comprehensive income for the half-year, net of tax	-	(14,580)	-	(14,580)
Total comprehensive income for the half-year	-	(14,580)	(16,019,892)	(16,034,472)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	24,327	-	24,327
Issue of shares on exercise of options in Audinate Pty Limited	1,238	-	-	1,238
Balance at 31 December 2016	<u>30,630</u>	<u>253,419</u>	<u>(41,556,185)</u>	<u>(41,272,136)</u>

Refer to note 2 for information on comparatives, which relate to Audinate Pty Limited and controlled entities.

<b>Consolidated</b>	<b>Contributed capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2017	63,261,592	302,566	(45,979,681)	17,584,477
Profit after income tax benefit for the half-year	-	-	2,186,910	2,186,910
Other comprehensive income for the half-year, net of tax	-	293,571	-	293,571
Total comprehensive income for the half-year	-	293,571	2,186,910	2,480,481
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	135,420	-	135,420
Issue of shares on exercise of options	21,109	-	-	21,109
Balance at 31 December 2017	<u>63,282,701</u>	<u>731,557</u>	<u>(43,792,771)</u>	<u>20,221,487</u>

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

**Audinate Group Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2017**



	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	9,304,018	7,182,413
Payments to suppliers and employees (inclusive of GST)	(9,947,011)	(6,847,566)
Interest received	142,063	20,691
Interest and other finance costs paid	-	(388)
Research and development incentive received for research activities	334,689	701,040
Income taxes paid	(45,438)	(633)
	<u>(211,679)</u>	<u>1,055,557</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(197,732)	(82,427)
Payments for intangibles	(1,376,589)	(1,095,877)
Research and development incentive received for development activities	679,521	477,890
	<u>(894,800)</u>	<u>(700,414)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	4,083,463	1,238
Payments to selling shareholders	(7,029,899)	-
Share issue transaction costs	(115,226)	-
	<u>(3,061,662)</u>	<u>1,238</u>
Net increase/(decrease) in cash and cash equivalents	(4,168,141)	356,381
Cash and cash equivalents at the beginning of the financial half-year	18,694,193	3,108,435
Effects of exchange rate changes on cash and cash equivalents	(70,825)	-
	<u>14,455,227</u>	<u>3,464,816</u>

Refer to note 2 for information on comparatives, which relate to Audinate Pty Limited and controlled entities.

### **Note 1. General information**

The financial statements cover Audinate Group Limited (the 'Company' or 'parent entity') as a consolidated entity consisting of Audinate Group Limited and the entities it controlled (collectively referred to as the 'Group') at the end of, or during, the financial half-year. The financial statements are presented in Australian dollars, which is Audinate Group Limited's functional and presentation currency.

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

Level 1, 458 Wattle Street  
Ultimo NSW 2007

A description of the nature of the Group'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 21 February 2018. The directors have the power to amend and reissue the financial statements.

### **Note 2. Significant accounting policies**

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 the annual report for the year ended 30 June 2017 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, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

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

#### **Comparative information**

Effective 30 June 2017, Audinate Group Limited (the 'Company') acquired Audinate Pty Limited ('Audinate'). This acquisition did not represent a business combination in accordance with AASB 3 'Business Combinations'. Instead the appropriate accounting treatment for recognising the new group structure was on the basis that the transaction is a form of capital reconstruction and group reorganisation.

**Note 2. Significant accounting policies (continued)**

Accordingly the financial statements are a continuation of Audinate with the following principals having being applied:

- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of Audinate;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Audinate, as well as the equity instruments issued by the Company to affect the acquisition;
- no 'new' goodwill has been recognised as a result of the combination;
- the results for the financial half-year ended 31 December 2017 comprise the results for the entire period of the Company and Audinate and its subsidiaries; and
- the comparative results for the financial half-year ended 31 December 2017 (statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity) represents the results of Audinate and its subsidiaries only.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The Group operates in one segment, 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')) in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Net foreign exchange loss	(82,588)	(126,820)
Research and development incentive	112,274	154,028
Interest revenue	113,113	20,691
	<u>142,799</u>	<u>47,899</u>

**Note 5. Income tax expense/(benefit)**

The Group incurs an income tax expense in its overseas subsidiaries relating to the net taxable profit generated on services provided to the Group.

**Note 5. Income tax expense/(benefit) (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense/(benefit)</i>		
Current tax	30,461	2,234
Deferred tax	(231,198)	-
Adjustment recognised on tax consolidation	(2,443,181)	-
	<u>(2,643,918)</u>	<u>2,234</u>
Aggregate income tax expense/(benefit)		
	<u>(2,643,918)</u>	<u>2,234</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax (expense)/benefit	(457,008)	(16,017,658)
Tax at the statutory tax rate of 30%	(137,102)	(4,805,297)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of development costs (pre 30 June 2017)	121,544	-
Expenditure claimed for research and development incentive	527,504	435,805
Non-deductible finance cost (convertible redeemable preference shares)	-	4,758,626
Non-assessable income - research and development incentive	(33,682)	-
Other non-assessable items	(32,498)	(389,134)
Research and development rebate	(676,964)	-
	(231,198)	-
Adjustment recognised on tax consolidation	(2,443,181)	-
Income tax payable in respect of foreign subsidiaries	30,461	2,234
	<u>(2,643,918)</u>	<u>2,234</u>

**Note 6. Non-current assets - deferred tax asset**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$</b>	<b>\$</b>
<i>Net deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Intangible assets	1,889,427	-
Research and development incentive	569,180	-
Blackhole expenditure	335,313	-
Employee liabilities	216,925	-
Accrued expenses	57,299	-
Provisions	19,139	-
Other	3,026	-
Depreciation - ACA adjustment	(47,563)	-
Prepayments	(54,673)	-
Development costs	(332,750)	-
	<u>2,655,323</u>	<u>-</u>
Deferred tax asset		
	<u>2,655,323</u>	<u>-</u>

**Note 6. Non-current assets - deferred tax asset (continued)**

During the financial half-year, Audinate Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime, which has resulted in a deferred tax asset being recognised.

The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

**Note 7. Equity - contributed capital**

The share capital dollar value represents the continuation of Audinate Pty Limited ('Audinate'). The number of shares on issue reflect those of Audinate Group Limited (the 'Company'). Refer to note 2 'Basis of preparation' for further details of the accounting principles applied.

*Fully paid ordinary shares*

	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>60,783,023</u>	<u>59,513,513</u>	<u>63,282,701</u>	<u>63,261,592</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2017	59,513,513		63,261,592
Issue of shares - exercise of options	31 August 2017	813,209	\$0.2600	5,824
Issue of shares - exercise of options	31 August 2017	402,567	\$0.0620	7,805
Issue of shares - exercise of options	23 October 2017	24,000	\$0.2600	6,240
Issue of shares - exercise of options	23 October 2017	10,000	\$0.0620	620
Issue of shares - exercise of options	17 November 2017	<u>19,734</u>	\$0.0620	<u>620</u>
Balance	31 December 2017	<u>60,783,023</u>		<u>63,282,701</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*

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



### Note 8. Equity - reserves

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	204,827	(88,744)
Share-based payments reserve	526,730	391,310
	<u>731,557</u>	<u>302,566</u>

#### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

#### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

#### Movements in reserves

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

<b>Consolidated</b>	<b>Foreign currency \$</b>	<b>Share-based payments \$</b>	<b>Total \$</b>
Balance at 1 July 2017	(88,744)	391,310	302,566
Foreign currency translation	293,571	-	293,571
Share-based payments	-	135,420	135,420
Balance at 31 December 2017	<u>204,827</u>	<u>526,730</u>	<u>731,557</u>

### Note 9. Equity - dividends

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

### Note 10. Contingent liabilities

The Group had no contingent liabilities at 31 December 2017 and 30 June 2017.

### Note 11. Earnings per share

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of Audinate Group Limited	<u>2,186,910</u>	<u>(16,019,892)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	60,343,994	3,102,940
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>2,353,994</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>62,697,988</u>	<u>3,102,940</u>

**Note 11. Earnings per share (continued)**

	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	3.62	(516.28)
Diluted earnings per share	3.49	(516.28)

The weighted average number of ordinary shares for the comparative period has been adjusted to give effect to the capital reconstruction and group reorganisation which occurred on 30 June 2017.

At 31 December 2016, 3,265,042 options over ordinary shares and the impact of preference shares have been excluded from the calculation of the weighted average number of ordinary shares used in calculating diluted earnings per share as they are anti-dilutive.

**Note 12. Events after the reporting period**

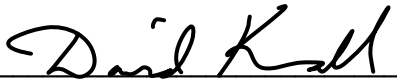
No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 Group's financial position as at 31 December 2017 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

A handwritten signature in black ink that reads "David Krall".

David Krall  
Chairman

22 February 2018  
Sydney

## Independent Auditor's Review Report to the Members of Audinate Group Limited

We have reviewed the accompanying half-year financial report of Audinate Group Limited, which comprises the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated 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 16.

### 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 consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Audinate Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Auditor's Independence Declaration

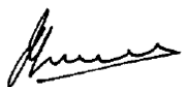
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Audinate Group Limited, would be in the same terms if given to the directors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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Audinate Group Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants  
Sydney, 22 February 2018