

GetSwift Limited

Appendix 4D

Half-year ended 31 December 2018

Name of entity:	GetSwift Limited
ABN:	57 604 611 556
Half-year ended:	31 December 2018
Previous period:	31 December 2017

Results for announcement to the market

				\$'000
Revenue for ordinary activities	Up	67.9%	to	552
Loss from ordinary activities after tax attributable to members	Up	16.4%	to	6,400
Net loss for the period attributable to members	Up	16.4%	to	6,400

Distributions

No dividends have been paid or declared by the company for the current financial period. No dividends were paid for the previous financial period.

Explanation of results

Please refer to the review of operations on page 2 for explanation of the results.

This information should be read in conjunction with the 2018 annual report. Additional information supporting the Appendix 4D disclosure requirements can be found in the directors' report and the financial statements for the half-year ended 31 December 2018.

Net tangible assets per security

	31 December 2018 Cents	31 December 2017 Cents
Net tangible asset backing (per security)	46.09	51.95

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2018.

Other information required by Listing Rule 4.2A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

GetSwift Limited
Appendix 4D
For the half-year ended 31 December 2018
(continued)

Interim review

The financial statements have been reviewed by the group's independent auditor without any modified opinion, disclaimer or emphasis of matter.

GetSwift Limited

ABN 57 604 611 556

**Interim financial report
for the half-year 31 December 2018**

GetSwift Limited

ABN 57 604 611 556

Interim report - 31 December 2018

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by GetSwift Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Your directors present their report on the consolidated entity (referred to hereafter as the 'group') consisting of GetSwift Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of GetSwift Limited during the whole of the half-year and up to the date of this report (except where otherwise stated below):

Mr Michael Fricklas, Independent Non-Executive Chairman
Mr Bane Hunter, Chief Executive Officer and Executive Director
Mr Joel Macdonald, Founder, President, Managing Director and Executive Director
Mr Brett Eagle, Non-Executive Director (resigned 29 November 2018)
Mr David Ryan, Independent Non-Executive Director
Ms Belinda Gibson, Independent Non-Executive Director (appointed 10 October 2018)

Review of operations

Transactions for half-year ended 31 December 2018 were 4,463,173, representing a 101% increase in transactions compared to the half-year ended 31 December 2017. Total revenue and other income for the half-year ended 31 December 2018 was \$1.36 million, representing an increase of 115% over the comparative half-year period in 2017.

GetSwift Limited reported cash, cash equivalents, and certificates of deposit of \$87.6 million at 31 December 2018.

The half-year ended 31 December 2018 saw significant commercial expansion of the business with continued customer acquisition in North America surpassing continued growth in Australia. The group also experienced ongoing customer growth in Europe, Middle East, and Asia. Global growth occurred across multiple industry verticals most notably in food, trucking, messenger/courier, and e-commerce.

The group improved the size and scope of its software solution. The group improved the speed, availability, and stability of the platform as it continued to serve more customers globally. The group completed new integrations and added new features to the GetSwift platform with a view to addressing the strict new data privacy standards emerging around the globe.

To meet growing business demands, the group augmented technical capacity through recruitment of full-time senior tech leadership and key development and engineering staff including the hiring of a Chief Technology Officer.

The group announced plans to expand its technology team with the opening of a new software development centre in Denver, Colorado, creating jobs in the fields including machine learning, artificial intelligence, product, design, and testing.

The group improved cloud provisioning and penetration testing on the GetSwift platform to improve uptime and defend against future cyber-attacks. GetSwift Limited also improved stability of its cloud-based platforms including parallel efforts in iOS and Android to assure high reliability.

GetSwift Limited's team continued development of what it considers to be best-in-class data strategies to support customers across all verticals and market sizes.

The group has offices in the United States and Australia. Executive management is based in the United States.

Significant changes in the state of affairs

GetSwift Limited has been the subject of shareholder class action litigation and ASIC proceedings. These are ongoing at the date of this report. Please refer to 'regulatory risks' and 'litigation', below in this directors' report.

Matters subsequent to the end of the period

Acquisitions

On 20 February 2019, the group acquired North American delivery management platform Delivery BIZ Pro (DBP) from United States based SaaS company Delivery Biz Pro, LLC and the scheduling platform provider Scheduling+ (SP) of United States based Web Software, LLC.

DBP offers a subscription-based cloud service for businesses with recurring product orders particularly within the produce, meal kit, dairy, farm-to-table, water, home and commercial delivery sectors. DBP's platform brings together four key components that allow recurring delivery industry sectors to employ the best methodology for their logistics fulfilment.

The group's consideration for the assets comprised of \$6.3 million in cash paid at closing plus \$0.28 million for certain assumed liabilities of DBP which were paid in full by the group on 20 February 2019.

ASIC proceedings

On 22 February 2019, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings in the Federal Court of Australia against GetSwift Limited, Mr Joel Macdonald and Mr Bane Hunter. The proceedings brought by ASIC allege that the defendants failed to meet their continuous disclosure obligations and engaged in misleading or deceptive conduct. The claims relate to alleged conduct between February and December 2017.

ASIC is seeking pecuniary penalties against GetSwift Limited and each of Mr Macdonald and Mr Hunter as well as orders disqualifying Mr Macdonald and Mr Hunter from managing corporations for a period.

GetSwift Limited, Mr Macdonald and Mr Hunter irrefutably deny the allegations made by ASIC and, collectively, will vigorously defend the proceedings.

At the present time, it is not possible to predict the ultimate outcome of these proceedings.

Likely developments and expected results of operations

The group is an emerging growth company in the investment stage of its development. As noted above, to support its growth, it will be making significant investments in research and development, sales and marketing, staffing necessary to support and integrate new customers, and the enhancement of its reporting and control environment. As with most groups in this phase of development, these investments carry a high degree of risk. Further, the group has incurred and expects to continue to incur significant legal expenses associated with shareholder class actions and proceedings by ASIC and cannot predict with any certainty what the ultimate costs of these matters will be. Consequently, the group cannot forecast when it will achieve profitability.

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 on page 6.

Regulatory risks

From time to time, GetSwift Limited may be subject to regulatory investigations and disputes, including by the Australian Taxation Office (ATO) and Federal or State regulatory bodies, including the Australian Securities and Investments Commission (ASIC). The outcome of any such investigations or disputes may have a material adverse effect on the group's operating and financial performance.

Regulatory risks (continued)

On 22 February 2019, ASIC commenced civil penalty proceedings in the Federal Court of Australia against GetSwift Limited, Mr Joel Macdonald and Mr Bane Hunter. By these proceedings, ASIC allege that the defendants failed to meet their continuous disclosure obligations and engaged in misleading or deceptive conduct between February and December 2017.

GetSwift Limited previously advised shareholders that ASIC had served GetSwift Limited with a notice to produce documents and that GetSwift Limited would fully comply with that notice and ASIC's investigations. Since that time, GetSwift Limited has been cooperating fully with ASIC in relation to its investigations. GetSwift Limited was given no prior notice of ASIC's decision to commence proceedings.

GetSwift Limited, Mr Macdonald and Mr Hunter irrefutably deny the allegations made by ASIC and, collectively, will vigorously defend the proceedings.

Litigation

Class action

On 20 February 2018, Squire Patton Boggs commenced an open class representative proceeding in the Federal Court of Australia against GetSwift Limited (Perera Proceeding). The statement of claim included allegations of misleading or deceptive conduct and breach of continuous disclosure obligations. The proceeding was brought on behalf of persons who acquired GetSwift Limited shares between 26 February 2017 and 19 January 2018.

Subsequently, two more open class actions were commenced against GetSwift Limited by Corrs Chambers Westgarth (McTaggart Proceeding) and Phi Finney McDonald (Webb Proceeding), on 26 March and 13 April 2018, respectively. The court documents for each proceeding made similar allegations and covered broadly the same period of time as the Perera Proceeding.

Following hearings to consider which of the competing class actions filed against the company should proceed, the Federal Court on 23 May 2018 delivered judgement whereby the Perera and McTaggart Proceedings were permanently stayed, in favour of the Webb Proceeding going forward. That decision was appealed by solicitors for both of the permanently stayed proceedings to the Full Court of the Federal Court. The appeal was heard in August 2018. On 20 November 2018, the Full Court delivered judgement upholding the initial decision of the Federal Court. The Full Court supported the decision that the Webb Proceeding should continue and the Perera and McTaggart Proceedings should remain permanently stayed. The permanently stayed proceedings were ordered to pay the company's costs of the appeal.

On 17 December 2018, Squire Patton Boggs filed an application for special leave to appeal the Full Court decision, to the High Court of Australia. That application is currently awaiting determination. If the High Court finds that special leave to appeal should be granted, Squire Patton Boggs will be permitted to file an appeal of the Full Court decision to the High Court.

GetSwift Limited strongly disputes the allegations made in each of the proceedings (including as to any alleged loss) and will continue to vigorously defend whichever proceeding is allowed to progress. The Webb Proceeding is progressing. GetSwift Limited has filed its defence and named Squire Patton Boggs as a concurrent wrongdoer.

Further, by order of the Federal Court of Australia, Opt Out Notices have been issued in relation to the open class action commenced by Mr Raffaele Webb on behalf of all persons who acquired shares in GetSwift Limited during the period from 24 February 2017 until the close of trading on 19 January 2018 (inclusive). A copy of the documents relevant to the proceeding can be found at the Federal Court's website.

The Opt Out Notice contains important information about an individual's status as a group member of the open class action and what an individual needs to do to remove themselves from participating in the open class action if they wish to do so. A copy of the Opt Out Notice can be found at the Federal Court's website.

Litigation (continued)

Class action (continued)

Opt Out Forms must be submitted to the New South Wales District Court Registry of the Federal Court of Australia (Level 17, 184 Phillip Street, Sydney) before 4:00 pm AEDT on 28 March 2019. Anyone who does not wish to Opt Out does not need to do anything to remain a Group Member in the class action.

The group has not been provided with any information from the plaintiff, in the pleadings or otherwise, to quantify the alleged loss suffered. However, the group notes that the lawyers for the Perera Proceeding and the lawyers for the McTaggart Proceeding have previously stated in open court that the alleged total quantum of their claims was approximately \$75 million, a reduction of 75% on the initially reported claim size.

Importantly, there are many steps that need to occur before any liability can be imposed on the group. No provision has been taken in these accounts. Legal fees will be incurred in defending the matter as it proceeds.

ASIC proceedings

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ASIC is seeking pecuniary penalties against GetSwift Limited and each of Mr Macdonald and Mr Hunter as well as orders disqualifying Mr Macdonald and Mr Hunter from managing corporations for a period.

GetSwift Limited, Mr Macdonald and Mr Hunter irrefutably deny the allegations made by ASIC and, collectively, will vigorously defend the proceedings.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

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



Mr Michael Fricklas
Independent Non-Executive Chairman

28 February 2019

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of GetSwift Limited for the half year ended 31 December 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.

A handwritten signature in blue ink, appearing to read "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to read "J S Croall".

J S CROALL
Partner

Dated: 28 February 2019
Melbourne, Victoria

GetSwift Limited

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year 31 December 2018

		Consolidated entity	
		31 December	31 December
		2018	2017
	Notes	\$'000	\$'000
Revenue from continuing operations			
Revenue		552	366
Interest revenue calculated using the effective interest method		808	266
		1,360	632
Expenses			
Staff expenses	2	(4,097)	(1,693)
General and administration expenses	2	(7,092)	(1,075)
Share-based payments expense		(1,130)	(3,362)
Unrealised gain on FX translation		4,572	-
Total expenses		(7,747)	(6,130)
Finance expenses		(13)	-
Loss before income tax		(6,400)	(5,498)
Income tax expense		-	-
Loss for the period		(6,400)	(5,498)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(644)	(25)
Total comprehensive loss for the period		(7,044)	(5,523)
Total comprehensive loss for the period is attributable to:			
Owners of GetSwift Limited		(7,044)	(5,523)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic loss per share		(3.39)	(3.60)
Diluted loss per share		(3.39)	(3.60)

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

GetSwift Limited
Condensed consolidated statement of financial position
As at 31 December 2018

	Consolidated entity	
	31 December	30 June
	2018	2018
Notes	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	23,172	35,845
Financial assets	64,502	60,876
Trade and other receivables	608	512
Other current assets	484	488
Total current assets	88,766	97,721
Non-current assets		
Plant and equipment	117	61
Intangible assets	19	22
Total non-current assets	136	83
Total assets	88,902	97,804
LIABILITIES		
Current liabilities		
Trade and other payables	1,870	4,942
Deferred revenue	42	-
Employee benefit obligations	64	23
Total current liabilities	1,976	4,965
Non-current liabilities		
Employee benefit obligations	10	9
Total non-current liabilities	10	9
Total liabilities	1,986	4,974
Net assets	86,916	92,830
EQUITY		
Contributed equity	3(a) 103,242	103,242
Other reserves	3(b) 4,845	4,359
Accumulated losses	(21,171)	(14,771)
Total equity	86,916	92,830

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

GetSwift Limited
Condensed consolidated statement of changes in equity
For the half-year 31 December 2018

	Attributable to owners of GetSwift Limited			Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	
Consolidated entity				
Balance at 1 July 2017	16,747	1,763	(2,868)	15,642
Loss for the period	-	-	(5,498)	(5,498)
Other comprehensive income/(loss)	-	(25)	-	(25)
Total comprehensive income for the period	-	(25)	(5,498)	(5,523)
Transactions with owners in their capacity as owners:				
Shares issued in period	89,673	-	-	89,673
Share issue costs in period	(6,257)	-	-	(6,257)
Options expense for period	-	1,425	-	1,425
Options exercised in period	110	(110)	-	-
Performance rights expense for period	-	1,938	-	1,938
Transfer from reserves	1,379	(1,379)	-	-
	84,905	1,874	-	86,779
Balance at 31 December 2017	101,652	3,612	(8,366)	96,898
Balance at 1 July 2018	103,242	4,359	(14,771)	92,830
Loss for the period	-	-	(6,400)	(6,400)
Other comprehensive income/(loss)	-	(644)	-	(644)
Total comprehensive income for the period	-	(644)	(6,400)	(7,044)
Transactions with owners in their capacity as owners:				
Options expense for period	3(b) -	1,180	-	1,180
Options lapsed in period	3(b) -	(137)	-	(137)
Performance rights expense for period	3(b) -	161	-	161
Performance rights lapsed in period	3(b) -	(74)	-	(74)
	-	1,130	-	1,130
Balance at 31 December 2018	103,242	4,845	(21,171)	86,916

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

GetSwift Limited
Condensed consolidated statement of cash flows
For the half-year 31 December 2018

	Consolidated entity	
	31 December	31 December
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	498	334
Payments to suppliers and employees (inclusive of GST)	(14,185)	(2,929)
Interest received	1,032	49
Interest and other finance costs paid	(12)	(2)
Net cash (outflow) from operating activities	(12,667)	(2,548)
Cash flows from investing activities		
Payments for plant and equipment and other	(84)	(9)
Investment in term deposits	(845)	(6,500)
Net cash (outflow) from investing activities	(929)	(6,509)
Cash flows from financing activities		
Proceeds from issues of shares	-	88,972
Proceeds from exercise of options	-	700
Transaction costs related to shares issued	-	(6,747)
Net cash inflow from financing activities	-	82,925
Net (decrease) increase in cash and cash equivalents	(13,596)	73,868
Cash and cash equivalents at the beginning of the financial year	35,845	12,684
Effects of exchange rate changes on cash and cash equivalents	923	(28)
Cash and cash equivalents at end of period	23,172	86,524

1 Segment information

Due to the current size of operations, the group does not differentiate its revenue and expenses by the geographical locations and all internal management reporting is prepared on a consolidated basis. The board of directors (chief operating decision makers) evaluates the results on a group-wide basis as it is not practical to determine financial results on a location basis at this point.

2 Expenses

Consolidated entity	
31 December 2018	31 December 2017
\$'000	\$'000

Loss before income tax includes the following specific expenses:

Staff expenses

Wages and salaries	4,097	1,667
Other	-	26
	4,097	1,693

General and administration expenses

Advertising and marketing	309	116
Bad debts	33	-
Depreciation expenses	27	6
Directors' fees	157	-
Insurance	573	15
Legal fees	2,179	117
Occupancy	369	86
Professional fees	689	315
Technology contractors	1,654	77
Travel and entertainment	560	188
Website expenses	287	63
Other	255	92
	7,092	1,075

3 Equity

	31 December 2018	31 December 2018	30 June 2018	30 June 2018
	No. of Shares	\$'000	No. of Shares	\$'000
Ordinary shares - fully paid	188,524,309	103,242	188,524,309	103,242

3 Equity (continued)

(b) Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided below the table.

Consolidated entity	Share-based payments \$'000	Performance rights \$'000	Foreign currency translation \$'000	Total other reserves \$'000
At 1 July 2018	3,088	1,534	(263)	4,359
Other currency translation differences	-	-	(644)	(644)
Other comprehensive income	-	-	(644)	(644)
Transactions with owners in their capacity as owners				
Options expense for period	1,180	-	-	1,180
Options lapsed in period	(137)	-	-	(137)
Performance rights expense for period	-	161	-	161
Performance rights lapsed in period	-	(74)	-	(74)
At 31 December 2018	4,131	1,621	(907)	4,845

(i) Performance rights

As part of the successful completion of the ASX listing on 9 December 2016, the group issued 32,926,828 performance rights over the ordinary shares to the key executives of the group. Each of the performance rights entitles the holder to be issued one fully paid ordinary share of the group for no cash consideration upon vesting. The performance rights will convert into ordinary shares upon achievement of six performance milestones and will expire if the milestones are not achieved within 48 months of ASX listing. A further 509,930 performance rights were issued in the financial year ended 30 June 2018.

Class of performance rights	Performance condition	Expiry date
Class A	Performance rights to vest upon achievement of 250,000 deliveries in a calendar month	48 months
Class B	Performance rights to vest upon achievement of 375,000 deliveries in a calendar month	48 months
Class C	Performance rights to vest upon achievement of 750,000 deliveries in a calendar month	48 months
Class D	Performance rights to vest upon achievement of GetSwift revenue of either \$5 million in a full financial year, or \$1.25 million in any 3-month period ending on 31 March, 30 June, 31 October or 31 December	48 months
Class E	Performance rights to vest upon achievement of GetSwift revenue of either \$10 million in a full financial year, or \$2.5 million in any 3-month period ending on 31 March, 30 June, 31 October or 31 December	48 months
Class F	Performance rights to vest upon of GetSwift revenue of either \$15 million in a full financial year, or \$3.75 million in any 3-month period ending on 31 March, 30 June, 31 October or 31 December	48 months

3 Equity (continued)

(b) Other reserves (continued)

(i) Performance rights (continued)

There were no additional performance rights granted in the half-year ended 31 December 2018. During this period, 963,168 performance rights to the value of \$74,123 lapsed on cessation of employment.

The total expense recognised from the amortisation of prior period granting of performance rights is \$160,914.

Class A and B milestones were met in the financial year ended 30 June 2018. Accordingly, these were fully vested and converted to ordinary shares.

Class C milestones were met in November 2018 and fully vested as at 31 December 2018.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

4 Share-based payments

Options issued

The group granted a total of 3,600,000 options in the half-year ended 31 December 2018 to a number of directors. The options were divided into 12 tranches and vest continuously over the four-year vesting period.

GetSwift Limited recognised an expense of \$439,829 for the new options issued during the half-year ended 31 December 2018. The value was calculated using the binomial model and the inputs are noted below:

Grant date	Expiry date	Share price at grant date (\$)	No. options granted	Exercise price (\$)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date (\$)
31-Aug-2018	19-Sep-2028	0.415	300,000	0.408	84.50%	0.00%	2.02%	75,561
31-Aug-2018	19-Sep-2028	0.415	3,000,000	0.408	84.50%	0.00%	2.02%	755,594
14-Dec-2018	14-Dec-2028	0.405	300,000	0.439	84.50%	0.00%	1.98%	73,353

5 Contingencies

(a) Contingent liabilities

(i) Class action

On 20 February 2018, Squire Patton Boggs commenced an open class representative proceeding in the Federal Court of Australia against GetSwift Limited (Perera Proceeding). The statement of claim included allegations of misleading or deceptive conduct and breach of continuous disclosure obligations. The proceeding was brought on behalf of persons who acquired GetSwift Limited shares between 26 February 2017 and 19 January 2018.

Subsequently, two more open class actions were commenced against GetSwift Limited by Corrs Chambers Westgarth (McTaggart Proceeding) and Phi Finney McDonald (Webb Proceeding), on 26 March and 13 April 2018, respectively. The court documents for each proceeding made similar allegations and covered broadly the same period of time as the Perera Proceeding.

5 Contingencies (continued)

(a) Contingent liabilities (continued)

(i) Class action (continued)

Following hearings to consider which of the competing class actions filed against the company should proceed, the Federal Court on 23 May 2018 delivered judgement whereby the Perera and McTaggart Proceedings were permanently stayed, in favour of the Webb Proceeding going forward. That decision was appealed by solicitors for both of the permanently stayed proceedings to the Full Court of the Federal Court. The appeal was heard in August 2018. On 20 November 2018, the Full Court delivered judgement upholding the initial decision of the Federal Court. The Full Court supported the decision that the Webb Proceeding should continue and the Perera and McTaggart Proceedings should remain permanently stayed. The permanently stayed proceedings were ordered to pay the company's costs of the appeal.

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GetSwift Limited strongly disputes the allegations made in each of the proceedings (including as to any alleged loss) and will continue to vigorously defend whichever proceeding is allowed to progress. The Webb Proceeding is progressing. GetSwift Limited has filed its defence and named Squire Patton Boggs as a concurrent wrongdoer.

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The group has not been provided with any information from the plaintiff, in the pleadings or otherwise, to quantify the alleged loss suffered. However, the group notes that the lawyers for the Perera Proceeding and the lawyers for the McTaggart Proceeding have previously stated in open court that the alleged total quantum of their claims was approximately \$75 million, a reduction of 75% on the initially reported claim size.

Importantly, there are many steps that need to occur before any liability can be imposed on the group. No provision has been taken in these accounts. Legal fees will be incurred in defending the matter as it proceeds.

(ii) ASIC proceedings

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5 Contingencies (continued)

(a) Contingent liabilities (continued)

(iii) ASIC proceedings (continued)

GetSwift Limited previously advised shareholders that ASIC had served GetSwift Limited with a notice to produce documents and that GetSwift Limited would fully comply with that notice and ASIC's investigations. Since that time, GetSwift Limited has been cooperating fully with ASIC in relation to its investigations. GetSwift Limited was given no prior notice of ASIC's decision to commence proceedings.

GetSwift Limited, Mr Macdonald and Mr Hunter irrefutably deny the allegations made by ASIC and, collectively, will vigorously defend the proceedings.

No provision has been taken in these accounts. At the present time, it is not possible to predict the ultimate outcome of these proceedings. Legal fees will be incurred in relation to defending these proceedings.

6 Events occurring after the reporting period

(a) Acquisition

On 20 February 2019, the group acquired North American delivery management platform Delivery BIZ Pro (DBP) from United States based SaaS company Delivery Biz Pro, LLC and the scheduling platform provider Scheduling+ (SP) of United States based Web Software, LLC. As part of the transaction, the group acquired 100 percent of the share capital of Marketplace Connect Pty Ltd, a wholly-owned Australian subsidiary of DBP. DBP offers a subscription-based cloud delivery management system (DMS) for businesses with recurring product orders. SP combines staff scheduling, task management, time and attendance recordkeeping and payroll into a subscription-based cloud solution.

The group's consideration for the assets and share capital is comprised of \$6.3 million in cash paid at closing plus \$0.28 million for certain assumed liabilities of DBP which were paid in full by the group on 20 February 2019. An additional \$1.4 million, subject to adjustment, will be paid during the 12 months following the acquisition date. If the combined revenues of the DMS and SP businesses for the fiscal years ending 31 December 2019 and 2020 exceed \$2.1 million in each year, 25 percent of the excess above \$2.1 million in each year will be paid as contingent consideration. The estimated fair value of the contingent consideration is \$0.7 million on an assumed discount rate range of 25-35 percent and assumed probability-adjusted revenues of \$2.8 to \$5.6 million. Transaction costs related to the acquisitions of \$0.21 million were incurred.

The group has initially ascribed the total fair value consideration of \$8.7 million as goodwill since negligible tangible assets were acquired due to the SaaS nature of the acquisitions. At the time, it was impractical to determine the fair value of identifiable intangible assets, if any, given the short duration between the acquisition date and this reporting.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

(b) ASIC proceedings

On 22 February 2019, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings in the Federal Court of Australia against GetSwift Limited, Mr Joel Macdonald and Mr Bane Hunter. The proceedings brought by ASIC allege that the defendants failed to meet its continuous disclosure obligations and engaged in misleading or deceptive conduct. The claims relate to alleged conduct between February and December 2017.

ASIC is seeking pecuniary penalties against GetSwift Limited and each of Mr Macdonald and Mr Hunter as well as orders disqualifying Mr Macdonald and Mr Hunter from managing corporations for a period.

6 Events occurring after the reporting period (continued)

(b) ASIC proceedings (continued)

GetSwift Limited, Mr Macdonald and Mr Hunter irrefutably deny the allegations made by ASIC and, collectively, will vigorously defend the proceedings.

At the present time, it is not possible to predict the ultimate outcome of these proceedings.

7 Basis of preparation of interim report

These condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by GetSwift Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the following standards:

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

(b) Impact of standards issued but not yet applied by the entity

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of \$677,977. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the GetSwift Limited will be able to pay its debts as and when they become due and payable.

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



Mr Michael Fricklas
Independent Non-Executive Chairman

28 February 2019

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www.rsm.com.au**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF****GETSWIFT LIMITED**

We have reviewed the accompanying half-year financial report of GetSwift Limited ("the Company") and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 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 GetSwift 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 GetSwift 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 GetSwift 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 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*

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "J S Croall".

J S CROALL
Partner

Dated: 28 February 2019
Melbourne, Victoria