AUCTUS

Alternative Investments

ABN 76 149 278 759

APPENDIX 4D
Interim Financial Report
31 December 2018

Corporate Directory

Directors

Jay Stephenson	*Non-executive Chairman*
Campbell McComb	*Managing Director*
Michael Hynes	*Executive Director*
Brad Harrison	*Non-Executive Director*

Company Secretary
Justin Mouchacca

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Melbourne VIC 3000
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Email: web.queries@computershare.com.au
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Securities Exchange
Australian Securities Exchange
Level 4, North Tower, 525 Collins Street
Melbourne VIC 3000
Website: www.asx.com.au
ASX Code AVC

Auditors
Bentleys
London House
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Results for announcement to the Market

for the half-year ended 31 December 2018

1 REPORTING PERIOD (item 1)

- Report for the period ended: 31 December 2018
- Previous corresponding period is half-year ended: 31 December 2017

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Movement	Percentage %		Amount $
Revenues from ordinary activities (item 2.1)	Increased	65.93	to	3,309,240
Loss from ordinary activities after tax attributable to members (item 2.2)	Increase in Loss	268.83	to	(1,738,152)
Loss after tax attributable to members (item 2.3)	Increase in Loss	268.83	to	(1,738,152)

a. Dividends (item 2.4 and 5)

	Amount per Security ¢	Franked amount per security %
Interim dividend	nil	n/a
Final dividend	nil	n/a

- Record date for determining entitlements to the dividend (item 2.5): n/a

b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):

Revenue for the half-year increased by 65.93% and the total loss for the Group increase by 268.83%. This is due in part to:

- Increase in operations of Gophr resulting in sales increasing from $1.6m to $3.1m;
- Inclusion of $974,407 in debt forgiveness in the corresponding loss; and
- Increase in employee benefits expenses of 72% related to the building of the Funds Management platform.

3 DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS

Nil.

a. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

Not applicable

Results for announcement to the Market

for the half-year ended 31 December 2018

4	RATIOS	Current period	Previous corresponding period
	a. Financial Information relating to 4b:	$	$
	Earnings for the period attributable to Owners of the parent	(1,738,152)	(471,255)
	Net assets	1,692,427	784,083
	Less: Intangible assets	(1,157,482)	(616,108)
	Net tangible (liabilities)/assets	534,945	167,975
		No.	No.
	Fully paid ordinary shares *The shares for 31 December 2017 have been restated for the one for ten consolidation disclosed in Note 13a.i*	28,213,822	18,502,780
		₵	₵
	b. Net tangible (liability)/assets backing per share (cents) (item 3):	1.896	0.908

5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)

a. Control gained over entities

- Name of entities (item 4.1) — Nil
- Date(s) of gain of control (item 4.2) — N/A

b. Loss of control of entities

- Name of entities (item 4.1) — Wondr.it Limited
- Date(s) of loss of control (item 4.2) — 21 August 2018

c. Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3). — Nil

d. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3) — Nil

6 DETAILS OF ASSOCIATES AND JOINT VENTURES: (item 7)

- Name of entities (item 7) — Scout Fund III GP
- Percentage holding in each of these entities (item 7) — 10%

	Current period $	Previous corresponding Period $
Aggregate share of profits (losses) of these entities (item 7)	-	-

7 The financial information provided in the Appendix 4D is based on the half-year report (attached), which has been prepared in accordance with Australian Accounting Standards.

Results for announcement to the Market

for the half-year ended 31 December 2018

8 The report is based on accounts which are have been reviewed by the Company's independent auditor (item 9) and contains the following emphasis of matter:

*"We draw attention to Note 1(a)(ii) in the financial report, which indicates that the Consolidated Entity incurred a net loss of $*1,789,548 *during the half year ended 31 December 2018. As stated in Note 1(a)(ii), these events or conditions, along with other matters as set forth in Note 1(a)(ii), 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."*

Directors' report

Your directors present their report on the Group, consisting of Auctus Alternative Investments Limited (hereafter referred to as **Auctus** or **the Company**) and its controlled entities (collectively **the Group**), for the financial half-year ended 31 December 2018.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Jay Stephenson	Non-executive Chairman	
Mr Campbell McComb	Managing Director	
Mr Michael Hynes	Executive Director and COO	
Mr Brad Harrison	Non-executive Director	*(appointed 19 October 2018)*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Operating and financial Review

2.1. Operations Review

The half year ended 31 December 2018 continued to involve the restructuring of the existing balance sheet holdings along with the building of the funds management platform as well as growth and sophistication of Gophr's operations.

Revenue increased by $1.315 million in the period, from $1.994 million to $3.309 million. This was largely driven by Gophr, whose sales increased from $1.621 million to $3.161 million. The group cost of sales also relates entirely to Gophr, being $2.749 million.

The group strategy going forward into the second half is to remove the need to consolidate any of the group investment / businesses. This will be achieved either via a sell down below the 50% threshold or the complete sale of the businesses and will result in a report more reflective of the Auctus group.

Auctus management has spent significant time and effort in building out the fund management platform (High Line) over the last 6 months. This includes the successful execution of the investment in Scout Fund III GP. The investment includes a transaction price of up to $1 million USD and has the potential to result in funds under management of up to $50 million USD.

It is expected that the fund management platform will start to generate more meaningful revenue in 2H19, from Scout and potential related investments.

2.2. Financial Review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half-year of $1,789,548 (31 December 2017: $579,620 loss).

The net assets of the Group increased by $911,037 to $1,692,427 net assets at 31 December 2018 (30 June 2018: $781,390 net assets).

As at 31 December 2018, the Group's cash and cash equivalents decreased by $142,061 to $140,016 (30 June 2018: $282,077) and had a working capital deficit of $1,550,602 (30 June 2018: $1,222,645 working capital deficit).

Based on a cash flow forecast, the Group has sufficient working capital to fund its mandatory obligations for the period ending twelve months from the date of this report. Should the Group be unable to raise sufficient funds, the planned investment strategy may have to be amended. The Board is confident in securing sufficient additional funding to fund the Group's operations.

2.3. Events Subsequent to Reporting Date

As disclosed in Note 19 Events subsequent to reporting date:

- On 15 January 2019 Auctus Alternative Investments Limited issued 110,500 fully paid ordinary shares at an issue price of $0.46 per share, having raised $50,830 before transaction costs.
- On 21 January 2019 Auctus Alternative Investments Limited issued 670,000 fully paid ordinary shares at an issue price of $0.46 per share, having raised $308,200 before transaction costs.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 19 Events subsequent to reporting date.

Directors' report

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2018 has been received and can be found on page 6 of the interim financial report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001* (Cth).

JAY STEPHENSON
Chairman
Dated this Thursday, 28 February 2019

Bentleys
THINKING AHEAD

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To the Board of Directors

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

As lead audit partner for the review of the financial statements of Auctus Alternative Investments Limited for the period ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

BENTLEYS	**MARK DELAURENTIS** CA
Chartered Accountants	**Partner**

Dated at Perth this 28th day of February 2019

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Continuing operations			
Revenue	4	3,309,240	1,994,320
Other income	4	360,279	1,048,204
		3,669,519	3,042,524
Costs of sales		(2,749,465)	(1,459,903)
		920,054	1,582,621
Business development		(246,931)	(65,462)
Compliance costs		(193,425)	(170,491)
Computers and communications		(54,103)	(25,758)
Depreciation and amortisation		(7,025)	(107,972)
Employee benefits expenses		(1,632,636)	(946,008)
Finance costs		(33,269)	(4,666)
Impairment		-	-
Professional fees		(65,649)	(1,965)
Rent and utilities		(89,394)	(35,828)
Share-based payments	15	(301,977)	(625,763)
Other expenses		(85,193)	(27,720)
Loss before tax		(1,789,548)	(429,012)
Income tax benefit		-	11,842
Loss from continuing operations		(1,789,548)	(417,170)
Discontinued Operations			
Loss from discontinued operations (attributable to equity holders of the Company	5	-	(162,450)
Net loss for the half-year		(1,789,548)	(579,620)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss:			
Foreign currency movement		66,957	(17,286)
Other comprehensive income for the half-year, net of tax		66,957	(17,286)
Total comprehensive income attributable to members of the parent entity		(1,722,591)	(596,906)
Profit/(loss) for the period attributable to:			
Non-controlling interest		(51,396)	(108,365)
Owners of the parent		(1,738,152)	(471,255)
Total comprehensive income/(loss) attributable to:			
Non-controlling interest		(51,396)	(108,167)
Owners of the parent		(1,671,195)	(488,739)

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Total comprehensive income/(loss) attributable to owners of the Company arises from:			
Continuing operations		(1,722,591)	(434,456)
Discontinued operations		-	(162,450)

Earnings per share:	Note	31 December 2018 ¢	31 December 2017 ¢
From continuing and discontinuing operations:			
Basic and diluted loss per share (cents per share)	6	(6.99)	(3.10)
Continuing operations			
Basic and diluted loss per share (cents per share)	6	(6.99)	(2.46)
Discontinued Operations			
Basic loss and diluted loss per share (cents per share)	6	-	(0.64)

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

Condensed consolidated statement of financial position

as at 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents		140,016	282,077
Trade and other receivables	7	1,203,820	520,213
Other current assets		37,005	3,723
Total current assets		1,380,841	806,013
Non-current assets			
Plant and equipment		23,574	25,145
Financial assets	8	1,359,340	818,091
Investments in associates	9	702,633	-
Intangible assets	10	1,157,482	1,160,799
Total non-current assets		3,243,029	2,004,035
Total assets		4,623,870	2,810,048
Current liabilities			
Trade and other payables	11	2,786,102	1,908,289
Short-term provisions		66,719	30,707
Borrowings	12a	78,622	89,662
Total current liabilities		2,931,443	2,028,658
Total liabilities		2,931,443	2,028,658
Net assets		1,692,427	781,390
Equity			
Issued capital	13a	21,843,127	19,230,975
Reserves	14	(782,588)	(1,618,988)
Accumulated losses		(17,930,925)	(15,444,806)
Non-controlling interest		(1,437,187)	(1,385,791)
Total equity		1,692,427	781,390

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

Condensed consolidated statement of changes in equity

for the year ended 31 December 2018

		Issued Capital $	Accumulated Losses $	Business Combination under Common Control $	Foreign Exchange Translation Reserve $	Contingent Consideration Reserve $	Share-based Payment Reserve $	Non-controlling Interest (**NCI**) $	Total $
Balance at 1 July 2017		15,457,337	(10,965,267)	(4,701,018)	(205,570)	-	129,342	(928,881)	(1,214,057)
Loss for the half-year attributable owners of the parent		-	(471,255)	-	-	-	-	(108,365)	(579,620)
Other comprehensive income for the period attributable owners of the parent		-	-	-	(17,484)	-	-	198	(17,286)
Total comprehensive income for the half-year attributable owners of the parent		-	(471,255)	-	(17,484)	-	-	(108,167)	(596,906)
Transaction with owners, directly in equity									
Shares issued during the half-year	13a	2,033,858	-	-	-	-	-	-	2,033,858
Transaction costs		(64,575)	-	-	-	-	-	-	(64,575)
Options issued during the half-year		-	-	-	-	-	625,763	-	625,763
Expiration of options		-	20,553	-	-	-	(20,553)	-	-
Balance at 31 December 2017		17,426,620	(11,415,969)	(4,701,018)	(223,054)	-	734,552	(1,037,048)	784,083
Balance at 1 July 2018		19,230,975	(15,444,806)	(3,099,433)	(225,715)	841,500	864,660	(1,385,791)	781,390
Loss for the half-year attributable owners of the parent		-	(1,738,152)	-	-	-	-	(51,396)	(1,789,548)
Other comprehensive income for the period attributable owners of the parent		-	-	-	66,957	-	-	-	66,957
Total comprehensive income for the half-year attributable owners of the parent		-	(1,738,152)	-	66,957	-	-	(51,396)	(1,722,591)
Transaction with owners, directly in equity									
Shares issued during the half-year	13a	2,331,652	-	-	-	-	-	-	2,331,652
Issue of performance shares	13c	280,500	-	-	-	(280,500)	84,217	-	84,217
Options issued during the half-year	13b	-	-	-	-	-	217,759	-	217,759
Expiration of options	13b	-	179,936	-	-	-	(179,936)	-	-
Disposal of subsidiary and transfer of related BCUCC Reserves		-	(927,903)	927,903	-	-	-	-	-
Balance at 31 December 2018		21,843,127	(17,930,925)	(2,171,530)	(158,758)	561,000	986,700	(1,437,187)	1,692,427

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

Condensed consolidated statement of cash flows

for the year ended 31 December 2018

	31 December 2018 $	31 December 2017 $
Cash flows from operating activities		
Receipts from customers	3,205,691	3,511,930
Research and Development grants received	161,876	336,915
Interest received	86	1,011
Interest and borrowing costs	(33,269)	(4,666)
Payments to suppliers and employees	(5,096,026)	(4,894,368)
Income tax credit	3,337	-
Net cash used in operating activities	(1,758,305)	(1,049,178)
Cash flows from investing activities		
Payments for property, plant, and equipment	(1,947)	(14,269)
Payments for intangible assets	-	(157,361)
Payments for purchase of investments	(693,214)	(400,000)
Net cash used in investing activities	(695,161)	(571,630)
Cash flows from financing activities		
Proceeds from issue of shares	2,312,338	1,322,000
Payments for transaction costs	(26,630)	(64,575)
Proceeds from borrowings	25,253	328,430
Net cash provided by financing activities	2,310,961	1,585,855
Net increase/(decrease) in cash held	(142,505)	(34,953)
Cash and cash equivalents at the beginning of the year	282,077	236,899
Change in foreign currency held	444	2,840
Cash and cash equivalents at the end of the year	140,016	204,786

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 1 Statement of significant accounting policies

These are the consolidated financial statements and notes of Auctus Alternative Investments Limited (**Auctus** or **the Company**) and controlled entities (collectively **the Group**). Auctus is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 28 February 2019 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements Auctus Alternative Investments Limited and controlled entities. 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 combination with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the half-year.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* (Cth) and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

ii. Going concern

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

The Group incurred a loss from continuing operations for the half-year of $1,789,548 (31 December 2017: $417,170 loss) and a net cash out-flow from operating activities of $1,758,305 (31 December 2017: $1,049,178 out-flow). As at 31 December 2018, the Company a working capital deficit of $1,550,602 (30 June 2018: $1,222,645 working capital deficit).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors have prepared a cash flow forecast for the period ending 28 February 2020, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

In particular, subsequent to period end and to the date of this report approximately $360k has been received in relation to shares issued. Additionally, in December 2018 the company received a commitment amounting to $1.6m for the issue of 2.5m shares at $0.651 (65.1 cents) per share. As of the date of this report the $1.6m has not been received and in the event that this not received post February 2019 the directors will continue to advance discussions for other sources of funding.

Further to this, as at 31 December 2018, the Group has approximately $1.3m invested in the Lancing Liquid Relative Fund which it is able to be redeemed on a monthly basis, with a 10-day notice period. From 31 December 2018 to the date of this report the Group has not redeemed any of these amounts.

The Company does not expect the operations of Gophr and Boppl to require funding subsequent to the date of lodgement of this financials report based on the performance of the subsidiaries subsequent to year-end, however working capital contributions required will be made as required.

The Company is also communicating with interested parties for external investment into these subsidiaries which will further reduce the need for funding.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required.

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 normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2018

Note 1 Statement of significant accounting policies

iii. Use of estimates and judgments

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2018 annual report.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1c.

iv. Comparative figures

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

b. **Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

c. **Critical Accounting Estimates and Judgments**

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements 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.

i. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

ii. Key judgements and estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

iii. Key Estimate – Impairment of Goodwill

The recoverable amount of the Group’s HLAI CGU remains provisionally determined for the half-year ended 31 December 2018, as the assessment of separately identifiable assets included in the acquisition of HLAI has not been finalised. As such, no testing of the recoverable amount of the CGU has been performed for the half-year ended 31 December 2018.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 1 Statement of significant accounting policies

iv. Key judgements and estimates – Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 15 Share-based payments.

d. **New and amended standards adopted by the group**

A number of new or amended standards became applicable for the current reporting period including the following standards:

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

The standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

e. **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 accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, did not maintain material non-cancellable operating leases. Accordingly, 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.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

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.

Note 3 Company details

The registered office and principal place of business of the Company is:

Street:	Level 7, 90 Collins Street
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Telephone:	+61 (0)3 9088 8670
Email:	enquiries@auctusinvest.com
Website:	www.auctusinvest.com

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 4 Revenue and other income

	31 December 2018 $	31 December 2017 $
a. **Revenue**		
Sales	3,309,240	1,994,320
Total revenue	3,309,240	1,994,320
b. **Other Income**		
Foreign exchange gain / (loss)	48,409	(8)
Gain on forgiveness of liabilities	-	974,407
Interest	86	3,040
Gain on sale or liquidation of subsidiaries	-	32,261
Product development	650	-
Research and development grant income	161,876	58,586
Unrealised gain/(loss) on investments	148,442	(32,293)
Other	816	12,211
Total other income	360,279	1,048,204

Note 5 Discontinued Operations

a. Sale of Wondr.it Limited (**Wondr**)

On 21 August 2018, Wondr was dissolved from the Companies House register in the UK. This was a dormant entity with minimal operations up to dissolution date. No cash was received upon dissolution.

b. Sale of Prism Digital Limited (**Prism**)

On 29 June 2018, the Company completed a Share Purchase Agreement (SPA) to sell its 60% equity in Prism to a founding partner of Prism. Comparative balances in the Statement of Comprehensive income have been adjusted for this disposal.

Operating results of the business are not included in operating segment disclosed in note 20 Operating segments.

Financial information relating to the discontinued operation to the date of sale is set out below

c. The financial performance of the discontinued operation to the date of sale, which is included in the profit/(loss) from the discontinued operations per the statement of comprehensive income, is as follows:

	31 December 2017 $
Revenue	1,604,916
Expenses	(1,798,419)
Loss before income tax	(193,503)
Income tax benefit / (expense)	31,053
Loss after income tax	(162,450)
Total profit after income tax attributable to the discontinued operation	(162,450)

d. The net cash flows of the discontinued operation of the discontinued operation, which have been incorporated into the statement of cash flows, are as follows. There were no investing or financing cashflows.

Net cash inflow/(outflow) from operating activities	1,257
Net cash flow generated by the discontinued operations	1,257

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 6 Earnings per share (EPS)	Note	31 December 2018 $	31 December 2017 $
a. **Reconciliation of earnings to profit or loss**			
(Loss) / profit for the half-year		(1,789,548)	(579,620)
Less: loss attributable to non-controlling equity interest		(51,396)	(108,365)
(Loss) / profit used in the calculation of basic and diluted EPS		(1,738,152)	(471,255)
b. **Reconciliation of earnings to profit or loss from continuing operations**			
(Loss) / profit for the half-year from continuing operations		(1,789,548)	(417,170)
Less: loss attributable to non-controlling equity interest in respect to continuing operations		(51,396)	(43,385)
(Loss) / profit used in the calculation of basic and diluted EPS continuing operations		(1,738,152)	(373,785)
c. **Reconciliation of earnings to profit or loss from discontinued operations**			
(Loss) / profit for the half-year from discontinued operations		-	(162,450)
Less: loss attributable to non-controlling equity interest in respect to discontinued operations		-	64,980
(Loss) / profit used in the calculation of basic and diluted EPS discontinued operations		-	(97,470)

	Note	31 December 2018 No.	31 December 2017 No.
d. **Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS**	6g	24,880,873	15,224,452

	Note	31 December 2018 ¢	31 December 2017 ¢
e. **Basic and diluted EPS Earnings per share** (cents per share) **from:**			
Continuing and discontinued operations	6f	(6.99)	(3.10)
Continuing operations	6f	(6.99)	(2.46)
Discontinued operations	6f	-	(0.64)

f. The Group does not report diluted earnings per share where options would not result in the issue of ordinary shares for less than the average market price during the period (out of the money). In addition, the Group does not report diluted earnings per share on annual losses generated by the Group. As at 31 December 2018, the Group had 10,542,605 unissued shares under options and 2,500,000 performance shares that were out of the money which are anti-dilutive (31 December 2017: 85,535,000 options, nil performance shares, on a pre-consolidation basis).

g. The earnings per share for 31 December 2017 have been restated for the 10:1 share consolidation disclosed in Note 13a.i

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 7 Trade and other receivables	31 December 2018 $	30 June 2018 $
a. **Current**		
Trade debtors	1,142,947	642,231
Other receivables	173,256	19,779
Less: Provision for Impairment	(112,383)	(141,797)
	1,203,820	520,213

Note 8 Financial assets	Note	31 December 2018 $	30 June 2018 $
a. **Non-current**			
Managed Investment – fair value through profit and loss	8a.i	1,359,340	818,091
		1,359,340	818,091

i. During the period the Company acquired 320 units in Lancing Liquid Relative Value Fund (June 2018: 769 units) through its subsidiary, High Line Alternative Investments Pty Ltd.

Note 9 Investment in associates	Note	31 December 2018 $	30 June 2018 $
a. **Non-current**			
Investment in Associate	9a.i	702,633	-
		702,633	-

i. During the period the Company entered into an agreement to invest up to $1,000,000 USD to acquire a 10% economic interest in Scout Fund III GP.

This is payable in three portions as follows:

- $250,000 USD initial payment: This was paid during the period to 31 December 2018.
- $250,000 USD subsequent payment: This is payable as at 31 December and is included in the above investment in associate balance.
- $500,000 USD final payment This is payable upon Scout Fund III reaching an aggregate of $50m USD in capital commitments. This payment will be reduced proportionately in the event Scout Fund III does not meet this threshold at its final closing.

As both the timing of the final closing and amount payable is uncertain, this has been disclosed as a contingent liability, refer note 17.

As the final closing of the funds has not been completed, no distribution of profit or loss for the December 2018 period has been taken up as the profit of the associate was immaterial.

Given that the company both (i) holds an economic interest in this fund and through a director of the company, and (ii) acts as the investment manager of these funds, exerts a degree of control over these funds, the Company is required under the accounting standards to account for these funds using the equity method rather than accounting for them at fair value as an investment.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 10 Intangible assets	Note	31 December 2018 $	30 June 2018 $
a. **Non-current**			
Goodwill – Acquisition	10a.i	1,157,482	1,157,482
Goodwill		889,266	889,266
Accumulated impairment		(889,266)	(889,266)
Intellectual property – software (**IP Software**)		53,573	53,573
Accumulated amortisation		(53,573)	(50,256)
		1,157,482	1,160,799

i. Goodwill related to the acquisition of Highline Alternative Investments. The acquisition accounting has been provisionally determined at 31 December 2018.

Note 11 Trade and other payables	Note	31 December 2018 $	30 June 2018 $
a. **Current**			
Unsecured			
Trade payables	11b	950,714	481,423
Other payables	11b	221,031	138,844
Employment liabilities		694,115	477,108
Value-added and other taxes payable		566,034	810,914
Investment funds payable	9a.i	354,208	-
		2,786,102	1,908,289

b. During the 2018 Financial Year, lenders and creditors agreed to accept the issue of 17,671,601 shares (pre 10 for 1 consolidation completed in December 2018) in the Company in exchange for writing off all claims against the Company for amounts owing to them. This amounts to a conversion of $708,747 at $0.04 per share and a debt forgiveness benefit to the Company of $860,953.

Note 12 Borrowings	Note	31 December 2018 $	30 June 2018 $
a. **Current**			
Loans – non-director related parties	12b	78,622	89,662
		78,622	89,662

b. Loans to non-director related parties are unsecured with a 0% interest rate. Loans have been agreed by lenders to be settled when the Group is in a position to do so.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 13 Issued capital	Note	31 December 2018 No.	30 June 2018 No.	31 December 2018 $	30 June 2018 $
Fully paid ordinary shares at no par value	13a	28,213,822	222,527,802	21,843,127	19,230,975

a. **Ordinary shares**		6 months to 31 December 2018 No.	12 months to 30 June 2018 No.	6 months to 31 December 2018 $	12 months to 30 June 2018 $
At the beginning of the year		222,527,802	123,381,201	19,230,975	15,457,337
Shares issued during the year:					
14 July 2017 *Issue of shares*		-	13,975,000	-	277,000
4 October 2017 Debt Forgiveness	13a.ii	-	14,078,785	-	563,145
4 October 2017 Debt Forgiveness - KMP	13a.iii	-	3,592,816	-	143,713
15 November 2017 *Placement*		-	30,000,000	-	1,050,000
28 February 2018 *Placement*		-	30,000,000	-	1,492,870
6 March 2018 *Acquisition of Highline Alternative Investments Pty Ltd*		-	7,500,000	-	330,000
16 August 2018 *Placement*		22,671,000	-	1,020,195	-
12 September 2018 *Placement*		4,036,110	-	181,625	-
26 September 2018 *Placement*		6,200,000	-	279,000	-
24 October 2018 *Placement*		5,555,556	-	250,000	-
11 December 2018 *Share Consolidation*	13a.i	(234,891,421)	-	-	-
14 December 2018 *Placement*		1,005,575	-	462,565	-
14 December 2018 *Contingent Consideration share issue*	16a	750,000	-	280,500	-
27 December 2018 *Placement*		359,200	-	164,787	-
Transaction costs relating to share issues		-	-	(26,520)	(83,090)
At reporting date		28,213,822	222,527,802	21,843,127	19,230,975

i. The Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Where the share consolidation resulted in a shareholder having a fractional entitlement to a share, the entitlement was rounded up to the next whole number of shares. Upon the completion of the share consolidation in December 2018, the number of shares on issue reduced from 260,990,468 shares to 26,099,047 shares as at that date.

ii. Lenders and creditors agreed to accept the issue of 14,078,785 shares in the Company in exchange for writing off all claims against the Company for amounts owing to them. This amounts to a conversion of $563,145 at $0.04 per share and a debt forgiveness benefit to the Company of $323,054.

iii. Mr Jay Stephenson a Director of the Company agreed to accept the issue of 1,960,651 shares in the Company in exchange for writing off all amounts owing to him. This amounts to a conversion of $78,426 at $0.04 per share and a debt forgiveness benefit to the Company of $52,284. Additionally, former director Mr Shashi Fernando agreed to accept the issue of 1,632,165 shares in the Company in exchange for writing off all amounts owing to him. This amounts to a conversion of $65,287 at $0.04 per share and a debt forgiveness benefit to the Company of $599,069.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 13 Issued capital (cont.)

b. **Options**

For information relating to the Auctus Alternative Investments Limited scheme, including details of options issued, issued and lapsed during the financial year, and the options outstanding at balance date, refer to Note 15 Share-based Payments. The total number of options on issue are as follows:

		6 months to 31 December 2018 No.	12 months to 30 June 2018 No.
Unlisted options		10,542,605	68,250,000
At the beginning of the period		68,250,000	45,285,000
19 September 2017 *Issue through share-based payment**		-	67,250,000
30 November 2017 *Expiration of Performance A and B options*		-	(25,000,000)
30 November 2017 *Expiration of Corporate Adviser options*		-	(1,500,000)
31 December 2017 *Expiration of Corporate Adviser options*		-	(500,000)
19 February 2018 *Expiration of Corporate Adviser options*		-	(5,785,000)
31 May 2018 *Expiration of Corporate Adviser options*		-	(10,000,000)
31 May 2018 *Cancellation of Employee Options*		-	(1,500,000)
24 October 2018 *Placement ex$0.10*		13,353,555	-
21 November 2018 *Director Options*	15a	30,000,000	-
11 December 2018 *Share Consolidation*	13a.i	(100,443,200)	-
29 November 2018 *Free attaching options*		310,000	-
29 November 2018 *Free attaching options*		22,250	-
31 December 2018 *Expiration Options*		(250,000)	-
Cancellation of options		(700,000)	-
At reporting date		10,542,605	68,250,000

*Grant date above is 19 September 2017 in accordance with AASB 2, the options were issued on 4 October 2017.

c. **Performance shares**

		6 months to 31 December 2018 No.	12 months to 30 June 2018 No.
At the beginning of the period		-	-
29 November 2018 Issue of Performance Shares	15a	25,000,000	
11 December 2018 *Share Consolidation*	13a.i	(22,500,000)	
At reporting date		2,500,000	-

Note 14 Reserves

	Note	6 months to 31 December 2018 No.	12 months to 30 June 2018 No.
Business combination under common control reserve		(2,171,530)	(3,099,433)
Contingent consideration reserve		561,000	841,500
Foreign exchange reserve		(158,758)	(225,715)
Share-based payment reserve		986,700	864,660
		(782,588)	(1,618,988)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 15 Share-based payments		31 December 2018 $	31 December 2017 $
Share-based payment expense	15a.i(1) to (3)	301,977	625,763
Share-based payment expense recognised in profit or loss		301,977	625,763

a. **Share-based payment arrangements in effect during the period**

As described at note 13a.i, the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Upon completion of the consolidation, options on issue at the time had the number of options reduced by the 10:1 factor, and the exercise price increased by a factor of 10. This consolidation effect is reflected through the balances reported below. All valuations were performed on the initial grant date values.

i. Share-based payments recognised in profit or loss

(1) **Director options – Bradley Harrison**

During the year approval was obtained to issue 1,500,000 options to Bradley Harrison upon the later of the appointment of Mr Bradley Harrison as a Director or shareholders approving the issue of the Options:

Number under Option	Date of Expiry	Exercise Price	Vesting Terms
1,500,000	22 October 2021	$1.00	Immediately upon issue

(2) **Director options (performance condition)– Bradley Harrison**

During the year approval was obtained to issue 1,500,000 options to Bradley Harrison upon and subject to completion of the Company's proposed investment in Scout Venture Fund III:

Number under Option	Date of Expiry	Exercise Price	Performance Condition	Milestone Date	Performance Condition Satisfied
1,500,000	22 October 2021	$1.00	Subject to completion of the Company's proposed investment in Scout Venture Fund III, with the number of Options that vest to be calculated using the formula: *1,500,000 x ((Y-2,500,000)/2,500,000) = Z* Where: Y = the total committed capital in Scout Venture Fund III up to a maximum of $50,000,000. If the Scout Venture Fund III conducts a final closing prior to reach committed capital of $50,000,000 or more then Y is equal to the committed capital at the time of final closing. If the committed capital is less than $25,000,000 then no Options shall vest.; and Z = the number of options that vest. The Company has assessed a 60% probability of meeting the maximum committed capital	Undefined however expected to be known prior to May 2019	No

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 15 Share-based payments (cont.)

(3) **Director Performance Rights**

As approved by shareholders 29 November 2018 the Company issued 2,500,000 performance rights to Messer Campbell McComb and Michael Hynes to provide a performance linked incentive component in the Directors' remuneration packages to assist the Company in rewarding his performance, and to align their interests with those of Shareholders on the terms as detailed below and as detailed below and in Note 15e**.**

Service Condition: Continuous employment by each of the Directors in their current position (or equivalent) from Grant Date to Vesting Date. Subject to the Plan Rules, Performance Rights will generally lapse on resignation or dismissal. For the avoidance of doubt, retirement by a Director at a general meeting in accordance with the rotation requirements of the Company's Constitution will not constitute a break in the relevant Director's continuous employment where he is re-appointed at the same general meeting.

Performance Conditions:

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date	Performance Condition Satisfied
A	Subject to funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds $50 million on or before 30 June 2020;	1,250,000	30 June 2020	30 June 2019	No
B	Subject to funds held in managed investment trusts or similar entities which are managed by the AVC group or held funds in respect of the AVC group as investment manager (Funds Under Management or Advice) exceeds $100 million on or before 30 June 2021.	1,250,000	30 June 2021	30 June 2021	No

b. **Options granted to KMP are as follows**

Grant Date	Number
22 October 2018	3,000,000

c. **Movement in share-based payment arrangements during the period**

A summary of the movements of all company options issued as share-based payments is as follows:

	6 months to 31 December 2018		6 months to 31 December 2017[iv]	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the period	6,825,000	$0.206	4,528,500	$2.71
Granted	4,667,856	$1.00	6,725,000	$1.44
Exercised	-	-	-	-
Expired and/or cancelled	(950,000)	$1.460	(2,700,000)	$2.20
Outstanding at period end	10,542,856	$1.221	8,553,500	$1.90
Exercisable at period end	9,042,856	$1.258	8,553,500	$2.06

i. No options were exercised during the year.

ii. The weighted average remaining contractual life of options outstanding at year end was 2.90 years. The weighted average exercise price of outstanding shares at the end of the reporting period was $1.221.

iii. The fair value of the options granted to directors and employees is deemed to represent the value of the employee services received over the vesting period.

iv. Comparative amounts have been adjusted for the 10:1 share consolidation in December as described at note 13a.i.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 15 Share-based payments (cont.)

d. **Fair value of options grants during the period**

As described at note 13a.i, the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Upon completion of the consolidation, options on issue at the time had the number of options reduced by the 10:1 factor, and the exercise price increased by a factor of 10. All valuations were performed on the initial grant date values and are reflected below. This consolidation effect is reflected through the balances reported below.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the period was $0.063 (31 December 2017 half-year: $0.0129). These values were calculated using the Black-Scholes option pricing model, applying the following inputs to options issued this year:

Grant date:	22 October 2018	
Grant date share price:	$0.33	
Option exercise price:	$1.00	$1.00
Number of options issued:	1,500,000	1,500,000
Vested	Yes	No, performance condition not satisfied
Remaining life (from grant date) (years):	3 years	
Expected share price volatility:	68.94%	
Risk-free interest rate:	2.07%	
Value per option	$0.063	$0.063

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

e. **Fair value of performance rights granted during the period**

As described at note 13a.i, the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. Upon completion of the consolidation, options on issue at the time had the number of options reduced by the 10:1 factor, and the exercise price increased by a factor of 10. All valuations were performed on the initial grant date values and are reflected below. This consolidation effect is reflected through the balances reported below.

Class	Performance rights No.	Probability performance condition is met %	Share Price at Date of Issue $	Discounted value per performance right $	Fair value of performance rights issued $	Performance Condition Satisfied
A	1,250,000	85%	0.44	0.37	$467,500	No, expensed over vesting period
B	1,250,000	75%	0.44	0.33	$412,500	No, expensed over vesting period

The probability ability of conditions being met represents an estimate by management.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 16 Related party transactions

a. Camac Investments Pty Ltd (**Camac**)

On 7 November 2017, the Company signed a Binding Terms Sheet (**Terms Sheet**) to acquire 100% of the issued capital of Highline Alternative Investments Pty Ltd (**HLAI**). On 6 March 2018, the Company, completed the acquisition. The Terms Sheet included the Company entering into a formal share sale agreement with (the sole shareholder of HLAI). Mr Campbell McComb is the sole shareholder of Camac and was appointed as Managing Director of the Company on 6 March 2018.

As described at note 13a.i, the Company completed its 10:1 share consolidation in December 2018 following approval by shareholders in November 2018. The share consolidation involved the conversion of every 10 fully paid ordinary shares on issue into 1 fully paid ordinary share. This consolidation effect is reflected through the consideration balances reported below.

All valuations were performed on the initial grant date values. The consideration payment for the acquisition of HLAI is to be satisfied through the issue of up to 3,000,000 ordinary fully paid Auctus shares (**Consideration Shares**). The Consideration Shares have been, or are to be, issued by the Company as follows:

- 750,000 ordinary fully paid shares in the issued capital of the Company; and
- Contingent consideration of:
  - 750,000 ordinary fully paid shares to be issued if funds held in managed investment trusts or similar entities which are managed by the Group or held funds in respect of which the Group acts as investment advisor (**Funds Under Management or Advice**) exceeds $10 million on or before 31 December 2018;
  - 750,000 ordinary fully paid shares to be issued if Funds Under Management or Advice exceed $17.5 million on or before 30 June 2019;
  - 750,000 ordinary fully paid shares to be issued if Funds Under Management or Advice exceed $25 million on or before 31 December 2019.

As of the date of this report the first of the milestone shares has been met and 750,000 issued. The remaining 1,500,000 shares remain to be issued as noted above.

The fair value of the consideration for the issued capital of HLAI was $1,171,500.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the period the Managing Director was awarded a bonus amounting to a gross payment of $165,000. To 31 December 2018 $27,500 had been paid.

Note 17 Contingent liabilities

As noted in Note 9a.i, $500,000 USD is payable upon Scout Fund III reaching an aggregate of $50m USD in capital commitments. This payment will be reduced proportionately in the event Scout Fund III does not meet this threshold at its final closing.

There are no other contingent liabilities as at 31 December 2018 (2017: nil).

Note 18 Commitments

The Group has no material commitments as at 31 December 2018 (2017: nil).

Note 19 Events subsequent to reporting date

- On 15 January 2019 Auctus Alternative Investments Limited issued 110,500 fully paid ordinary shares at an issue price of $0.46 per share, having raised $50,830 before transaction costs.
- On 21 January 2019 Auctus Alternative Investments Limited issued 670,000 fully paid ordinary shares at an issue price of $0.46 per share, having raised $308,200 before transaction costs.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2018

Note 20 Operating segments

a. **Segment Performance**

Half-Year ended 31 December 2018	United Kingdom $	Australia $	United States $	All other regions segments $	Total $
Revenue					
Revenue	3,237,100	72,140	-	-	3,309,240
Interest	-	86	-	-	86
Total segment revenue	3,237,100	72,226	-	-	3,309,326
Reconciliation of segment revenue to group revenue:					
Amounts forgiven	-	195	-	-	195
Unrealised gain / (loss) on investments	-	196,459	-	-	196,459
Research and development grant income	161,876		-	-	161,876
Other income	3	1,660	-	-	1,663
Total group revenue and other income					3,669,519
Segment profit / (loss) from continuing operations before tax	1,004,822	(2,750,106)	(7,266)	(30,164)	(1,782,714)
Reconciliation of segment loss to group loss:					
(i) Amounts not included in segment results but reviewed by Board:					
Depreciation and amortisation	-	(6,834)	-	-	(6,834)
Profit before income tax					(1,789,548)
Half-Year ended 31 December 2017					
Revenue					
Revenue	1,946,146	48,174	-	-	1,994,320
Interest revenue	2	3,038	-	-	3,040
Total segment revenue	1,946,148	51,212	-	-	1,997,360
Reconciliation of segment revenue to group revenue:					
Gain on forgiveness of liabilities	347,994	424,016	-	202,397	974,407
Unrealised gain / (loss) on investments	-	(32,293)	-	-	(32,293)
Research and development grant income	-	58,586	-	-	58,586
Other income	1	44,463	-	-	44,464
Total group revenue and other income					3,042,524
Segment loss from continuing operations before tax	261,777	(776,618)	(8,595)	202,396	(321,040)
Reconciliation of segment loss to group loss:					
(i) Amounts not included in segment results but reviewed by Board:					
Depreciation and amortisation	(105,820)	(2,152)	-	-	(107,972)
Loss before income tax					(429,012)

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2018

Note 20 Operating segments (cont.)

At as 31 December 2018	United Kingdom $	Australia $	United States $	All other regions segments $	Total $
Segment Assets	1,136,004	25,278,755	1,039	103	26,415,901
Reconciliation of segment assets to group assets:					
Investments in associates		702,633			702,633
Intra-segment eliminations					(22,494,664)
Total assets					4,623,870
Segment Liabilities	1,696,156	1,491,115	-	128,882	3,316,153
Reconciliation of segment liabilities to group liabilities					
Intra-segment eliminations					(384,710)
Total liabilities					2,931,443
As at 30 June 2018					
Segment Assets	1,073,632	24,971,322	107	101	26,045,162
Reconciliation of segment assets to group assets:					
Investments in associates					-
Intra-segment eliminations					(23,235,114)
Total assets					2,810,048
Segment Liabilities	1,485,638	1,536,630	1,353	95,180	3,118,801
Reconciliation of segment liabilities to group liabilities					
Intra-segment eliminations					(1,090,143)
Total liabilities					2,028,658

Directors' declaration

The directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 7 to 26, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and

   (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the half-year ended on that date of the Company.

2. 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.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001* (Cth) and is signed for and on behalf of the directors by:

JAY STEPHENSON
Chairman
Dated this Thursday, 28 February 2019

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Auctus Alternative Investments Limited

We have reviewed the accompanying financial report of Auctus Alternative Investments Limited ("the Company") and Controlled Entities ("the Consolidated Entity") 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 condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the 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 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 the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Auctus Alternative Investments Limited and Controlled Entities 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 period 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 1(a)(ii) in the financial report, which indicates that the Consolidated Entity incurred a net loss of $1,789,548 during the half year ended 31 December 2018. As stated in Note 1(a)(ii), these events or conditions, along with other matters as set forth in Note 1(a)(ii), 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.

Bentleys	Mark Delaurentis
BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 28th day of February 2019

AUCTUS

Alternative Investments