



DV01 MECHELLE LIMITED
ABN 95 061 343 959

Interim Financial Report
31 December 2011

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DV01 MECHELLE LIMITED

DIRECTORS' REPORT

The directors present their report together with the interim financial report for the half-year ended 31 December 2011 and the review report thereon.

DIRECTORS

The directors of the Company in office during or since the end of the half-year are:

Name	Position	Period of directorship
Greg Madden	Non-executive Chair Managing Director of Manager	Director since 16 July 2002
Curtis Larson	Non-executive Executive & CIO of the Manager	Director since 5 August 2010
Craig Hughes	Non-executive Non-executive of the Manager	Director since 14 May 2007
Stephen Robinson	Independent Non-executive	Director since 28 September 2009

COMPANY PARTICULARS

DV01 Mechelle Limited was incorporated in Australia.

The principal place of business of the Company is:

Suite 3
29 Ord Street
West Perth Western Australia

PRINCIPAL ACTIVITIES

The Company is solely an investment company. It has no employees (other than the Directors and Officers stated). It has no premises, plant or equipment or other physical assets.

The company's day-to-day affairs and investment activities are undertaken by the Company's 40% owned associate DV01 Funds Management Pty Ltd (AFSL 308697) in accordance with a Management Agreement. The Company's investments are managed with an objective of achieving a pre-tax absolute return of at least 15% per annum over a rolling three year period regardless of traditional benchmarks. The principal strategy of the Manager is to invest in a combination of value and growth (often resource) stocks and manage market risk on those investments by hedging some of the market and commodity exposures in the portfolio. The four strategies currently employed by the Manager are:

- Discretionary futures overlay
- Capital markets commodity price risk arbitrage
- Equity Long - Short
- Special event driven opportunities such as rights issues, private placements, private equity and convertible notes.

There was no significant change in the nature of these activities during the period.

REVIEW OF OPERATIONS

The Company made a loss after income tax of \$1,094,690, (6 months to 31 December 2010: profit of \$1,362,090).

DV01 MECHELLE LIMITED

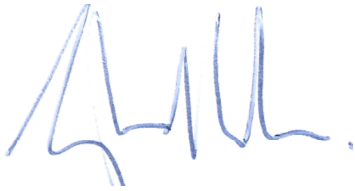
DIRECTORS' REPORT

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

The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the half-year ended 31 December 2011.

Dated at Perth this 10th day of February 2012.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'G. R. Madden', with a small dot at the end.

Gregory R Madden
Director

DV01 MECHELLE LIMITED**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	Half-year 31 Dec 2011 \$	Half-year 31 Dec 2010 \$
Revenue – Investment Income			
Gain/(Loss) on equity & debt investments – available for sale sold		(61,859)	3,428,856
Gain/(loss) on short sold investments		344,333	(53,459)
Gain/(loss) on derivatives		(338,911)	(419,854)
Net foreign exchange gain/(loss)		(8,781)	23,019
Dividend and trust distributions		329,323	388,419
Other income		23,311	5,297
		<hr/>	<hr/>
Total Revenue		287,416	3,372,278
Expenses			
Accounting & legal expenses		(83,343)	(88,108)
Audit fees		(50,613)	(21,451)
Administration fees		(24,279)	(24,509)
Management & performance fees		(88,202)	(772,165)
Directors fees		(20,000)	(22,949)
Impairment loss on equity & debt investments available for sale		(1,274,296)	(20,509)
Other expenses		(86,772)	(125,208)
Provision for impairment	6	(72,491)	-
		<hr/>	<hr/>
Total Expenses		(1,699,996)	(1,074,899)
		<hr/>	<hr/>
Results from Operating Activities		(1,412,580)	2,297,379
		<hr/>	<hr/>
Financial income		76,251	70,936
Financial expenses		(123,333)	(69,764)
		<hr/>	<hr/>
Net financing costs		(47,082)	1,172
		<hr/>	<hr/>
Share of profit/(loss) of the Manager		(76,774)	113,297
		<hr/>	<hr/>
Profit/(loss) before income tax		(1,536,436)	2,411,848
		<hr/>	<hr/>
Income tax expense/(benefit)		(441,746)	1,049,758
		<hr/>	<hr/>
Profit/(loss) for the period		(1,094,690)	1,362,090
		<hr/>	<hr/>

DV01 MECHELLE LIMITED

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	Half-year 31 Dec 2011 \$	Half-year 31 Dec 2010 \$
Profit/(loss) for the period (carried forward)		(1,094,690)	1,362,090
Other comprehensive income			
Changes to fair value of equity & debt investments – available for sale		(589,740)	1,721,338
Income tax (expense)/benefit on other comprehensive income		176,922	(516,401)
		<hr/>	<hr/>
Other comprehensive income/(loss) for the period, net of income tax (412,818)		(412,818)	1,204,937
		<hr/>	<hr/>
Total comprehensive income/(loss) for the period		(1,507,508)	2,567,027
		<hr/>	<hr/>

DV01 MECHELLE LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Share Capital	Retained Earnings	Fair Value Reserve	Total
	\$	\$	\$	\$
<u>31 December 2011</u>				
Comprehensive income for the year				
Balance at start of period	8,408,724	826,919	1,778,325	11,013,968
Profit or loss	-	(1,094,690)	-	(1,094,690)
<u>Other comprehensive income</u>				
Changes in fair value of equity & debt				
Investments – available for sale	-	-	(589,740)	(589,740)
Income tax benefit on other comprehensive income	-	-	176,922	176,922
Total comprehensive income/(loss) for the year	-	(1,094,690)	(412,818)	(1,507,508)
Transactions with owners, recorded directly in equity				
<u>Contribution by and distributions to owners</u>				
Issue of shares	5,816,930	-	-	5,816,930
Balance as at 31 December 2011	14,225,654	(267,771)	1,365,507	15,323,390
<u>31 December 2010</u>				
Comprehensive income for the year				
Balance at start of period	8,409,776	734,171	1,593,859	10,737,806
Profit or loss	-	1,362,090	-	1,362,090
<u>Other comprehensive income</u>				
Changes in fair value of equity & debt				
Investments – available for sale	-	-	1,721,338	1,721,338
Income tax expense on other comprehensive income	-	-	(516,401)	(516,401)
Total comprehensive income for the year	-	1,362,090	1,204,937	2,567,027
Transactions with owners, recorded directly in equity				
<u>Contribution by and distributions to owners</u>				
Share buy-back dividend component	-	(417)	-	(417)
Share buy-back capital component	(1,052)	-	-	(1,052)
Balance as at 31 December 2010	8,408,724	2,095,844	2,798,796	13,303,364

DV01 MECHELLE LIMITED**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note	31 Dec 2011 \$	30 Jun 2011 \$
Current Assets			
Cash and cash equivalents		217,587	4,051,543
Restricted cash	6	206,322	-
Trade and other receivables		46,804	1,999,338
Current tax asset		51,044	3,856
Other assets		10,842	6,403
Total Current Assets		532,599	6,061,140
Non-current Assets			
Equity & Debt Investments – Available for sale	8	18,421,377	12,634,303
Derivatives at fair value		9,867	284,179
Investment in the Manager – Equity Accounted	9	397,527	334,301
Convertible note	9	-	140,000
Deferred tax asset		173,494	-
Total Non-current Assets		19,002,265	13,392,783
Total Assets		19,534,864	19,453,923
Current Liabilities			
Loans and borrowings		-	216,694
Trade and other payables		178,177	6,343,711
Provisions		25,000	-
Short sold investments	10	3,848,479	1,368,186
Total Current Liabilities		4,051,656	7,928,591
Non-current Liabilities			
Equalisation		159,818	-
Deferred tax liabilities		-	511,364
Total Non-Current Liabilities		159,818	511,364
Total Liabilities		4,211,474	8,439,955
Net Assets		15,323,390	11,013,968
Equity			
Share capital		14,225,654	8,408,724
Reserves		1,365,507	1,778,325
Retained earnings		(267,771)	826,919
Total Equity		15,323,390	11,013,968
NAV per share (dollars)	11	\$1.2659	\$1.3776

DV01 MECHELLE LIMITED**CONDENSED INTERIM STATEMENT OF CASH FLOWS
HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	Half-year 31 Dec 2011 \$	Half-year 31 Dec 2010 \$
Cash Flows from Operating Activities			
Dividends and trust distributions		352,209	391,793
Other income		4,501	(22,047)
Interest received		65,800	70,526
Borrowing costs		(94,315)	(60,919)
Expenses		(515,551)	(466,081)
Income taxes paid		(47,188)	(263,861)
		<hr/>	<hr/>
Net Cash provided by/(used in) Operating Activities		(234,544)	(350,589)
		<hr/>	<hr/>
Cash Flows from Investing Activities			
Proceeds from sales of equity and debt investments – available for sale		8,650,897	16,548,484
Proceeds from short sales		4,185,654	5,555,367
Purchase of equity and debt investments available for sale		(15,117,638)	(11,377,649)
Purchase of short investments		(729,041)	(8,470,161)
Proceeds from derivatives trading		(212,331)	(134,705)
Issue of convertible notes		-	(140,000)
MF Global restricted cash		(206,322)	-
		<hr/>	<hr/>
Net Cash provided by/(used in) Investing Activities		(3,428,781)	1,981,336
		<hr/>	<hr/>
Cash flows from Financing Activities			
Share buy-back		-	(1,469)
UBS loan advanced/(repaid)		-	(1,316,439)
Issue of shares		50,000	-
Costs of share issue		(220,631)	-
		<hr/>	<hr/>
Net cash provided by/(used in) Financing Activities		(170,631)	(1,317,908)
		<hr/>	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents		(3,833,956)	312,839
Cash and cash equivalents at 1 July		4,051,543	645,597
		<hr/>	<hr/>
Cash and cash equivalents at 31 December	7	217,587	958,436
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2011**

NOTE 1. GENERAL INFORMATION

DV01 Mechelle Limited (the "Company") is a company domiciled in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2011 is available upon request from the Company's principal place of business at Suite 3, 29 Ord Street, West Perth.

NOTE 2. STATEMENT OF COMPLIANCE

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2011.

This interim financial report was approved for issue by the Board of Directors on 10 February 2012.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2011.

The following policies were adopted in addition to those that applied at 30 June due to a change in the Company.

Equalisation

Equalisation is a method used to fairly allocate the effect of the Manager's Performance Fees across Shareholders in the Company due to inequities in attribution caused when new shareholders subscribe for Shares at different periods of time and price.

The Board has determined that the Equalisation Credit and Depreciation Deposit approach is the most suitable method of equalisation for the Company. The Company's approach to equalisation allows it to firstly equalise all Shareholder performance fees, and secondly quote a single set of net asset values (NAV's, both Pre-Tax and After-Tax) per share for all Shareholders.

The calculation of the number of shares to be allotted and issued pursuant to applications under the Offer will be subject to an Equalisation Adjustment which will be either a Depreciation Deposit or an Equalisation Credit.

A Depreciation Deposit is issued concurrently with the issue of the relevant shares and is a liability owed by the Company to the new shareholder. It is lodged at risk with the Company and therefore will change in value with the Company's performance. The depreciation deposit has a floating value, which will increase or decrease inversely with the Company's performance. The Depreciation deposit decreases in value towards zero on a pro-rata basis with an increase in the Pre-tax NAV high water mark.

**CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2011****NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The depreciation deposit is convertible into additional shares under certain circumstances (Depreciation Deposit Crystallisation). Depreciation deposit crystallisation occurs when fees are payable by the Shareholder at the end of a Performance Calculation Period due to growth in the Company. The excess in value of the Depreciation Deposit over the new Maximum Depreciation Deposit (after reduction for fees payable above) will be applied to the issue of bonus shares for the Shareholder at the prevailing After-Tax NAV per Share. Additional bonus shares will be issued on increases in the Pre-Tax NAV after fees are paid, at the end of subsequent performance calculation periods until the maximum Depreciation Deposit and the Depreciation Deposit have been reduced to zero.

Impairment of assets

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Company consider the particular circumstances and nature of the entity's portfolio in determining whether the financial instrument is impaired. A significant or prolonged decline in fair value of the instrument below its cost is considered as objective evidence of impairment. The Company consider a decline in value as significant if it is more than 20% and a prolonged decline in value if the decline in quoted market price below cost persists for more than 9 months.

This is assessed at the end of each reporting date.

NOTE 4. ESTIMATES

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

In preparing this interim financial report the significant judgements made by management in applying the entity's accounting policies and the key sources of estimate uncertainty were the same as those applied to the financial report as at and for the year ended 30 June 2011.

NOTE 5. DIVIDENDS AND BUY BACKS

The Manager operates a Buy-Back facility for the Company, where the Company can buy-back shares from its shareholders at the after-tax NAV per share calculated by the Company's administrator TMF Services (Australia) Pty Ltd as the end of each quarter.

Buy-backs during the half year ended were:

	Half-year 31 Dec 2011	Half-year 31 Dec 2010
	\$	\$
1,000 shares bought back at \$nil per share (2010 \$1.4694)		
Capital component	-	1,052
Dividend component	-	417
	<hr/>	<hr/>
Total buy-back amount	-	1,469
	<hr/>	<hr/>

**CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2011****NOTE 5. DIVIDENDS AND BUY BACKS (Continued)**

Subsequent to 31 December 2011 the buy-back facility was utilised. As at 13 January 2012 the following buy-back was processed.

1,016,340 shares bought back at \$1.2736 per share, plus the depreciation deposit:

Capital component	1,194,416
Dividend component	99,994
Depreciation deposit	5,074
	<hr/>
Total buy-back amount	1,299,484
	<hr/>

Following the buy-back the shares on issue are now 11,088,395.

In addition to the buy-back a dividend was paid to shareholders on 20 January 2012 of 1.6cents per shares, being a total value of \$177,414.

NOTE 6. RESTRICTED CASH

	31 Dec 2011	30 Jun 2011
	\$	\$
Net cash held MF Global	278,813	-
Provision for impairment	(72,491)	-
	<hr/>	<hr/>
	206,322	-
	<hr/>	<hr/>

The cash held by MF Global has been discounted due to the appointment of voluntary administrators as at 1 November 2011. A provision for impairment of 26% has been estimated based on the expected loss as a result of available information. The first tranche of the cash is expected to be received in March with the balance to be paid over the coming year.

NOTE 7. NOTES TO THE STATEMENT OF CASH FLOWS**Non-cash financing and investing activities**

There were no non-cash financing or investment activities during the period ended 31 December 2011.

DV01 MECHELLE LIMITED**CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2011****NOTE 8. EQUITY AND DEBT INVESTMENTS – AVAILABLE FOR SALE**

	31 Dec 2011	30 Jun 2011
	\$	\$
Shares in listed entities	18,421,377	12,634,303

31 December 2011

Opening Balance	Additions	Disposals	Change in Fair Value	Closing Balance
12,634,303	14,659,223	(6,946,254)	(1,925,895)	18,421,377

30 June 2011

Opening Balance	Additions	Disposals	Change in Fair Value	Closing Balance
13,385,608	21,173,972	(24,681,186)	2,755,909	12,634,303

NOTE 9. INVESTMENT IN THE MANAGER**(a) Carrying amounts**

Name of Company	Principal Activity	Ownership interest		31 Dec 2011	30 Jun 2011
		31 Dec 2011	30 Jun 2011		
		%	%	\$	\$
DV01 Funds Management Pty Ltd	Funds management and corporate advisory	40%	40%	397,527	334,301

The above associated company is incorporated in Australia. The Company owns 40% of the share capital of DV01 Funds Management Pty Ltd (the "Manager" AFSL 308697) equating to 1,030,000 ordinary shares. The Manager provides investment management services to the Company.

(b) Movement in Carrying amounts

	31 Dec 2011	30 Jun 2011
	\$	\$
Carrying amount at beginning of the financial year	334,301	291,970
Share of profits/(loss) after income tax	(76,774)	42,331
Issue of shares on conversion of notes	140,000	-
Carrying amount at the end of the financial year	397,527	334,301

**CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2011****NOTE 10. SHORT SOLD INVESTMENTS**

	31 Dec 2011	30 Jun 2011
	\$	\$
At cost	4,167,339	1,342,354
Fair value adjustment	(318,860)	25,832
	<hr/>	<hr/>
	3,848,479	1,368,186
	<hr/>	<hr/>

NOTE 11. RECONCILIATION OF NAV FROM BID TO MID PRICES

AASB 139 requires that in revaluing financial assets and liabilities to market, the current bid price must be used. As the Company valued its equity and debt investments – available for sale at period end on the last sale price (for management reporting purposes) a downward adjustment before tax of \$305,598 (30 June 2011 \$280,914) was recognised in equity.

31 December 2011

NAV Based on Last Price	\$15,537,309 / 12,104,735 shares	\$1.2836 per share
NAV Based on Bid Prices	\$15,323,390 / 12,104,735 shares	\$1.2659 per share

30 June 2011

NAV Based on Last Price	\$11,210,608 / 7,994,938 shares	\$1.4022 per share
NAV Based on Bid Prices	\$11,013,968 / 7,994,938 shares	\$1.3776 per share

	31 Dec 2011	30 Jun 2011
	\$	\$
Equity at last prices	15,537,309	11,210,608
Adjustment for deferred tax liability recognised	91,679	84,274
Adjustment required to value equity and debt investments - available for sale bid price	(305,598)	(280,914)
	<hr/>	<hr/>
Equity at bid prices	15,323,390	11,013,968
	<hr/>	<hr/>

The equity at last price differs from the monthly management accounts at 31 December 2011 due to additional accruals being brought to account.

DV01 MECHELLE LIMITED

CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 12. RELATED PARTY TRANSACTIONS

(a) Directors

Greg Madden and Curtis Larson are also directors of the Manager and accordingly have an economic interest in the portion of the management fee and do not receive any remuneration from the Company.

However, Stephen Robinson and Craig Hughes are not executives of the Manager and are entitled to receive compensation for their Director services. As at the balance date the Company had \$10,000 in Directors fees payable (30 June 2011: \$nil)

The directors fees paid and payable for the period ended 31 December 2011 were \$20,000 (6 months to 31 December 2010 \$22,949).

As at 31 December 2011, the number of shares held in the Company by each director of DV01 Mechelle Ltd, including their personally-related entities, is set out below:

Name	Balance at start of the Year	Purchase/Issue of shares	Other changes during the year	Balance at end of the year
G R Madden	1,821,825	-	-	1,821,825
C J Larson	68,966	268,335	-	337,301
C E Hughes	83,983	33,395	-	117,378
S R Robinson	33,983	35,609	-	69,592

(b) The Manager

The Company has a management agreement with DV01 Funds Management Pty Ltd, the "Manager", to provide it with fund management and administration services. The following transactions occurred with the related party – DV01 Funds Management Pty Ltd during the period ended 31 December 2011:

During the period the Company paid performance and management fees of \$88,202 (6 months ended 31 December 2010: \$772,165).

The amount payable to related parties at balance date was as follows:

	31 Dec 2011	30 Jun 2011
	\$	\$
Trade payables	46,256	272,209
	<hr/>	<hr/>

NOTE 13. FUNDING POSITION

The Company is in a net current liability position as at 31 December 2011 due to the short positions held at that date. The Company will be able to satisfy its current liabilities as they fall due either through the sale of equities or through the use of the financing facility available through UBS.

**CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT
HALF-YEAR ENDED 31 DECEMBER 2011**

NOTE 14. SUBSEQUENT EVENTS

Except as detailed in Note 5, there were no subsequent events after reporting date.

DV01 MECHELLE LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of DV01 Mechelle Limited ("the Company"):

1. the financial statements and notes thereto set out on pages 3 to 14 are in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; and

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

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 10th day of February 2012.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'G. R. Madden', with a small dot at the end.

Gregory R Madden
Director



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

To: the directors of DV01 Mechelle Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 date there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'Grant Robinson', written over a printed KPMG logo.

A handwritten signature in blue ink, appearing to read 'Grant Robinson', written over a printed KPMG logo.
Grant Robinson
Partner

Perth

13 February 2012



Independent auditor's review report to the members of DVO1 Mechelle Limited

Report on the financial report

We have reviewed the accompanying interim financial report of DV01 Mechelle Limited, which comprises the condensed statement of financial position as at 31 December 2011, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 14 and the directors' declaration of the Company.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of DV01 Mechelle Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim 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*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of DV01 Mechelle Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG


Grant Robinson

Partner

Perth

13 February 2012