1. Company details

Name of entity:	Tesserent Limited
ABN:	13 605 672 928
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	6.6%	to	2,801,132
Loss for the half-year after tax attributable to the owners of Tesserent Limited	up	45.9%	to	(1,889,048)
Loss for the half-year attributable to the owners of Tesserent Limited	up	45.9%	to	(1,889,048)

Dividends
Not applicable

Comments
The net loss for the consolidated entity after providing for income tax amounted to $1,889,048 (31 December 2017: $1,294,182).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.05)	0.02

4. Audit review
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments
Details of attachments (if any):

The Interim Report of Tesserent Limited for the half-year ended 31 December 2018 is attached.

6. Signed

Signed ____________ Date: 28 February 2019

Robert Langford
Chairman
Melbourne

Tesserent Limited

ABN 13 605 672 928

Interim Report – 31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Tesserent Limited (referred to hereafter as 'Tesserent' the 'company' or 'parent entity') 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 Tesserent Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Robert Langford
Keith Glennan (Resigned 14 November 2018)
Gregory Baxter
Stefano (Steve) Bertamini
Julian Challingsworth (Appointed 14 November 2018)

Principal Activities

Tesserent provides Security-as-a-Service (SECaaS) to a wide range of Australian and international customers, including education providers, corporate enterprises, and government customers. SECaaS offerings include security services for a customer's computer infrastructure, including firewall, authentication, anti-virus, anti-malware/spyware, intrusion detection, and security event management, amongst other services. These services are provided based on a subscription fee, most commonly as monthly or annual fees. This revenue model delivers recurring revenues to Tesserent.

Tesserent has also appointed several international resellers (Channel partners) that licence Tesserent's proprietary managed security services platform (MSSP Platform) to deliver Security-as-a-Service to their own customers.

In addition to the above Tesserent have cooperation agreements in place with PAN, Darktrace and AlienVault which adds to our suite of Products and Services already in existence.

Operating Result

The net loss for the consolidated entity after providing for income tax amounted to $1,889,048 (31 December 2017: loss $1,294,182).

Review of Operations

We are pleased to report the continued growth trend in revenues from customers.

The company continues its investment in R&D with $288,330 being received for R&D tax concession grants during the half year. The ability to continue with developments and then commercialising new technologies, ensures Tesserent continues to exceed the demand of our clients and market.

Investment in technology both internally and from leading market vendors provides a strong platform for growth and will enable the company to improve gross margins.

The underlying Tesserent business has two main focuses:

1) Protecting Customers from Cyber threats; and,

2) Indirect servicing of customers through the resale of our MSSP in-a-box solution, sold to our international channel partners.

Both areas of our business utilise Tesserent's proprietary platform and inputs from some of the world's leading OEM security vendors. By offering direct and indirect services we can scale and achieve greater returns on our infrastructure investment.

The following significant matters were progressed during the period:

- Shareholder approval for the acquisition of Asta Solutions Pty Ltd (Asta)
- Shareholder approval to fundraise concerning Asta, and commencement of fundraising process
- Securing of strategic investor and advisor as announced to the ASX on 20 December 2018
- Completion of a heads of agreement for a three-year $3m service contract to commence in March 2019

As part of our roll-up strategy, we are currently evaluating 8 to 10 organisations that could contribute to our security sector market growth with focus on upper to mid-tier customers.

The Asta acquisition continues with the progressing of outstanding conditions precedent and an update to follow.

Significant changes in the state of affairs

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

Post Balance Date Event

On the 1st of February 2019, Tesserent Ltd received additional funding of $500,000, as per ASX investment announcement dated 20 December 2018.

Signing of a $3m K&S Freighters contract to commence in March 2019.

Apart from the above, there were no other post balance date events.

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 the following page.

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

On behalf of the directors

Robert Langford
Chairman
28 February 2019
Melbourne

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF TESSERENT LIMITED

As lead auditor for the review of Tesserent Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tesserent Limited and the entities it controlled during the period.

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 28 February 2019

General information

The financial statements cover Tesserent Limited as a consolidated entity consisting of Tesserent Limited and the entities it controlled at the end of, or during, the financial half-year. The financial statements are presented in Australian dollars, which is Tesserent Limited's functional and presentation currency.

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

Registered office	Principal place of business
Level 5 990 Whitehorse Road Box Hill VIC 3128	Level 5 990 Whitehorse Road Box Hill VIC 3128

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

	Note	31 December 2018 $	31 December 2017 $
Revenue from continuing operations	4	2,801,132	2,626,782
Other income	4	6,600	235,243
Expenses			
Software licence and connectivity fees		(1,126,697)	(1,246,677)
Administration expenses		(461,218)	(209,158)
Employee benefits expense		(1,555,600)	(1,359,232)
Bad and doubtful debts		(40,086)	(39,898)
Communication costs		(215,759)	(291,309)
Consulting and legal costs		(568,707)	(316,342)
Depreciation and amortisation expense		(150,465)	(143,511)
Travel expenses		(24,156)	(35,715)
Occupancy costs		(227,448)	(102,391)
Advertising and promotion		(24,102)	(197,486)
Other expenses		(230,217)	(204,969)
Finance costs		(30,683)	(34,230)
Research and development tax concession		(72,925)	-
Loss before income tax for the half-year		(1,920,331)	(1,318,893)
Income tax benefit		31,283	24,711
Loss after income tax for the half-year		(1,889,048)	(1,294,182)
Other comprehensive income for the half-year net of tax		-	-
Total comprehensive income for the half-year		(1,889,048)	(1,294,182)

Earnings per share		**Cents**	**Cents**
Basic earnings per share		(1.45)	(1.11)
Diluted earnings per share		(1.45)	(1.11)

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

	Note	31 December 2018 $	30 June 2018 $
Assets			
Current Assets			
Cash and cash equivalents		901,401	1,717,221
Trade and other receivables		233,118	345,028
Prepayments		151,268	259,231
Inventories		65,142	55,693
Current tax assets		-	361,256
Total Current Assets		1,350,929	2,738,429
Non-Current Assets			
Other financial assets	5	165,810	165,810
Plant and equipment		576,267	623,882
Intangibles	6	768,767	733,848
Deferred tax assets		170,902	139,619
Other non-current assets	7	257,229	257,229
Total Non-Current Assets		1,938,975	1,920,388
Total Assets		3,289,904	4,658,817
Liabilities			
Current Liabilities			
Trade and other payables		1,463,959	1,210,577
Other financial liabilities	8	70,443	61,212
Unearned revenue		498,032	678,792
Provisions		290,537	269,266
Total Current Liabilities		2,322,971	2,219,847
Non-Current Liabilities			
Other financial liabilities	8	281,714	352,157
Provisions		419,121	365,117
Total Non-Current Liabilities		700,835	717,274
Total Liabilities		3,023,806	2,937,121
Net Assets		266,098	1,721,696
Equity			
Issued capital		11,346,437	10,875,937
Reserves		602,335	639,385
Accumulated losses		(11,682,674)	(9,793,626)
Total Equity		266,098	1,721,696

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

	Issued capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2017	10,140,892	705,347	(6,697,956)	4,148,283
Comprehensive Income				
Loss after income tax expense for the half-year	-	-	(1,294,182)	(1,294,182)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,294,182)	(1,294,182)
Transactions with owners in their capacity as owners:				
Shares issued during the period	42,000	(42,000)	-	-
Share and option expense during the period	-	109,367		109,367
Options lapsed during the period	-	(12,290)	-	(12,290)
Total transactions with owners and other transfers	42,000	55,077	-	97,077
Balance at 31 December 2017	10,182,892	760,424	(7,992,138)	2,951,178

	Issued capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2018	10,875,937	639,385	(9,793,626)	1,721,696
Comprehensive Income				
Loss after income tax expense for the half-year	-	-	(1,889,048)	(1,889,048)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,889,048)	(1,889,048)
Transactions with owners in their capacity as owners:				
Shares issued during the period	470,500	(163,000)	-	307,500
Share and option expense during the period	-	125,950	-	125,950
Total transactions with owners and other transfers	470,500	(37,050)	-	433,450
Balance at 31 December 2018	11,346,437	602,335	(11,682,674)	266,098

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

Cash flows from operating activities	Note	31 December 2018 $	31 December 2017 $
Receipts from customers (inclusive of GST)		2,781,059	3,041,320
Payments to suppliers and employees (inclusive of GST)		(4,034,007)	(4,557,188)
		(1,252,948)	(1,515,868)
Interest received		14,529	17,150
Interest and other finance costs paid		(30,683)	(34,230)
Research & development tax concession		288,330	301,127
Proceeds from transaction restructure		-	150,000
Net cash used in operating activities		(980,772)	(1,081,821)
Cash flows from investing activities			
Payment for plant and equipment		(6,460)	(47,038)
Payment for intangibles		(116,490)	(154,191)
Payment of deferred settlement liability		(123,548)	(216,210)
Proceeds from sale of software		-	250,000
Net cash used in investing activities		(246,498)	(167,439)
Cash flows from financing activities			
Proceeds from share issue		411,450	-
Net cash from financing activities		411,450	-
Net decrease in cash and cash equivalents		(815,820)	(1,249,260)
Cash and cash equivalents at the beginning of the financial half-year		1,717,221	2,860,648
Cash and cash equivalents at the end of the financial half-year		901,401	1,611,388

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

Note 1. Summary of significant accounting policies

Introduction
The interim financial report for the half year ended 31 December 2018 covers Tesserent Limited ("Tesserent) and its controlled entities ("Group"). Tesserent is a company limited by shares whose shares are traded on the Australian Securities Exchange (ASX). Tesserent is incorporated and domiciled in Australia. The presentation currency and functional currency of the Group is Australian dollars.

Basis of preparation
This condensed consolidated interim financial report for the half-year ended 31 December 2018 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Tesserent Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.
These financial statements were authorised for issue on 28 February 2019.

Going Concern

Tesserent Limited is dependent on the director's ability to raise enough funds to support operations for a period of 12 months from the date of signing the half-year report.

The half-year report has been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2018 the Company has recorded a loss before income tax of $1,920,331 (HY18: loss $1,318,893) and has a net asset position of $266,098 (FY18: $1,721,696). Cash outflows from operating activities for the half-year ended 31 December 2018 were $980,772 (HY18: $1,081,821).

These conditions indicate there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, but based on the above, the directors are satisfied that the consolidated entity is able to access sufficient cash to meet its commitments over the next 12 months and for that reason the half-year report has been prepared on the basis that the consolidated entity is a going concern.

To this end the consolidated entity is expecting to fund its ongoing obligations and operations as follows:

- The consolidated entity has cash reserves at 31 December 2018 of $901,401 and trade receivables of $233,118.
- Subsequent to the balance sheet date the consolidated entity raised additional capital via the issue of shares for $500,000.
- The Directors have provided a commitment in writing to the company to provide working capital via loan funding in the total amount of $225,000 if the need arises. This commitment expires on 30 September 2019.
- Additionally, the non-executive directors have agreed to take remuneration in the form of equity.
- An initiative has been launched the aim of which is to cut costs by approximately $1m over the next 12 months and is effective from 1 March 2019.The initiative includes Network, non-essential OEM and Staff optimisation.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The half-year report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Company not continue as a going concern.

Accounting Policies

The same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards in the current financial year and has adopted AASB 15 – Revenue from Contracts with Customers and AASB 9 – Financial Instruments.

AASB 9 Financial Instruments

There has been no impact due to the adoption of AASB 9.

Management has assessed the classification and valuation of existing financial assets and liabilities and concluded that the consolidated entity's accounting treatment is in line with the requirements of AASB 9. The difference between the credit loss allowances calculated under AASB 9 compared to the incurred loss calculated under AASB 139 is not material to the Group.

AASB 15 Revenue from Contracts with Customers

There has been no impact due to the adoption of AASB15.

Management has reviewed each of the consolidated entity's revenue streams and confirmed that the current method of recognising income, meets the requirements of AASB 15. The Directors believe adopting AASB 15 has had no impact on the revenue recognised by the consolidated entity."

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxation – deferred tax assets

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the way management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses have not been recognised.

Note 3. Operating segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's

Chief Operating Decision Maker (CODM) in order to effectively allocate Group resources and assess performance.

Identification of reportable operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer CEO in the capacity of CODM. Two operating segments have been identified: IT Security Managed Services and Software Licensing. The CEO reviews profit before tax. The accounting policies adopted for internal reporting to the CEO are consistent with those adopted in the financial statements.

Intersegment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Operating segment information

Half year ended 31 December 2018	IT Security Managed Services $	Software Licensing $	Inter Segment Eliminations $	Totals $
Revenues				
Sales to external customers	2,683,032	118,100	-	2,801,132
Inter segment sales	-	182,095	(182,095)	-
Total sales revenue	2,683,032	300,195	(182,095)	2,801,132
Other revenue	6,600	-	-	6,600
Total revenue	**2,689,632**	**300,195**	**(182,095)**	**2,807,732**
Profit /(loss) before income tax expense	**(1,985,946)**	**65,615**	**-**	**(1,920,331)**
Total segment assets	**3,008,031**	**281,873**	**-**	**3,289,904**
Total segment liabilities	**2,895,395**	**128,411**	**-**	**3,023,806**

Half year ended 31 December 2017	IT Security Managed Services $	Software Licensing $	Inter Segment Eliminations $	Totals $
Revenues				
Sales to external customers	2,459,311	167,471	-	2,626,782
Inter segment sales	32,000	193,088	(225,088)	-
Total sales revenue	2,491,311	360,559	(225,088)	2,626,782
Other income – transaction restructure fee	150,000	-	-	150,000
Other revenue	85,243	-	-	85,243
Total revenue	**2,726,554**	**360,559**	**(225,088)**	**2,862,025**
(Loss)/ Profit before income tax expense	**(1,402,670)**	**83,777**	**-**	**(1,318,893)**
Total segment assets	**4,676,663**	**1,154,531**	**-**	**5,831,194**
Total segment liabilities	**2,491,006**	**389,010**	**-**	**2,880,016**

Note 4. Revenue

	Consolidated 31 December 2018 $	31 December 2017 $
Revenue from continuing operations		
Sales revenue	2,786,603	2,609,632
Finance Income	14,529	17,150
	2,801,132	2,626,782
Other income		
Research and development tax concession	-	42,129
Transaction restructure fee[1]	-	150,000
Other	6,600	43,114
	6,600	235,243

(1) The Company entered into a transaction restructure agreement with Family Zone Cyber Security Limited (ASX: FZO) agreeing to a variation of the existing Asset Sale Agreement. The restructure fee was recognised over the term of the restructured payment plan and has been recognised as cash received in operating activities within the statement of cash flows.

Note 5. Other financial assets

	Consolidated	
	31 December 2018	30 June 2018
	$	$
Non-current assets		
Call option investment[1]	165,810	165,810
	165,810	165,810

1) The company purchased a call option providing Tesserent with the right but not obligation to acquire a cyber security business based in the United Kingdom. The option expires 21 December 2019 and if exercised prior to expiry the amount paid for the option is offset against the purchase price of the business. If the counterparty decides not to proceed with the sale, the call option investment in redeemed in full by the counterparty.

The carrying amount of other financial assets approximates their fair value, with changes in fair value recognised in profit and loss as they arise ("FVPL") as per the adoption of AASB 9 – Financial Instruments.

Note 6. Intangible Assets

Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life using the straight-line method over the following period:

- IT development and software 5 years

Consolidated	Intellectual Property	Software	Total
	$	$	$
As at 30 June 2018			
Cost	90,343	834,139	1,701,857
Accumulated amortisation	(67,736)	(122,898)	(968,009)
Net book value	22,607	711,241	733,848
Half-year ended 31 December 2018			
Net book value as at 1 July 2018	22,607	711,241	733,848
Additions – capitalised development costs	-	116,489	116,489
Amortisation charges	-	(81,570)	(81,570)
NBV as at 31 December 2018	22,607	746,160	768,767
As at 31 December 2018			
Cost	90,343	950,628	1,818,346
Accumulated amortisation	(67,736)	(204,469)	(1,049,579)
Net book value	22,607	746,160	768,767

Note 7. Other non-current assets

	Consolidated	
	31 December 2018	30 June 2018
	$	$
Leasehold security deposits	257,229	257,229
	257,229	257,229

Note 8. Other financial liabilities

	Consolidated	
	31 December 2018	30 June 2018
	$	$
Current		
Deferred settlement liability	70,443	61,212
Non-current liability		
Deferred settlement liability	281,714	352,157
	352,157	413,369

The carrying amount of other financial liabilities approximates their fair value.

Note 9. Contingent liabilities

As at the reporting date, there were no material claims or disputes of a contingent nature against the Company and its subsidiaries.

Note 10. Related parties

The consolidated financial statements include the financial statements of Tesserent Limited and its controlled entities.

The controlled entities are as follows:

Entity	% Controlled	Date of acquisition
Tesserent Australia Pty Ltd	100%	15 July 2015
Tesserent Wholesale Pty Ltd	100%	15 July 2015
Tesserent IP Pty Ltd	100%	15 July 2015
Tesserent UK Ltd	100%	Incorporated 20 May 2015 (dormant)

Apart from Tesserent UK Ltd all companies operate in Australia.

Note 11. Events after the reporting period

On the 1st of February 2019, Tesserent Ltd received additional funding of $500,000, as per ASX investment announcement dated 20 December 2018.

Signing of a $3m K&S Freighters contract to commence in March 2019.

Apart from the above no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the Director's Opinion

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Robert Langford
Chairman
28 February 2019
Melbourne

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tesserent Limited

Report on the Half-Year Financial Report

Conclusion

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

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO East Coast Partnership

David Garvey
Partner

Melbourne, 28 February 2019