Auctus Alternative Investments Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Auctus Alternative Investments Limited
ABN:	76 149 278 759
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	1260.7%	to	1,026,163
Loss from ordinary activities after tax attributable to the owners of Auctus Alternative Investments Limited	down	35.6%	to	(1,119,510)
Loss for the half-year attributable to the owners of Auctus Alternative Investments Limited	down	35.6%	to	(1,119,510)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $1,119,510 (31 December 2018: $1,738,152).

During the period, Auctus Alternative Investments Limited (via its subsidiary Auctus Asset Management) settled a US$250,000 payment to RBP Partners LLC (RBP) for its 30% partnership stake. RBP currently manages in excess of US$30m (A$45m) in its initial investment, esVolta LP. RBP continues to explore a range of accretive opportunities across North America.

Also during the period, the company completed due diligence and documentation on its third investment offer, Scout Ventures Fund III. Launched in October 2019, Scout Ventures Fund III provides investors with unique access to an already established portfolio of companies across the United States. The Fund will raise up to US$10m (A$14m) from wholesale and sophisticated investors

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	12.60	12.54

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $**	**Previous period $**
RBP Partners LLC	30.00%	-	(84,873)	-
Gophr Limited	27.07%	75.00%	(9,592)	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(94,465)	-
Income tax on operating activities			-	-

During the six months ended 31 December 2019, the consolidated entity purchased 30% of RBP Partners for USD $250,000.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

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

Auctus Alternative Investments Limited
Appendix 4D
Half-year report

11. Attachments

Details of attachments (if any):

The Interim Report of Auctus Alternative Investments Limited for the half-year ended 31 December 2019 is attached.

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12. Signed

Signed ____________________________ Date: 27 February 2020

Campbell McComb
Chairman and Managing Director
Melbourne

AUCTUS

Alternative Investments

ABN 76 149 278 759

HALF-YEAR REPORT

31 December 2019

Directors	Campbell McComb (Managing Director and Interim Chairman) Michael Hynes (Executive Director) Brad Harrison (Non-Executive Director)
Company secretary	Justin Mouchacca
Registered office	Level 7, 90 Collins Street Melbourne VIC 3000 Phone: +61 3 9088 8670
Share register	Computershare Investor Services Pty Limited Yarra Falls 45 Johnson Street Abbotsford VIC 3067 Telephone: 1300 850 505 (investors within Australia)
Auditor	Bentleys London House 216 St Georges Terrace Perth WA 6000 Telephone: +61 8 9226 4500 Facsimile: +61 8 9226 4300
Stock exchange listing	Auctus Alternative Investments Limited shares are listed on the Australian Securities Exchange (ASX code: AVC)
Website	www.auctusinvest.com

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Auctus Alternative Investments Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons were directors of Auctus Alternative Investments Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Campbell McComb (Managing Director and Interim Chairman)
Mr Michael Hynes (Executive Director)
Mr Brad Harrison (Non-executive Director)

Principal activities

Auctus Alternative Investments Limited is an investment manager, with a primary focus on investing into companies and platforms operating globally in growth sectors with strong tailwinds and significant potential to scale. Auctus Alternative Investments Limited provides these unique private market opportunities via investment funds to wholesale, family office and institutional investors.

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $1,119,510 (31 December 2018: loss of $1,738,152).

Included in this is share based expense of $745,709 (December 2018: $301,977), and depreciation and amortisation of $38,954 (December 2018: $1,982).

The net assets for the year increased by $932,527 to $6,734,145 (31 December 2018: $5,801,618).

Significant changes in the state of affairs

The following changes in the state of affairs took place during the period:

- On 5 July 2019, the consolidated entity issued 1,546,429 shares at $0.35 per share, raising $541,250 before costs.
- On 1 August 2019, the consolidated entity issued 750,000 shares at $0.35 per share, raising $262,500 before costs.
- On 29 August 2019, the consolidated entity finalised its investment agreement to acquire 30% of RBP Partners.
- On 24 October 2019, the consolidated entity issued 2,050,000 fully paid ordinary shares in relation to conversion of 2,050,000 unlisted performance rights following satisfaction of performance obligations.
- On 1 November 2019, the consolidated entity issued 2,000,000 shares at $0.25 per share, raising $500,000 before costs.
- On 6 November 2019, the consolidated entity issued 1,000,000 shares at $0.25 per share, raising $250,000 before costs.
- On 14 November 2019, the consolidated entity issued 200,000 shares at $0.25 per share, raising $50,000 before costs.

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

Matters subsequent to the end of the financial half-year

On 31 January 2020, the consolidated entity issued 800,000 performance rights to employees of RBP in accordance with the terms of incorporating RBP Partners.

No other matter or circumstance has arisen since 31 December 2019 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.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

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 immediately after this directors' report.

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

____
Campbell McComb
Chairman and Managing Director

27 February 2020
Melbourne

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 2019, 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

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 27 day of February 2020

Auctus Alternative Investments Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 December 2019 $	31 December 2018 $
Revenue from continuing operations	5	1,026,163	75,410
Share of losses of associates accounted for using the equity method	6	(94,465)	-
Other income	7	17,294	196,740
Expenses			
Cost of sales		(235,319)	(19,308)
Business development		(136,678)	(252,583)
Compliance costs		(113,727)	(126,661)
Computers and communication		(3,360)	(15,546)
Depreciation and amortisation		(38,954)	(1,982)
Employee benefits expenses		(723,625)	(858,955)
Finance costs		(491)	(11,158)
Professional fees		(24,553)	(145,240)
Rent and utilities		(35,281)	(35,251)
Share based payments expense	20	(745,709)	(301,977)
Other expenses		(10,805)	(125,021)
Loss before income tax expense from continuing operations		(1,119,510)	(1,621,532)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(1,119,510)	(1,621,532)
Loss after income tax expense from discontinued operations	8	-	(168,016)
Loss after income tax expense for the half-year		(1,119,510)	(1,789,548)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(4,867)	66,957
Other comprehensive income for the half-year, net of tax		(4,867)	66,957
Total comprehensive income for the half-year		(1,124,377)	(1,722,591)
Loss for the half-year is attributable to:			
Non-controlling interest		-	(51,396)
Owners of Auctus Alternative Investments Limited		(1,119,510)	(1,738,152)
		(1,119,510)	(1,789,548)

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

Auctus Alternative Investments Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
Total comprehensive income for the half-year is attributable to:			
Continuing operations		-	(51,396)
Discontinued operations		-	-
Non-controlling interest		-	(51,396)
Continuing operations		(1,124,377)	(1,503,179)
Discontinued operations		-	(168,016)
Owners of Auctus Alternative Investments Limited		(1,124,377)	(1,671,195)
		(1,124,377)	(1,722,591)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of Auctus Alternative Investments Limited			
Basic earnings per share	19	(3.14)	(6.52)
Diluted earnings per share	19	(3.14)	(6.52)
Earnings per share for loss from discontinued operations attributable to the owners of Auctus Alternative Investments Limited			
Basic earnings per share	19	-	(0.68)
Diluted earnings per share	19	-	(0.68)
Earnings per share for loss attributable to the owners of Auctus Alternative Investments Limited			
Basic earnings per share	19	(3.14)	(6.99)
Diluted earnings per share	19	(3.14)	(6.99)

Auctus Alternative Investments Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated 31 December 2019 $	30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents		286,476	518,627
Trade and other receivables		56	36,959
Financial assets		1,410,424	1,274,102
Other		135,401	80,127
		1,832,357	1,909,815
Assets of disposal groups classified as held for sale		15,426	15,426
Total current assets		1,847,783	1,925,241
Non-current assets			
Investments accounted for using the equity method	9	1,593,543	1,331,171
Financial assets	10	2,555,998	2,994,387
Property, plant and equipment		16,682	19,516
Intangibles	11	1,778,947	1,815,825
Total non-current assets		5,945,170	6,160,899
Total assets		7,792,953	8,086,140
Liabilities			
Current liabilities			
Trade and other payables	12	566,457	1,833,406
Employee benefits		106,895	65,659
		673,352	1,899,065
Liabilities directly associated with assets classified as held for sale		385,456	385,457
Total current liabilities		1,058,808	2,284,522
Total liabilities		1,058,808	2,284,522
Net assets		6,734,145	5,801,618
Equity			
Issued capital	13	25,598,442	23,473,247
Reserves	14	785,154	858,312
Accumulated losses		(19,387,240)	(18,267,730)
Equity attributable to the owners of Auctus Alternative Investments Limited		6,996,356	6,063,829
Non-controlling interest		(262,211)	(262,211)
Total equity		6,734,145	5,801,618

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

Auctus Alternative Investments Limited
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	**Issued capital** $	**Business combinations under common control** $	**Foreign exchange translation reserves** $	**Contingent consideration reserve** $	**Share based payment reserve** $	**Accumulated losses** $	**Non-controlling interest** $	**Total equity** $
Balance at 1 July 2018	19,230,975	(3,099,433)	(225,715)	841,500	864,660	(15,444,806)	(1,385,791)	781,390
Loss after income tax expense for the half-year	-	-	-	-	-	(1,738,152)	(51,396)	(1,789,548)
Other comprehensive income for the half-year, net of tax	-	-	66,957	-	-	-	-	66,957
Total comprehensive income for the half-year	-	-	66,957	-	-	(1,738,152)	(51,396)	(1,722,591)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs	2,331,652	-	-	-	-	-	-	2,331,652
Share-based payments (note 20)	280,500	-	-	(280,500)	301,976	-	-	301,976
Expiry of options	-	-	-	-	(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	(2,171,530)	(158,758)	561,000	986,700	(17,930,925)	(1,437,187)	1,692,427

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

Auctus Alternative Investments Limited
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	**Issued capital** $	**Foreign exchange translation reserve** $	**Share based payments reserve** $	**Accumulated losses** $	**Non-controlling interest** $	**Total equity** $
Balance at 1 July 2019	23,473,247	(357,539)	1,215,851	(18,267,730)	(262,211)	5,801,618
Loss after income tax expense for the half-year	-	-	-	(1,119,510)	-	(1,119,510)
Other comprehensive income for the half-year, net of tax	-	(4,867)	-	-	-	(4,867)
Total comprehensive income for the half-year	-	(4,867)	-	(1,119,510)	-	(1,124,377)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 13)	2,125,195	-	(814,000)	-	-	1,311,195
Share-based payments (note 20)	-	-	745,709	-	-	745,709
Balance at 31 December 2019	25,598,442	(362,406)	1,147,560	(19,387,240)	(262,211)	6,734,145

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

Auctus Alternative Investments Limited
Statement of cash flows
For the half-year ended 31 December 2019

	Note	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,030,682	3,205,691
Research and development grants received		-	161,876
Payments to suppliers and employees (inclusive of GST)		(2,036,233)	(5,096,026)
Interest received		112	86
Interest and other finance costs paid		(491)	(33,269)
Income tax credits received		-	3,337
Net cash used in operating activities		(1,005,930)	(1,758,305)
Cash flows from investing activities			
Payments for investments		(539,186)	(693,214)
Payments for property, plant and equipment		-	(1,947)
Net cash used in investing activities		(539,186)	(695,161)
Cash flows from financing activities			
Proceeds from issue of shares	13	1,335,500	2,312,338
Share issue transaction costs	13	(24,305)	(26,630)
Proceeds from borrowings		-	25,253
Net cash from financing activities		1,311,195	2,310,961
Net decrease in cash and cash equivalents		(233,921)	(142,505)
Cash and cash equivalents at the beginning of the financial half-year		518,627	282,077
Effects of exchange rate changes on cash and cash equivalents		1,770	444
Cash and cash equivalents at the end of the financial half-year		286,476	140,016

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

Note 1. General information

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

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

Level 7, 90 Collins Street
Melbourne VIC 3000
+61 3 9088 8670

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 27 February 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have 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'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.
There was no impact from adoption of this standard on 1 July 2019 as the consolidated entity does not hold any leases.

Note 2. Significant accounting policies (continued)

Going concern
The consolidated 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 consolidated entity produced a loss for the half-year of $1,119,510 (December 2018: $1,789,548 loss) and a net cash out-flow from operating activities of $1,000,422 (December 2018: $1,758,305 out-flow).

As at 31 December 2019, the consolidated entity had working capital of $788,975 (June 2019: $359,281 working capital deficit). The ability of the consolidated entity to continue as a going concern is principally dependent upon cashflow from continuing operations of the consolidated entity, and the ability of the consolidated entity to secure funds by raising capital from equity markets and managing cash flow in line with available funds. Cash flow also may arise from the sale of investments held by the consolidated entity at the appropriate time.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the consolidated entity to continue as a going concern. The Directors have prepared a cash flow forecast for the period ending 28 February 2021, which indicates that the consolidated entity will have sufficient cash flow to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. This cash flow is predominantly comprised of revenue from new funds which are being launched over the period.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classifications of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Note 3. 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 (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity 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 using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 4. Operating segments

Identification of reportable operating segments
AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the Company as a whole in the business segment of asset management within Australia for the current and comparative periods.

Note 5. Revenue

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
From continuing operations		
Revenue from contracts with customers		
Fees earned	1,026,163	75,410

Fees earned above are recognised at a point in time.

Note 6. Share of losses of associates accounted for using the equity method

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
Share of loss - associates	(94,465)	-

Note 7. Other income

	Consolidated	
	31 December 2019 $	31 December 2018 $
Interest revenue	196,014	281
Unrealised gain / (loss) on investments	(587,461)	196,459
Gain on forgiveness of debts	295,000	-
Unrealised foreign exchange gain / (loss)	116,823	-
Realised foreign exchange gain / (loss)	(3,082)	-
	17,294	196,740

Gain on forgiveness of debts
During the year ended 30 June 2019 as part of a settlement, the consolidated entity agreed to procure an election for a sale of approximately 1.1 million shares held by the other parties, post escrow period. This arrangement allowed the other parties to make an election any time between the 1 of October 2019 to 31 December 2019.

This election was taken-up by the other parties during the half year, with directors of the parent entity agreeing to take-up and settle these shares on behalf of the consolidated entity.

This resulted a reversal of the liability recognised at 30 June 2019 amounting to $335,000, net of a $40,000 transaction fee paid to a related party of the directors for facilitation and settlement of these debts. This is included in other income within the financial statements.

Note 8. Discontinued operations

Description
Partial sale of Gophr Limited ("Gophr")
On 31 May 2019, the Company completed a Share Purchase Agreement (SPA) to sell down its 75% equity in Gophr to 32.5%. Comparative balances in the Statement of Comprehensive income have been adjusted for this disposal. The result of the sale resulted in a gain of $4,718,670, recognised in the 30 June 2019 financial year.

There was no transactions for the period ending 31 December 2019 for this discontinued operation.

Voluntary Administration of Boppl (Australia) Pty Ltd ("Boppl")
On 2 May 2019, the directors of Boppl placed the company into Voluntary Administration, and accordingly has been treated as a discontinued operation. Comparative balances in the Statement of Comprehensive income have been adjusted for this discontinuation. The company was subsequently placed into liquidation. As the liquidation has not yet been finalised, the assets and liabilities of Boppl AU have not been disposed of for the half-year ended 31 December 2019.

There was no transactions for the period ending 31 December 2019 for this discontinued operation.

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.

Note 8. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31 December 2019 $	31 December 2018 $
Discontinued revenue	-	3,395,936
Discontinued expense	-	(3,563,952)
Loss before income tax expense	-	(168,016)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	-	(168,016)

Note 9. Non-current assets - investments accounted for using the equity method

	Consolidated	
	31 December 2019 $	30 June 2019 $
Investment in Gophr	1,246,298	1,331,171
Investment in RBP Partners	347,245	-
	1,593,543	1,331,171

The investment in Gophr consists of a 27.07% equity interest in Gophr Ltd, a company incorporated in the UK. The investment in RBP Partners consists of a 30.0% equity interest in RBP Partners LLC, a company incorporated in the USA.

Both investments are accounted for using equity accounting as the consolidated entity has significant influence over this entity. There were no commitments or contingent liabilities in relation to the entities at the end of the reporting period. A roll-forward of the carrying amount of the investment is noted below.

	Consolidated	
	31 December 2019 $	30 June 2019 $
Gophr - reconciliation to carrying amount		
Opening net assets at fair value / opening balance	4,397,197	4,266,263
Profit / (loss) for the period	(284,522)	130,934
Foreign exchange gain / (loss) on translation	491,307	-
Closing net assets	4,603,982	4,397,197
Group share in %	27.07%	30.28%
Group share in $	1,246,298	1,331,171

Note 9. Non-current assets - investments accounted for using the equity method (continued)

	Consolidated	
	31 December 2019	30 June 2019
RBP Partners - reconciliation to carrying amount		
Initial investment at fair value	1,189,456	-
Profit / (loss) for the period	(31,973)	-
Closing net assets	1,157,483	-
Group share in %	30.00%	
Group share in $	347,245	

Note 10. Non-current assets - financial assets

	Consolidated	
	31 December 2019 $	30 June 2019 $
Vendor loan receivable - amortised cost	1,838,362	1,689,290
Managed investments - fair value at profit or loss	717,636	1,305,097
	2,555,998	2,994,387

Refer to note 16 for further information on fair value measurement.

Note 11. Non-current assets - intangibles

	Consolidated	
	31 December 2019 $	30 June 2019 $
Goodwill - acquisition (i)	1,157,482	1,157,482
Contractual right to cashflows from management fees - at cost (ii)	712,902	712,902
Less: Accumulated amortisation	(91,437)	(54,559)
	621,465	658,343
Intellectual property - at cost	-	53,573
Less: Accumulated amortisation	-	(53,573)
	-	-
	1,778,947	1,815,825

(i) Goodwill on acquisition
Goodwill has been allocated for impairment testing purposes to the Fund Under Management (FUM) cash generating unit (CGU). Before recognition of impairment losses, the carrying amount of goodwill was allocated to the funds under management CGU as a group

In accordance with AASB 136, impairment testing has been undertaken for CGUs with indefinite intangibles, being the goodwill associated with FUM.

Note 11. Non-current assets - intangibles (continued)

The recoverable amount has been determined based on value-in-use calculations which uses cash flow projections based on financial forecasts covering a five-year period, including non-cash adjustments. Cash flows are extrapolated using estimated growth rates beyond the five-year period. Key assumptions used in the value-in-use calculations for the AAM CGU are based on management's latest forecast for financial year 2020 and a combination of FUM and management fee growth as well as long-term average revenue growth for the latter years.

The key assumptions used in the value in use calculations for the CGU are as follows:

- Discount rate of 15%. It is observed that an increase to 47% in the discount rate would be required impairment occurs, *ceteris paribus*;
- Revenue growth of FY20-FY22 is based on specific projects targeted, with FY20 revenue growth forecasted to be 4.3 times FY19. It is observed that FY20 revenue would need to drop 55% from that forecasted before impairment occurs, *ceteris paribus*;
- Post FY22, revenue (cash in-flows) have been extrapolated at a growth rate of 2.00% and expenses (cash out-flows) have been extrapolated at a growth rate of 4.00%.

It is further noted that based on the assumptions used, there is a headroom of $2.6 million, based on current forecasts.

No impairment was noted as a result of the value-in-use calculations.

The directors believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause CGU carrying amount to exceed its recoverable amount.

(ii) Contractual right to cashflows from management

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: $125,000 USD of this was paid during the six months to 31 December 2019, with the remaining $125,000 outstanding and payable as at 31 December 2019. The total $250,000 is included in the above contractual right to cashflows 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 Contingent liabilities.

The 10% economic interest in Scout Fund III GP allows the consolidated entity a minimum of 10% of the management fees earned by the fund once it closes, increasing based on the size of the capital commitments at close. The economic interest in Scout Fund II GP will be adjusted at the close of Scout Fund II GP to account for any committed capital raised by Auctus at this time. As such it has been accounted for as an intangible asset, being the contractual right to future cashflows. The fund has a life of 10 years from incorporation, and the intangible asset is accordingly being amortised over this life.

Note 12. Current liabilities - trade and other payables

	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
Trade payables	218,408	457,703
Other payables	93,746	471,650
Employment liabilities	-	419,000
Value-added and other taxes payable / (collectible)	-	(1,458)
Deferred revenue	80,171	128,064
Borrowings	-	1,966
Investment fund payable	174,132	356,481
	566,457	1,833,406

Note 13. Equity - issued capital

	Consolidated 31 December 2019 Shares	Consolidated 30 June 2019 Shares	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
Ordinary shares - fully paid	39,341,391	31,794,962	25,598,442	23,473,247

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	31,794,962		23,473,247
Issue of shares*	5 July 2019	1,546,429	$0.35	273,000
Issue of shares	1 August 2019	750,000	$0.35	262,500
Conversion of performance rights	24 October 2019	2,050,000	$0.26	814,000
Issue of shares	1 November 2019	2,000,000	$0.25	500,000
Issue of shares	6 November 2019	1,000,000	$0.25	250,000
Issue of shares	14 November 2019	200,000	$0.25	50,000
Transaction costs relating to share issues		-	-	(24,305)
Balance	31 December 2019	39,341,391		25,598,442

* The issue of funds on 5 July 2019 includes $268,250 of shares under application for which funds which were received prior to 30 June 2019.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 14. Equity - reserves

	Consolidated	
	31 December 2019 $	30 June 2019 $
Foreign currency reserve	(362,405)	(357,539)
Share-based payments reserve	1,147,559	1,215,851
	785,154	858,312

Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 16. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 December 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Managed investments	-	-	717,636	717,636
Total assets	-	-	717,636	717,636

Consolidated - 30 June 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Managed investments	-	-	1,305,097	1,305,097
Total assets	-	-	1,305,097	1,305,097

There were no transfers between levels during the financial half-year.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The managed funds have been classified as Level 3 air values in the fair value hierarchy due to the inclusion of unobservable inputs including the last capital raise price, discounted cash-flows, and independent valuations. Management is comfortable with the value of these managed funds as they include investments from third parties or from other independent sources. Management is also not aware of any conditions of the underlying businesses which have not been incorporated into the inputs used

Note 17. Contingent liabilities

As noted in note 11, $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.
As part of the acquisition of RBP Partners LLC, the parent entity entered into a Loan Agreement with RBP Partners, whereby RBP Partners may request up to $500,000 USD from the parent entity any time before 30 June 2020.

If the parent entity elects not to advance these funds, RBP Partners may raise capital from external interests.

The repayment and interest terms of the loan are at commercial rates.

There are no other contingent liabilities as at 31 December 2019 (December 2018: none aside from that mentioned above).

Note 18. Events after the reporting period

On 31 January 2020, the consolidated entity issued 800,000 performance rights to employees of RBP in accordance with the terms of incorporating RBP Partners.

No other matter or circumstance has arisen since 31 December 2019 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.

Note 19. Earnings per share

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Auctus Alternative Investments Limited	(1,119,510)	(1,621,532)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	35,678,716	24,880,873
Weighted average number of ordinary shares used in calculating diluted earnings per share	35,678,716	24,880,873
	Cents	**Cents**
Basic earnings per share	(3.14)	(6.52)
Diluted earnings per share	(3.14)	(6.52)

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of Auctus Alternative Investments Limited	-	(168,016)

Note 19. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	35,678,716	24,880,873
Weighted average number of ordinary shares used in calculating diluted earnings per share	35,678,716	24,880,873

	Cents	Cents
Basic earnings per share	-	(0.68)
Diluted earnings per share	-	(0.68)

	Consolidated	
	31 December 2019 $	31 December 2018 $
Earnings per share for loss		
Loss after income tax	(1,119,510)	(1,789,548)
Non-controlling interest	-	51,396
Loss after income tax attributable to the owners of Auctus Alternative Investments Limited	(1,119,510)	(1,738,152)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	35,678,716	24,880,873
Weighted average number of ordinary shares used in calculating diluted earnings per share	35,678,716	24,880,873

	Cents	Cents
Basic earnings per share	(3.14)	(6.99)
Diluted earnings per share	(3.14)	(6.99)

The consolidated entity 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 consolidated entity does not report diluted earnings per share on annual losses generated by the consolidated entity. As at 31 December 2019, the consolidated entity had 10,542,607 unissued shares under options and 2,050,000 performance shares that were out of the money which are anti-dilutive (31 December 2018: 10,542,605 options, 2,500,000 performance shares).

Note 20. Share-based payments

	Consolidated	
	31 December 2019 $	31 December 2018 $
Share-based payment expense	745,709	301,977

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Note 20. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

31 December 2019

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
19/09/2017	01/12/2021	$0.60	1,775,000	-	-	-	1,775,000
19/09/2017	01/12/2021	$1.20	1,875,000	-	-	-	1,875,000
19/09/2017	01/12/2021	$2.20	2,225,000	-	-	-	2,225,000
24/10/2018	24/12/2021	$1.00	1,335,357	-	-	-	1,335,357
21/11/2018	21/11/2021	$1.00	3,000,000	-	-	-	3,000,000
29/11/2018	14/12/2021	$1.00	310,000	-	-	-	310,000
29/11/2018	27/12/2021	$1.00	22,250	-	-	-	22,250
			10,542,607	-	-	-	10,542,607
Weighted average exercise price			$1.22	$0.00	$0.00	$0.00	$1.22

31 December 2018

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
19/09/2017	01/12/2021	$0.60	1,775,000	-	-	-	1,775,000
19/09/2017	01/12/2021	$1.20	2,175,000	-	-	(300,000)	1,875,000
19/09/2017	01/12/2021	$2.20	2,625,000	-	-	(400,000)	2,225,000
24/10/2018	24/12/2021	$1.00	-	1,335,357	-	-	1,335,357
24/09/2015	31/01/2018	$3.50	50,000	-	-	(50,000)	-
24/09/2015	31/01/2018	$4.00	100,000	-	-	(100,000)	-
24/09/2015	31/01/2018	$6.00	100,000	-	-	(100,000)	-
21/11/2018	21/11/2021	$1.00	-	3,000,000	-	-	3,000,000
29/11/2018	14/12/2021	$1.00	-	310,000	-	-	310,000
29/11/2018	27/12/2021	$1.00	-	22,250	-	-	22,250
			6,825,000	4,667,607	-	(950,000)	10,542,607
Weighted average exercise price			$0.21	$1.00	$0.00	$1.46	$1.22

(i) No options were exercised during the year.
(ii) The weighted average remaining contractual life of options outstanding at year end was 1.90 (December 2018: 2.90 years). The weighted average exercise price of outstanding shares at the end of the reporting period was $1.221 (December 2018: $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.

Note 20. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2019 Number	31 December 2018 Number
19/09/2017	01/12/2021	1,775,000	1,775,000
19/09/2017	01/12/2021	1,875,000	1,875,000
19/09/2017	01/12/2021	2,225,000	2,225,000
24/10/2018	24/10/2021	1,335,357	1,335,357
21/11/2018	21/11/2021	1,500,000	1,500,000
29/11/2018	14/12/2021	310,000	310,000
29/11/2018	27/12/2021	22,250	22,250
		9,042,607	9,042,607

Set out below are summaries of performance rights granted under the plan:

31 December 2019

Grant date	Expiry date	Balance at the start of the half-year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the half-year
29/11/2018	30/06/2019	1,250,000	-	(1,250,000)	-	-
29/11/2018	30/06/2021	1,250,000	-	-	-	1,250,000
24/05/2019	30/06/2019	800,000	-	(800,000)	-	-
24/05/2019	30/06/2021	800,000	-	-	-	800,000
		4,100,000	-	(2,050,000)	-	2,050,000

31 December 2018

Grant date	Expiry date	Balance at the start of the half-year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the half-year
29/11/2018	30/06/2019	-	1,250,000	-	-	1,250,000
29/11/2018	30/06/2021	-	1,250,000	-	-	1,250,000
		-	2,500,000	-	-	2,500,000

The probability of the second tranche of the performance rights being issued is consistent with that as at 30 June 2019.

In the directors' 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 2019 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Campbell McComb
Chairman and Managing Director

27 February 2020
Melbourne

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 2019 , 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 2019 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 2019 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 2 in the financial report, which indicates that the Consolidated Entity incurred a net loss of $1,119,510 during the half year ended 31 December 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 27 day of February 2020.