



**APPENDIX 4D**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2018**

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**

**1. Company details**

Name of entity: UUV Aquabotix Limited  
ABN: 52 616 062 072  
Reporting period: For the half-year ended 30 June 2018  
Previous period: For the half-year ended 30 June 2017

**2. Results for announcement to the market**

	<b>Half-year 30 June 2018</b>	<b>Half-year 30 June 2017</b>	<b>% change</b>
<b>Revenue</b> from continuing activities	59,860	287,920	(79.2)
<b>Loss</b> from continuing activities after tax attributable to members	(3,324,101)	(2,325,733)	(42.9)
<b>Net loss</b> attributable to members	(3,324,101)	(2,325,733)	(42.9)
<b>Dividends:</b> No dividends are being proposed or have been paid			

**Commentary related to the above results**

See Director's Report, attached hereto, for related information.

**3. Net Tangible Asset (NTA) backing per share**

	<b>As at 30 June 2018</b>	<b>As at 30 June 2017</b>	<b>% change</b>
Net Tangible Asset (NTA) backing per share	0.64	4.34	(85.3)

**4. Details of entities over which control has been gained or lost during the period**

There were no changes to the group structure during the period. During the prior period, UUV Aquabotix Limited completed, through an IPO, the remaining condition precedent for the complete acquisition of Aquabotix Technology Corporation.

The consolidated financial statements represent the continuation of the financial statements of Aquabotix Technology Corporation from the date of the transaction.

**5. There were no payments of dividends during the period.**

**6. There is no dividend reinvestment plan in operation.**

**7. There are no associates or joint venture entities.**

**8. This report is based on accounts that have been reviewed and are not subject to dispute or qualification.**

The attached financial report is all the half-year information provided to the Australian Securities Exchange under Listing rule 4.2A.3. This report also satisfied the half-year reporting requirements of the Corporations Act 2001.

Peter James  
Director

**24 August 2018**

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**DIRECTORS REPORT – 30 JUNE 2018**

The directors submit their report, together with the financial statements, for UUV Aquabotix Ltd (the “Company”) and its controlled entities, together the “Consolidated Entity” or the “Group” for the half-year ended 30 June 2018.

**Directors**

The names of directors who held office during the half year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated:

Peter James	(Non-Executive Chairman)	
Jay Cohen	(Non-Executive Director)	
Whitney Million	(Chief Executive Officer)	Appointed 21 March 2018
Robert Clisdell	(Non-Executive Director)	Appointed 10 March 2018
Brendan Martin	(Executive Director and Chief Financial Officer)	Resigned 6 June 2018
Durval Tavares	(Non-Executive Director)	Resigned 23 July 2018
David Batista	(Chief Executive Officer)	Resigned 23 March 2018

**Principal Activities**

The principal activities of the Consolidated Entity were the development, manufacturing and selling of underwater and surface unmanned vehicles.

**Review of Operations**

From operational and strategic perspectives, the Company has undertaken a significant change in direction following the appointment of an experienced defense industry executive, Ms. Whitney Million, as Chief Executive Officer during the period. In order to target more effective utilisation of the Company’s valuable intellectual property assets, the new management team has restructured operations and realigned focus. Two primary underlying components to this shift in strategy are a de-emphasis on small, short-term sales in a variety of verticals and a turn towards targeting larger volume sales, with a particular concentration on defence. The defence industry is one in which demand is particularly prevalent and non-dilutive funding more readily available. The third key component of this restructuring is reducing costs to keep the Company more agile and competitive as it pursues a range of these larger volume opportunities.

The Company has taken great strides to achieve these shifts in operations and focus since announcing its plans to do so in May of this year. First, the Company has undergone a reduction in its workforce of approximately 40% and is starting to see the financial impact of those changes. Additionally, the Company has redirected its focus to out-licensing its underwater vehicle technology, a far less capital-intensive activity than direct manufacturing, and continued the development and marketing of its latest product released this period, SwarmDiver™.

SwarmDiver™ is a unique, hybrid, micro-unmanned surface vehicle (“USV”) and unmanned underwater vehicle (“UUV”) that operates in a swarm. Multiple SwarmDivers™ can function simultaneously as a single coordinated entity and perform dives on command to collect valuable intelligence. Multiple SwarmDivers™ are easily controlled by a single operator on the surface and can be employed from the shore or any platform of opportunity on water.

## **UUV Aquabotix Limited**

**ABN 52 616 062 072**

### **DIRECTORS REPORT – 30 JUNE 2018**

As far as the Company is aware, there are no other commercially available micro-sized USVs with diving and swarming capabilities available to corporate and governmental users at this time. While the Company's prior suite of unmanned underwater vehicle products, its Endura™ and Integra™ lines (the "underwater vehicles"), were ones of limited numbers of their kind being offered to the market, these underwater vehicles were not the only in their class. This fact substantially differentiates SwarmDiver™ from the Company's prior underwater vehicle product offerings.

The uniqueness of the SwarmDiver™ product has been and continues generating substantial interest from potential users. Stemming from that interest, the Company has begun discussions with various U.S. and other government agencies and other larger defence companies about the product's application, potential sales, and co-operation. Further bolstering this interest are the successful demonstrations of these vehicles for various customer groups and the product's ability to fill a variety of military and civilian needs.

Importantly, just three months after the Company announced the release of this vehicle and its planned strategic changes, the Company secured its first tangible win from the new strategy. On 25 June 2018, the Company announced an award of US\$78,000 in non-dilutive hardware integration funding from the United State's Naval Undersea Warfare Center ("NUWC") to deliver a solution geared towards unexploded ordnance missions for the United States Navy. After delivery, this solution will be incorporated into Aquabotix's products, to support unexploded ordnance detection mission for the United States Navy and allied forces. It should be noted that NUWC obligated these funds to the Company within one month of commencing discussions with the Company about this issue – a substantially expedited time-frame from typical government procurement cycles that illustrates the urgency of the demand for unique solutions of the kind provided by the Company. This solution is nearing a state of readiness for delivery, and revenue is expected to be reported in the Company's Appendix 4C for the current Q3 or the coming Q4 calendar quarter.

While this change in strategy has resulted in decreased cash receipts and revenues over the current period, the indications of interested customers and noted urgent needs from governmental users (such as NUWCs initial order placement with the Company) demonstrate demand from the Company's targeted defence customers in line with its shifted focus. The Company continues to pursue additional non-dilutive funding opportunities to support mission-specific product development, both through governmental users and through partnerships with larger defence companies. A number of concepts of operations for various activities involving SwarmDiver™, either alone or in conjunction with other larger systems, have been identified to date. The Company is exploring and pursuing those opportunities and is committed to progressing those discussions along over the coming months.

Also of note, on 18 July 2018, the Company announced the commitment for investments of AUD\$1,250,000 through a placement of 25,000,000 ordinary fully paid shares. AUD\$1,000,000 was received on 18 July 2018 and the balance is expected to be received following shareholders approval.

#### **Significant Changes in the State of Affairs**

Other than discussed in the Review of Operations above, there have been no significant changes in the state of affairs of the consolidated group during the half year ended 30 June 2018.

#### **Roundings of Amounts**


The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**DIRECTORS REPORT – 30 JUNE 2018**

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 30 June 2018.

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



Peter James  
Director

**Dated this 24<sup>th</sup> day of August 2018**

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of UUV Aquabotix Limited for the half year ended 30 June 2018, 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.

RSM

**RSM AUSTRALIA PARTNERS**



G N Sherwood  
Partner

Sydney, NSW

Dated: 24 August 2018

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**HALF YEAR REPORT – 30 JUNE 2018**

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**UUV Aquabotix Limited**  
ABN 52 616 062 072  
**HALF YEAR REPORT – 30 JUNE 2018**

**CORPORATE INFORMATION**

**Directors and Management**

Peter James (Non-Executive Chairman)  
Jay Cohen (Non-Executive Director)  
Durval Tavares (Non-Executive Director) (Resigned 23 July 2018)  
Brendan Martin (Executive Director and Chief Financial Officer) (resigned 6 June 2018)  
Robert Clisdell (Non-Executive Director) (appointed 10 March 2018)  
Whitney Million (Chief Executive Officer) (appointed 21 March 2018)  
Anand Sundaraj (Company Secretary)

**Registered Office**

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Australia

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Website: [www.aquabotix.com](http://www.aquabotix.com)

**Auditors**

RSM Australia Partners  
Level 13, 60 Castlereagh Street  
Sydney, NSW 2000

**Bankers**

Commonwealth Bank of Australia  
Level 21, 201 Sussex Street  
Sydney NSW 2000, Australia

Silicon Valley Bank,  
3003 Tasman Drive, Santa Clara,  
CA 95054, USA

**Solicitors**

Steinepreis Paganin  
16 Milligan Street  
Perth WA 6000  
Australia

K&L Gates LLP  
70 West Madison Street, Suite 300  
Chicago, IL 60602  
USA

Moses & Singer LLP  
The Chrysler Building  
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New York NY 10174, USA

**Share Registry**

Link Market Services Limited  
Level 4, 152 St Georges Terrace  
Perth, WA 6000  
Australia  
Telephone: +61 1300 554 474

**Stock Exchange Listing**

UUV Aquabotix Limited shares (ASX code UUV) and options (ASX code UUV0) are quoted on the Australian Stock Exchange.

**UUV Aquabotix Limited**

ABN 52 616 062 072

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 JUNE 2018**

	<b>Note</b>	<b>Half-year Ended 30 June 2018</b>	<b>Half-year Ended 30 June 2017</b>
		<b>\$</b>	<b>\$</b>
Revenue	3,4	59,860	287,920
Other income	3,4	17,320	14,229
Cost of sales		(186,297)	(334,480)
General and administrative expense		(2,582,127)	(812,550)
Selling and marketing expense		(214,630)	(184,570)
Research and development expense		(9,351)	(88,272)
Consumables written down		(186,453)	
Depreciation expense		(16,327)	(13,663)
Share option expense		(236,499)	(96,667)
Costs associated with Initial Public Offering		-	(1,073,769)
Foreign exchange gains/(losses)		30,403	(17,307)
Interest expense		-	(6,604)
<b>Loss before income tax</b>		<b>(3,324,101)</b>	<b>(2,325,733)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(3,324,101)</b>	<b>(2,325,733)</b>
 <b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Adjustments on translation of foreign controlled entity		37,969	(86,238)
<b>Total comprehensive loss for the period</b>		<b>(3,286,132)</b>	<b>(2,411,971)</b>
		Cents	Cents
Basic and diluted loss per share	9	(2.46)	(1.94)

The accompanying notes form part of these financial statements.



**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	Consolidated	
		As at 30 June 2018	As at 31 December 2017
<b>ASSETS</b>		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		861,072	3,887,828
Trade and other receivables		-	318,642
Inventories		75,285	238,654
Other assets		139,371	-
<b>TOTAL CURRENT ASSETS</b>		<u>1,075,728</u>	<u>4,445,124</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		133,138	60,367
<b>TOTAL NON-CURRENT ASSETS</b>		<u>133,138</u>	<u>60,367</u>
<b>TOTAL ASSETS</b>		<u><u>1,208,866</u></u>	<u><u>4,505,491</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		66,806	333,458
Provision for employee benefits		268,196	247,084
Customer deposits		11,602	13,053
<b>TOTAL CURRENT LIABILITIES</b>		<u>346,604</u>	<u>593,595</u>
<b>TOTAL LIABILITIES</b>		<u>346,604</u>	<u>593,595</u>
<b>NET ASSETS</b>		<u><u>862,262</u></u>	<u><u>3,911,895</u></u>
<b>EQUITY</b>			
Contributed equity	6,7	8,941,710	8,941,710
Reserves		928,633	743,681
Accumulated losses		(9,008,081)	(5,773,496)
<b>TOTAL EQUITY</b>		<u><u>862,262</u></u>	<u><u>3,911,895</u></u>

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**HALF-YEAR ENDED 30 JUNE 2018**

Consolidated	Contributed Equity	Accumulated Losses	Options Reserve	Foreign exchange Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	<b>1,150,904</b>	<b>(1,214,387)</b>	-	<b>1,060</b>	<b>(62,423)</b>
<b>Comprehensive income</b>					
Loss for the period	-	(2,325,733)	-	-	(2,325,733)
Other comprehensive income	-	-	-	(86,238)	(86,238)
<b>Total comprehensive income for the period</b>	-	<b>(2,325,733)</b>	-	<b>(85,178)</b>	<b>(2,411,971)</b>
Shares issued during the period	73,099	-	-	-	73,099
Shares issued on conversion of options and warrants	1,566,537	-	-	-	1,566,537
Shares issued on IPO	7,000,000	-	-	-	7,000,000
Share issue costs	(848,830)	-	-	-	(848,830)
Options issued in the period	-	-	545,828	-	545,828
<b>Balance at 30 June 2017</b>	<b>8,941,710</b>	<b>(3,540,120)</b>	<b>545,828</b>	<b>(85,178)</b>	<b>5,862,240</b>
<b>Balance at 1 January 2018</b>	<b>8,941,710</b>	<b>(5,773,496)</b>	<b>764,960</b>	<b>(21,279)</b>	<b>3,911,895</b>
<b>Comprehensive income</b>					
Loss for the period	-	(3,324,101)	-	-	(3,324,101)
Other comprehensive income	-	-	-	37,969	37,969
<b>Total comprehensive income for the period</b>	-	<b>(3,324,101)</b>	-	<b>37,969</b>	<b>(3,286,132)</b>
Options lapsed in the period	-	89,516	(89,516)	-	-
Options issued in the period	-	-	236,499	-	236,499
<b>Balance at 30 June 2018</b>	<b>8,941,710</b>	<b>(9,008,081)</b>	<b>911,943</b>	<b>16,690</b>	<b>862,262</b>

The accompanying notes form part of these financial statements.

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**HALF-YEAR ENDED 30 JUNE 2018**

	<b>Consolidated</b>	
	<b>Half-year Ended 30 June 2018</b>	<b>Half-year Ended 30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	207,413	274,197
Government grants	3,714	-
Payments to suppliers and employees	(3,321,259)	(1,275,998)
Interest received	12,735	14,229
Finance costs	-	(6,604)
Income tax paid	-	-
Net cash used in operating activities	(3,097,397)	(993,175)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash flows from loans to other entities	-	(327,054)
Purchase of non-current assets	-	(17,749)
Acquisition of subsidiary, net of cash acquired	-	44,456
Net cash used in investing activities	-	(300,347)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from issue of shares	-	6,175,026
Proceeds from convertible notes and warrants	-	508,195
Repayment of borrowings	-	-
Dividends paid	-	-
Net cash provided by financing activities	-	6,683,221
Net (decrease)/ increase in cash held	(3,097,397)	5,389,717
Foreign currency transactions	70,643	(53,583)
Cash and cash equivalents at beginning of period	3,887,828	347,527
Cash and cash equivalents at end of period	861,072	5,683,660

The accompanying notes form part of these financial statements.

## UUV Aquabotix Limited

ABN 52 616 062 072

# NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

## NOTE 1: BASIS OF PREPARATION

### **Basis of Preparation and Significant Accounting Policies**

These general-purpose interim financial statements for half-year reporting period ended 30 June 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of UUV Aquabotix Limited and its controlled entity, Aquabotix Technology Corporation, together the "Company", "consolidated group" or "Group".

These general purpose financial statements does not include all the notes typical of inclusion within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance and financial position of the Consolidated Entity as a full financial report. Accordingly, these financial statements should be read in conjunction with the annual report for the year ended 31 December 2017 and any other public announcements made by UUV Aquabotix Limited 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.

These interim financial statements were authorised for issue on 25 August 2018.

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

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

The following Accounting Standards and Interpretations are came into effect from 1 January 2018:

#### *AASB 9 Financial Instruments*

The Group has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

## UUV Aquabotix Limited

ABN 52 616 062 072

# NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

### NOTE 1: BASIS OF PREPARATION

#### *AASB 15 Revenue from Contracts with Customers*

The group has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group considered the implications of the new or amended accounting standards and determined that their application to the financial statements is not material.

#### **Revenue recognition**

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

#### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### *Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**UUV Aquabotix Limited**

ABN 52 616 062 072

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

**NOTE 2: GOING CONCERN**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial report, the Group incurred a loss after tax of \$3,324,101 and had net cash outflows from operating activities of \$3,097,397 for the half year ended 30 June 2018. As at that date, the Group had net current assets of \$729,174, net assets of \$862,262 as well as cash and cash equivalents of \$861,072. The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which is its ability to generating sufficient returns from operating activities, raising further capital or reducing costs.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group announced on 18 July 2018 a commitment for investments of \$1,250,000 through a placement of 25,000,000 ordinary fully paid shares. \$1,000,000 was received on 18 July 2018 and the balance is expected to be received following shareholder approval.
- The Group has cash and cash equivalents of \$861,072 as at 30 June 2018. As at that date the Group had net current assets of \$729,174 and net assets of \$862,262 The Group has performed a cash flow forecast and determined that it has adequate cash resources in place to fund its operations for the next 12 months assuming it either generates sufficient operating cashflows or raises further capital or it reduces costs or a combination of these alternatives.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The report does not include any adjustments relating to the amounts or classification or recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

**UUV Aquabotix Limited**

ABN 52 616 062 072

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

**NOTE 3: OPERATING SEGMENTS**

The Group has one operating segment, being the development and sales of underwater unmanned vehicles. This operating segment is monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of reviewing the segment results. The Chief Operating Decision Maker of the group is the Chief Executive Officer.

The following table presents certain information regarding the geographical segments for the half year ended 30 June 2018.

<i>Segment Performance</i>	<b>30 June 2018</b>			
	<b>USA</b>	<b>Australia</b>	<b>Elimination</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
External sales	59,860	-	-	<b>59,860</b>
Total segment revenue	59,860	-	-	<b>59,860</b>
Other income	-	3,714	-	<b>3,714</b>
Interest income	1,601	12,005	-	<b>13,606</b>
Depreciation	(15,659)	(668)	-	<b>(16,327)</b>
Finance costs	-	-	-	-
Income tax expense	-	-	-	-
Loss after income tax expense	(2,466,969)	(857,132)	-	<b>(3,324,101)</b>
<i>Assets and liabilities</i>				
Segment assets	450,671	4,626,539	(3,868,344)	<b>1,208,866</b>
Segment liabilities	(4,362,808)	(65,993)	4,082,197	<b>(346,604)</b>

<i>Segment Performance</i>	<b>30 June 2017</b>			
	<b>USA</b>	<b>Australia</b>	<b>Elimination</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
External sales	287,920	-	-	<b>287,920</b>
Total segment revenue	287,920	-	-	<b>287,920</b>
Interest income	4,396	9,833	-	<b>14,229</b>
Depreciation	(13,329)	(334)	-	<b>(13,663)</b>
Finance costs	(6,604)	-	-	<b>(6,604)</b>
Income tax expense	-	-	-	-
Loss after income tax expense	(1,259,759)	(1,072,641)	6,667	<b>(2,325,733)</b>
<i>Assets and liabilities</i>				
Segment assets	753,279	5,754,330	(400,029)	<b>6,107,580</b>
Segment liabilities	(601,106)	(29,049)	384,815	<b>(245,340)</b>

**UUV Aquabotix Limited**

ABN 52 616 062 072

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

**NOTE 4: REVENUE**

	Consolidated	
	Half-year Ended 30 June 2018 \$	Half-year Ended 30 June 2017 \$
SALES REVENUE		
Receipts from customers	59,860	287,920
	59,860	287,920
OTHER INCOME		
Interest	13,606	14,229
Amounts received from Government Grants	3,714	-
Net foreign exchange income	30,403	-
	47,723	14,229
REVENUE	107,583	302,149

**NOTE 5: EXPENSES**

	Consolidated	
	Half-year Ended 30 June 2018 \$	Half-year Ended 30 June 2017 \$
Included within expenses for the period were:		
Cost of sales	186,297	334,480
Costs associated with IPO	-	1,073,769
Consumables writedown	186,453	-
Net foreign exchange loss	-	17,307
Rental expense relating to operating leases	52,883	14,065
Defined contribution superannuation expense	16,771	14,718

**NOTE 6: CONTRIBUTED EQUITY**

	Number of shares	\$
Balance at 1 January 2018	135,000,001	8,941,710
Balance at 30 June 2018	135,000,001	8,941,710



## UUV Aquabotix Limited

ABN 52 616 062 072

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

#### NOTE 7: COMPOSITION OF EQUITY

A summary of the capital structure of the Company at 30 June 2018 is set out below:

Shareholders	Shares	Unlisted Options	Listed UUVO Options	Performance Shares
Existing shareholders of ATC	100,000,001	-	-	45,000,000
IPO shareholders	35,000,000	-	35,000,000	-
Options issued to Directors, Management and Advisory Board	-	18,400,000	-	-
Options issued to Joint Leader Managers	-	10,000,000	-	-
<b>Total</b>	<b>135,000,001</b>	<b>28,400,000</b>	<b>35,000,000</b>	<b>45,000,000</b>

#### Unlisted Options:

- 11,000,000 Unlisted Options issued to directors and management are exercisable at 11 cents, each with various expiry dates, ranging between 19 April 2023 and 19 April 2024. These Options are subject to various time and market vesting conditions. See Note 9 for further details.
- 6,700,000 Unlisted Options issued to directors and management are exercisable at 30 cents, each with various expiry dates ranging between 20 April 2018 and 20 April 2020. These Options are subject to various time and market vesting conditions. See Note 9 for further details.
- 700,000 Unlisted Options issued to the Company's Advisory Committee are exercisable at 30 cents each on or before 20 June 2020. These Options have fully vested.
- 10,000,000 Unlisted Options issued to the Joint Lead Managers of the IPO are exercisable at 22 cents each on or before 20 April 2020. These options have fully vested.

#### Listed Options:

- These are exercisable at 22 cents on or before 20 April 2019.

#### NOTE 8: PERFORMANCE SHARES

Existing shareholders of Aquabotix Technology Corporation were granted 45,000,000 Performance Shares, each convertible into one Ordinary Share in UUV Aquabotix Limited upon achievement of various performance milestones, as follows:

Shareholders	Milestones	Number in Issue
Class A Performance Shares	each share is convertible into one fully paid ordinary share upon the Shares achieving a 30-day volume weighted average price exceeding \$0.30 and the Company securing no less than 20 paying customers of remotely operated underwater vehicles within 24 months of the date the Company is admitted to the Official List.	15,000,000
Class B Performance Shares	each share will convert into one fully paid ordinary share upon the Company achieving, in relation to the Company's technology \$7,000,000 of cumulative revenue or \$2,500,000 of annual revenue in any given twelve-month period, within 36 months of the date the Company is admitted to the Official List.	15,000,000
Class C Performance Shares	each share is convertible into one fully paid ordinary share upon the Company achieving, in relation to the Company's technology, \$3,000,000 of cumulative earnings before interest and taxes (EBIT) or \$1,000,000 of annual EBIT in any given financial year, within 36 months of the date the Company is admitted to the Official List.	15,000,000

None of the milestones were met in the period ended 30 June 2018 and no Performance Shares were converted to Ordinary Shares in the period.

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2018**

**NOTE 9. EARNINGS PER SHARE**

	<b>Consolidated</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of UUV Aquabotix Limited	(3,324,101)	(2,325,733)
	<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share	(2.46)	(1.94)
	<b>Number</b>	<b>Number</b>
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	135,000,001	119,705,892
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Performance shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	135,000,001	119,705,892

For the period ended 30 June 2017, the weighted average number of shares reflects Aquabotix Technology Corporation's weighted average ordinary shares before the Exchange Agreement became effective on 20 April 2017 multiplied by the exchange ratio established in the acquisition, and the weighted average total actual shares of UUV Aquabotix Limited in issue after the date of acquisition.

All performance shares and share options are considered anti-dilutive for the period ended 30 June 2018 and the period ended 30 June 2017.

**NOTE 10: CONTINGENT LIABILITIES**

The directors believe the group has no contingent liabilities.

**NOTE 11: EVENTS AFTER THE END OF THE INTERIM PERIOD**

On 18 July 2018, the Company announced the commitment for investments of AUD\$1,250,000 through a placement of 25,000,000 ordinary fully paid shares. AUD\$1,000,000 was received on 18 July 2018 and the balance is expected to be received following shareholders approval. Other than the above, directors are not aware of any significant events since the end of the interim period.

**UUV Aquabotix Limited**  
**ABN 52 616 062 072**  
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of UUV Aquabotix Limited, the directors of the company declare that:  
The financial statements and notes, as set out on pages 7 to 18, are in accordance with the *Corporations Act 2001*, including:

- a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
- b. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the financial half-year ended on that date.

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



Peter James

Director

**Dated this 24<sup>th</sup> day of August 2018**

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**UUV AQUABOTIX LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of UUV Aquabotix Limited which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*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 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 30 June 2018 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 UUV Aquabotix 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.

### *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 UUV Aquabotix Limited, would be in the same terms if given to the directors as at the time of this auditor's 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 UUV Aquabotix 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 30 June 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the half-year financial report, which indicated that the consolidated entity incurred a loss after tax of \$3,324,101 and had net cash outflows from operating activities of \$3,097,397 for the half year ended 30 June 2018. As at that date the consolidated entity had net current assets of \$729,124 and net assets of \$862,262. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

RSM

**RSM AUSTRALIA PARTNERS**

  
GNS

**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 24 August 2018