

Appendix 4D

Half Year Report to the Australian Securities Exchange

Part 1 - Details of reporting period

Name of Entity	CRE8TEK LIMITED
ABN	99 000 031 292
Half Year Ended	31 December 2016
Previous Corresponding Reporting Period	31 December 2015

Part 2 – Results for Announcement to the Market

Key information	31 Dec 2016 \$	31 Dec 2015* \$	Increase/ (decrease) %	Amount change \$
Revenue from continuing operations	253,306	407,319	(38%)	(154,013)
Profit/(Loss) from ordinary activities after tax attributable to members	(9,468,881)	(901,161)	951%	(8,567,721)
Net Profit/ (Loss) for the period attributable to members	(9,468,881)	(901,161)	951%	(8,567,721)
Net tangible asset \$ per share	0.004	-0.112	-	-
* Comparisons to the previous corresponding period are comparisons to the historical financial information extracted from the financial report of Flamingo Customer Experience Inc for the year ended 31 December 2015.				

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Half Year Financial Report for details.

Part 3 – Contents of ASX Appendix 4D

Section	Contents
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

Part 4 – Commentary on Results

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Half Year Financial Report for details.

Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

Part 6 – Net Tangible Assets per Security

	2016	2015
Net tangible asset (deficiency) backing per ordinary security \$	0.004	(0.112)

Part 7 – Details of Entities Over Which Control has been Gained or Lost

On 3 November 2016 the Company acquired 100% share capital of Flamingo Customer Experience Inc, the acquisition was deemed to be a reverse acquisition. Refer to the attached consolidated financial statements for additional information.

Part 8 – Details of Associates and Joint Venture Entities

Name of associate and joint venture entities	Ownership Interest		Contribution to net profit/(loss)	
	2016 %	2015 %	2016 \$A'000	2015 \$A'000
Associates	NA	NA	-	-
Joint Venture Entities	NA	NA	-	-

Part 9 – Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

N/A

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Refer to Emphasis of Matter in attached Half Year Financial Report for the half-year ended 31 December 2016.

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Half Year Financial Report

Signed By Company Secretary	
Zane Lewis	
Date 28 February 2017	

CRE8TEK LIMITED
ABN 99 000 031 292

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016

CORPORATE DIRECTORY

Registered Office

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AUSTRALIA

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Share Registry

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Perth WA 6000
AUSTRALIA

Phone +61 8 9324 2099
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Email info@automic.com.au
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Securities Exchange Listing

Australian Securities Exchange Limited (**ASX**)
ASX Code: CR8

Legal Advisor

Bellanhouse Legal
Ground Floor, 11 Ventnor Avenue
West Perth WA 6005
AUSTRALIA

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
PO Box 700
Subiaco WA, 6008
AUSTRALIA

CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016

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CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016

DIRECTORS' REPORT

The Directors of Cre8tek Limited (the **Company**) and controlled entities (the **Group** or **Consolidated Entity**) submit the following report for the half year ended 31 December 2016 (**Financial Period**).

DIRECTORS

The names and the particulars of the Directors of the Company during the half year and to the date of this report are:

Name	Status	Appointed
Dr Catriona Wallace	Chief Executive Officer and Managing Director	Appointed 3 November 2016
Ms Cathie Reid	Non-Executive Chair	Appointed 3 November 2016
Mr Bryn Hardcastle	Non-Executive Director	Appointed 5 November 2015
Mr Faldi Ismail	Non-Executive Director	Appointed 28 October 2015
Mr Tom Bahen	Non-Executive Director	Resigned 3 November 2016

COMPANY SECRETARY

Mr Zane Lewis (appointed 6 February 2017)

Mr Dave Filov (resigned 6 February 2017)

REVIEW AND RESULTS OF OPERATIONS

The net loss of the Group after income tax for the half year ended 31 December 2016 amounted to (\$9,468,881) (31 December 2015: (\$901,161) net loss).

REVIEW OF ACTIVITIES

During the half year ended 31 December 2016, the following activities were undertaken.

Reverse Acquisition

On 3 November 2016, Cre8tek Limited completed the acquisition of Flamingo Customer Experience Inc. a company that has developed a customer experience automation platform. The acquisition of Flamingo has been accounted as a reverse takeover transaction under the Australian Accounting Standards. The terms of the transaction are as follows:

- The issue of 272,727,273 ordinary shares and 272,727,273 performance shares in Cre8tek Limited to the shareholders of Flamingo Customer Experience Inc,
- The issue of 13,286,364 ordinary shares and 7,150,000 performance shares in Cre8tek Limited to the facilitators of the transaction,
- The issue of 6,077,375 employee options in Cre8tek Limited to replace the existing Flamingo options which were cancelled following the completion of the transaction, and
- The deemed consideration for the acquisition was \$9,377,056 and a non cash one off listing fee expense of \$7,386,292 was recognised in the profit and loss for the half year ended 31 December 2016 in accordance with the Australian Accounting Standards.

Further information on the reverse takeover transaction is detailed in Note 2 and 3.

Recent Activity

- Flamingo continued to focus on, and invest in, the development of Conversational Commerce platforms to provide Cognitive Virtual Sales Assistants to financial services companies globally.
- Dr Catriona Wallace, CEO and Company founder of Flamingo, presented research on Artificial Intelligence and Chatbots to industry leaders and investors. There was significant interest following the presentation and early stage discussion with potential clients continued. Based on the success of this research and marketing program, Flamingo will conduct similar programs for the US market in 2017.
- In December 2016, Flamingo secured the services of US technology expert Ms Rohinee Mohindroo as Chief Technical Officer of Flamingo's US operations based in New York City. The Company also secured the employment of Mr Brenton Charnley as Chief Commercial Officer. Mr Tim Brewer who is an innovation and start-up advocate, professional director and advisor was appointed as an advisor to Flamingo.
- Dr Jack Elliot committed to full time employment as Flamingo's Chief Data Scientist and is leading the Machine Learning program at Flamingo. Dr Elliot's team is responsible for developing Rosie, Flamingo's Cognitive Virtual Sales Assistant, while also developing further IP and patents in this field of Narrow Artificial Intelligence.

CRE8TEK LIMITED
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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

DIRECTORS' REPORT (CONTINUED)

REVIEW OF ACTIVITIES (CONTINUED)

US Customers

- Flamingo holds a Master Service Agreement with Nationwide Mutual Insurance. During the period, work with Nationwide on developing a Cognitive Virtual Sales Assistant, Intelligent Guided Selling, and Intelligent Guided Servicing platform, progressed.
- Flamingo also successfully signed a Proof of Technology contract with an additional leading US based insurance company on a paid trial basis. The purpose of the trial is to evaluate the applicability of using Flamingo's Cognitive Virtual Sales Assistant and Intelligent Guided Selling Technology across their business.

Asia Pacific Customers

- In December 2016 Flamingo secured a Proof of Concept contract with AMP Limited. The paid trial of Flamingo's Cognitive Virtual Sales Assistant platform commenced in December 2016 and is due to go live in 2017.
- Flamingo has signed a non-binding terms sheet with DirectMoney Ltd, a listed Australian based company that leads the online personal loan market. The terms sheet is for a paid trial on the Cognitive Virtual Sales Assistant and Intelligent Guided Selling Technology. The Company is currently in negotiations for a binding proof of concept expected to be finalised shortly.

SUBSEQUENT EVENTS

On 22 January 2017, 2,500,000 shares were released from escrow.

On 6 February 2017, the company announced the proposed issue of 2,000,000 options to Tim Brewer for his advisory services. The options will be exercisable at \$0.08 each on or before 3 December 2019 on the achievement of the following milestones:

- 500,000 options will be exercisable on continuance of advisory agreement for 6 months
- 1,000,000 options will be exercisable on continuance of advisory agreement for 12 months
- 250,000 options will be exercisable on Flamingo Customer Experience Inc. achieving \$13,000,000 in revenue in any 12 months period of completion of Cre8tek Limited's acquisition of Flamingo Customer Experience Inc, prior to 3 November 2019
- 250,000 options will be exercisable on Flamingo Customer Experience Inc. achieving \$28,000,000 in revenue in any 36 months period of completion of Cre8tek Limited's acquisition of Flamingo Customer Experience Inc, prior to 3 November 2019

On 6 February 2017, the existing Company Secretary Mr Dave Filov resigned and Mr Zane Lewis was appointed as the new Company's Secretary.

There have been no other matters or circumstances that have arisen since 31 December 2016.

CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of the Consolidated Entity on page 23 forms part of the Directors' Report for the half year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'C Wallace', written in a cursive style.

Dr Catriona Wallace
Chief Executive Officer and Managing Director
28 February 2017

CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Revenue		253,306	407,319
Cost of sale		(14,593)	(691)
Gross profit		<hr/> 238,713	<hr/> 406,628
Other income		1,988	395
Corporate expenses		(64,688)	(150,495)
Depreciation and amortisation expense		(219,018)	(52,863)
Employee expenses		(989,931)	(828,173)
Listing fee expense on acquisition of Flamingo	3	(7,386,292)	-
Network and platform costs		(63,809)	(18,114)
Office expenses		(133,224)	(52,091)
Public company expenses		(58,293)	-
Sales and marketing		(79,487)	(6,861)
Share based compensation	6, 7	(18,449)	(56,721)
Transaction costs		(550,324)	-
Travel and entertainment		(138,722)	(142,866)
Other expenses		(7,345)	-
Loss before income tax expense		<hr/> (9,468,881)	<hr/> (901,161)
Income tax expense		-	-
Loss for the year		<hr/> (9,468,881)	<hr/> (901,161)
<i>Items that may be reclassified subsequently to profit and loss</i>			
Foreign currency translation (net of tax)		6,558	27,249
Total comprehensive loss for the period net of tax		<hr/> (9,462,323)	<hr/> (873,912)
Basic and diluted loss per share (cents)	9	(1.59)	(0.40)

The accompanying notes form part of these financial statements.

CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		2,512,870	169,434
Trade and other receivables		385,796	21,831
Other current assets		52,412	9,874
TOTAL CURRENT ASSETS		2,951,078	201,139
NON-CURRENT ASSETS			
Plant and equipment		43,784	27,388
Development assets	4	837,215	514,452
TOTAL NON-CURRENT ASSETS		880,999	541,840
TOTAL ASSETS		3,832,077	742,979
CURRENT LIABILITIES			
Trade and other payables		330,030	311,015
Employee benefits		77,043	39,023
Borrowings		-	432,574
TOTAL CURRENT LIABILITIES		407,073	782,612
TOTAL LIABILITIES		407,073	782,612
NET ASSETS/(DEFICIENCY)		3,425,004	(39,633)
EQUITY			
Issued capital	5	16,502,953	3,594,442
Reserves	6	94,288	85,929
Accumulated losses		(13,172,237)	(3,720,004)
TOTAL EQUITY		3,425,004	(39,633)

The accompanying notes form part of these financial statements.

CRE8TEK LIMITED
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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Share Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Total \$
Balance as at 1 July 2016	3,594,442	(3,720,004)	75,628	10,301	(39,633)
Pre-acquisition balance	3,594,442	(3,720,004)	75,628	10,301	(39,633)
<i>Total Comprehensive Income</i>					
Loss for the period	-	(9,468,881)	-	-	(9,468,881)
Foreign currency translation differences	-	(2,884)	-	9,442	6,558
Total comprehensive loss for the period	-	(9,471,765)	-	9,442	(9,462,323)
Transactions with owners in their capacity as owners:					
Acquisition Flamingo Customer Experience Inc.	9,377,056	-	-	-	9,377,056
Issue of shares	3,531,455	-	-	-	3,531,455
Options vested	-	19,532	(1,083)	-	18,449
Balance as at 31 December 2016	16,502,953	(13,172,237)	74,545	19,743	3,425,004
	Issued capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Exchange Reserve \$	Total \$
Balance as at 1 July 2015	2,669,442	(1,577,323)	-	2,322	1,094,441
<i>Total Comprehensive Income</i>					
Loss for the period	-	(901,161)	-	-	(901,161)
Foreign currency translation differences	-	14,534	-	12,715	27,249
Total comprehensive loss for the period	-	(886,627)	-	12,715	(873,912)
Transactions with owners in their capacity as owners:					
Issue of share capital net of costs	925,000	-	-	-	925,000
Share based payments	-	-	56,721	-	56,721
Balance as at 31 December 2015	3,594,442	(2,463,950)	56,721	15,037	1,202,250

The accompanying notes form part of these financial statements.

CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	26,690	101,372
R&D tax offset received	-	585,991
Interest received	1,361	344
Payment to suppliers	(1,098,045)	(846,654)
Payment for employees	(1,072,843)	(601,668)
Net cash used for operating activities	(2,142,837)	(760,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(29,488)	(5,260)
Cash acquired on reverse takeover transaction	3(d) 4,057,396 ¹	-
Net cash provided by investing activities	4,027,908	(5,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received from related parties	915,000 ²	-
Loan repaid to related parties	(286,000)	-
(Payments)/Proceeds for/from the issue of shares and convertible notes	(169,498)	925,000
Net cash provided by financing activities	459,502	925,000
Net increase in cash and cash equivalents held	2,344,573	159,125
Cash and cash equivalents at the beginning of period	169,434	586,632
Exchange rate changes on the balance of cash held in foreign currencies	(1,137)	1,915
Cash and cash equivalents at the end of period	2,512,870	747,672

The accompanying notes form part of these financial statements.

¹ The cash acquired of \$4,057,396 includes the capital raised of \$3,000,000 under the Public Offer less any associated capital raising costs which occurred prior to the acquisition date.

² Prior to the acquisition of Flamingo, Cre8tek provided a loan to Flamingo totalling to \$915,000 for working capital requirements.

CRE8TEK LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 1: REPORTING ENTITY

The interim financial report (**Report**) of Cre8tek Limited (the **Company**) and its controlled entities (the **Group**) (**Consolidated Entity**) for the half year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 28 February 2017.

Cre8tek Limited is a listed public company, trading on the Australia Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The Group's principal place of business is Level 2, Bridge Street, Sydney New South Wales 2000, Australia and registered office is located at 108 Outram Street, West Perth Western Australia 6005, Australia.

NOTE 2: BASIS OF PREPARATION

This Report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Cre8tek Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

The same accounting policies and methods have been consistently applied by the Consolidated Entity in these interim financial statements as compared with the most recent annual financial statements, except as follows:

a) Adoption of new and revised accounting standards

In the Financial Period, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

b) Going Concern

For the half year ended 31 December 2016 the entity recorded a loss of (\$9,468,881) and had net cash outflows from operating activities of (\$2,142,837).

The ability of the consolidated entity to continue as a going concern is dependent on securing additional funding to continue its current level of operational activities and further development of the technology asset. These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Management believe there are sufficient funds to meet the consolidated entity's working capital requirements as at the date of this report. Subsequent to the period end the consolidated entity expects to receive additional funds from an R&D tax credit and other government grant programs as detailed in Note 14 and will consider other funding options.

CRE8TEK LIMITED
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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 2: BASIS OF PREPARATION (CONTINUED)

b) Going Concern (Continued)

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlements of liabilities in the normal course of business for the following reasons:

- Management have considered the future capital requirements of the consolidated entity and in addition to an R&D tax credit and other government grants will consider other funding options as required; and
- the Company is agile in its ability to respond to market changes and if required could scale back operations in response to any adverse market changes.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or liabilities that might be necessary should the entity not continue as a going concern.

c) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Revenue relating to government grants is recorded on an accrual basis. It is accrued in the period relating to which the relevant authority has a definite legal obligation to provide the grant. All grants presented have actually been received as cash as of the date of this report.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

d) Reverse asset acquisition

On 3 November 2016, Cre8tek Limited (Cre8tek) completed the acquisition of Flamingo Customer Experience Inc. (Flamingo), a software as a service company which has developed a customer experience automation platform. Under the Australian Accounting Standards Flamingo was deemed the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Flamingo acquires the net assets and listing status of Cre8tek.

Accordingly, the consolidated financial statements of Cre8tek have been prepared as a continuation of the business and operation of Flamingo. As the deemed acquirer, Flamingo has accounted for the acquisition of Cre8tek from 1 November 2016. The comparative information for the period 31 December 2015 and 30 June 2016 is that of Flamingo. Refer to note 3 for further details of the transaction.

CRE8TEK LIMITED
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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 2: BASIS OF PREPARATION (CONTINUED)

d) Reverse asset acquisition (continued)

The implications of the acquisition by Flamingo on the financial statements are as follows:

i. Statement of Profit or Loss and Other Comprehensive Income

- The statement of profit and loss and other comprehensive income comprises the total comprehensive income for the 6 months ended 31 December 2016 for Flamingo and the period from 1 November 2016 to 31 December 2016 for Cre8tek.
- The statement of profit and loss and other comprehensive income for the half year ended 31 December 2015 comprises of Flamingo balances only.

ii. Statement of Financial Position

- The statement of financial position as at 31 December 2016 represents the combination of Flamingo and Cre8tek.
- The statement of financial position comparative represents Flamingo only as at 30 June 2016.

iii. Statement of Changes in Equity

- The Statement of Changes in Equity comprises:
 - The equity balance of Flamingo as at the beginning of the financial year (1 July 2016).
 - The total comprehensive income for the financial year and transactions with equity holders, being 6 months from Flamingo for the half year ended 31 December 2016 and the period from 1 November 2016 until 31 December 2016 for Cre8tek.
 - The equity balance of the combined Flamingo and Cre8tek for at the half year ended 31 December 2016.
- The Statement of Changes in Equity comparatives comprise the half year for Flamingo for the 6 months ended 31 December 2015.

iv. Statement of Cash Flows

- The Statement of Cash Flows comprises:
 - The cash balance of Flamingo at the beginning of the financial year (1 July 2016).
 - The transactions for the financial year for the 6 months from Flamingo for the half year ended 31 December 2016 and the period from 1 November 2016 until 31 December 2016 for Cre8tek.
 - The cash balance of the combined Flamingo and Cre8tek for the half year ended 31 December 2016.
 - The Statement of Cash Flows comparative comprises the half year of Flamingo for the period ended 31 December 2015.

v. Equity Structure

The equity structure (the number and type of equity instruments issued) in the financial statements reflects the consolidated equity structure of Flamingo and Cre8tek. The comparative reflects the equity structure of Flamingo.

vi. Earnings Per Share

The weighted average number of shares outstanding for the half year ended 31 December 2016 is based on the weighted average number of shares of Cre8tek outstanding in the period following the acquisition. The comparative weighted average number of shares is based on the legal subsidiary's (Flamingo) weighted average share multiplied by the exchange ratio.

CRE8TEK LIMITED
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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 3: REVERSE ACQUISITION ACCOUNTING

On 3 November 2016, Cre8tek Limited (Cre8tek) completed the acquisition of Flamingo Customer Experience Inc. (Flamingo) Under the Australian Accounting Standards Flamingo Customer Experience Inc. was deemed the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment under the guidance of AASB2 Share Based Payments by which Flamingo acquirers the net assets and listing status of Cre8tek.

Deemed Consideration

Cre8tek made a takeover offer of all securities of Flamingo. The takeover offer was affected through an off-market takeover bid for all of the ordinary shares in Flamingo on the basis of 47.46 Cre8tek shares for every 1 Flamingo share.

Under the acquisition, Cre8tek acquired all the shares of Flamingo by issuing 272,727,273 shares and 272,727,273 performance shares (Note 7) in Cre8tek to Flamingo shareholders, giving Flamingo (accounting parent) a controlling interest in Cre8tek (accounting subsidiary) and equating to a controlling interest in the combined entity. Flamingo was deemed the acquirer for accounting purpose as it owned 53.78% of the consolidated entity. The acquisition of Flamingo by Cre8tek is not deemed to be a business combination, as Cre8tek is not considered to be a business under AASB 3 Business Combination.

The value of the Cre8tek shares provided was determined as the notional number of equity instruments that the shareholders of Flamingo would have had to give the owners of Cre8tek, the same percentage ownership in the combined entity. It has been deemed to be \$9,377,056.

The pre-acquisition equity balances of Cre8tek, \$1,990,764, are eliminated against the increase in share capital of \$9,377,056 on consolidation and the balance is deemed to be the amount paid for the listing status, being \$7,386,292 (recognised in the consolidated statement of profit or loss and other comprehensive income).

	Ref	\$
(a) Deemed Cre8tek Limited Share Capital		
Historical issued capital balance at acquisition date		220,135,879
Elimination of Cre8tek Limited issued capital		(220,135,879)
Deemed consideration on acquisition	3(a)	9,377,056
Total Cre8tek Limited share capital on completion		<u>9,377,056</u>
(b) Cre8tek Limited Reserves		
Historical reserves balance at acquisition date		3,790,892
Elimination of Cre8tek Limited reserves		(3,790,892)
Total Cre8tek Limited reserves on completion		<u>-</u>
(c) Cre8tek Limited Accumulated Losses Pre-Completion		
Cre8tek Limited accumulated losses at acquisition date		(221,936,007)
Elimination of Cre8tek Limited accumulated losses		221,936,007
Total Cre8tek Limited accumulated losses on completion		<u>-</u>

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NOTE 3: REVERSE ACQUISITION ACCOUNTING (CONTINUED)

(d) Assets and Liabilities Acquired

Cash and cash equivalents		³ 4,057,396
Trade and other receivables		59,545
Loans		1,065,000
Prepayments		20,384
Development assets		50,000
Trade and other payables		(261,561)
Other liabilities		⁴ (3,000,000)
Net assets of Cre8tek Limited at acquisition date	3(f)	<u>1,990,764</u>

(e) Listing Expenses

Deemed consideration	3(b)	9,377,056
Net assets of Cre8tek Limited	3(e)	1,990,764
Total Cre8tek Limited listing expenses		<u>7,386,292</u>

NOTE 4: DEVELOPMENT ASSET

	31 December 2016	30 June 2016
	\$	\$
Opening balance	514,452	-
Development costs capitalised for Flamingo	272,763	514,452
Development costs capitalised for Agenda	50,000	-
Closing balance	<u>837,215</u>	<u>514,452</u>

³ The cash acquired of \$4,057,396 includes the capital raised of \$3,000,000 under the Public Offer less any associated capital raising costs which occurred prior to the acquisition date.

⁴ Unissued shares for which cash was received prior to the acquisition date.

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NOTE 5: ISSUED CAPITAL	31 December 2016	30 June 2016
	\$	\$
(a) Share Capital		
595,440,046 (30 June 2016: 4,939,843) fully paid ordinary shares	16,502,953	3,594,442
	No.	\$
(b) Movement in Ordinary Capital		
Opening balance at 1 July 2015	4,259,718	2,669,442
Issue on 31 August 2015	680,125	925,000
Closing balance at 30 June 2016	4,939,843	3,594,442
Opening balance at 1 July 2016	4,939,843	3,594,442
Elimination of Flamingo Customer Experience Inc. shares on acquisition of Cre8tek Limited	(4,939,843)	-
Existing shares of Cre8tek Limited ⁵	234,426,409	-
Acquisition of Flamingo Customer Experience Inc.	272,727,273	9,377,056
Shares issued to facilitators ⁶	13,286,364	531,455
Shares issued under the Public Offer	75,000,000	3,000,000
Closing balance at 31 December 2016	595,440,046	16,502,953

⁵ At the date of the acquisition the historical issued capital balance of Cre8tek Limited was \$220,135,879.

⁶ The facilitators shares include 3,375,000 shares, valued at \$135,000 to a related party as disclosed in Note 14.

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NOTE 6: RESERVES

	31 December 2016	30 June 2016
	\$	\$
(a) Options and Rights		
111,552,828 (30 June 2016: 178,750) options on issue	74,545	75,628
	No.	\$
(b) Movement in Options and Rights		
Opening balance at 1 July 2015	-	-
Issue on 1 July 2015	178,750	75,628
Closing balance at 30 June 2016	178,750	75,628
Opening balance at 1 July 2016	178,750	75,628
Options expired	(46,163)	(1,083)
Elimination of Flamingo Customer Experience Inc. options on acquisition of Cre8tek Limited	(132,587)	-
Existing options of Cre8tek Limited	75,475,453	-
Existing performance rights of Cre8tek Limited	30,000,000	-
Issue of employee options under the Employee Offer	6,077,375	-
Closing balance at 31 December 2016	111,552,828	74,545
(c) Foreign exchange reserve	19,443	10,301

NOTE 7: PERFORMANCE SHARES AND OPTIONS

Performance Shares

During the half year ended 31 December 2016, the following performance shares were issued as part of the acquisition:

- 272,727,273 Performance Shares were issued to the shareholders of Flamingo Customer Experience Inc., which convert to ordinary fully paid share on a one for one basis following the achievement of the performance milestones before the expiry date.
- 7,150,000 Performance Shares were issued to Facilitators of the transaction, which convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date.

The fair value of Performance Shares was determined to be nil at date of acquisition due to the uncertainty of meeting the performance milestones, which are based on future events.

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NOTE 7: PERFORMANCE SHARES AND OPTIONS (CONTINUED)

The performance milestones are summarised below:

- Milestone 1** Flamingo executes a legally binding master service agreement (MSA) and completes a security audit with a substantial US corporation, and either:
- That MSA remains valid, binding and enforceable for at least 12 months after its execution; or
 - The Flamingo Platform technology is applied in another business vertical of the substantial US corporation outside any business unit where the technology is being trialled;
- Milestone 2** Flamingo achieves \$13,000,000 in Revenue in any 12 months period within 36 months of Completion; and
- Milestone 3** Flamingo achieves \$28,000,000 in Revenue in any 12-month period within 36 months of Completion.

On 26 October 2016, the shareholders of Cre8tek have approved the issue of 9,000,000 Performance Rights to Cathie Reid, Bryn Hardcastle and Faldi Ismail. These Performance Rights have the same performance milestones as the Performance Shares above. As at 31 December 2016 the performance shares have been valued at nil due to the uncertainty regarding the milestone targets.

Employee Options

During the half year ended 31 December 2016, the following options were issued and cancelled:

- 178,750 Employee Options issued on 1 July 2015 of which 49,039 have been forfeited and an additional 2,876 issued. This gives rise to 132,587 options which were replaced at acquisition date with Cre8tek options. At replacement date, the fair value calculated on the original options exceeded the fair value of the replacement options (calculated at replacement date), and as a result the fair value of the original grant will continue to be expensed over the remainder of the vesting period as if the modification did not occur. This is in-line with the requirements of AASB 2, *Share-Based Payments*. Details of the assumptions used in the valuation of the options are summarised below:

Terms of the original options in Flamingo

Item	Employee Options
Number of options	178,750
Exercise price (\$)	\$1.403
Valuation (grant) date	1 July 2015
Expiry date	20 July 2025
Time to expiry (years)	10.10
Vesting date	1/3 vest on one year anniversary of the grant date with 1/36 vesting each month after the initial vesting date until all options have vested.
Exercise conditions	Nil
Value per option	\$1.2693

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NOTE 7: PERFORMANCE SHARES AND OPTIONS (CONTINUED)

Terms of the replacement options in Cre8tek

- 6,077,375 Employee Options were issued on 3 November 2016 at \$0.04 each expiring 3 November 2021 under the Employee Share Option Plan. These options have been valued using the Black and Scholes option valuation methodology taking into accounts the terms and conditions upon which the options were granted. Details of the assumptions used in the valuation of the options issued are summarised below:

Item	Employee Options
Number of options	6,077,375
Exercise price (\$)	\$0.029
Valuation (grant) date	3 November 2016
Expiry date	3 November 2021
Time to expiry (years)	5
Vesting date	1/3 vest on one year anniversary of the grant date of Flamingo options with 1/36 vesting each month after the initial vesting date until all options have vested.
Exercise conditions	Nil
Value per option	\$0.03158

NOTE 8: DIVIDENDS

The Company did not pay or propose any dividends in the half year to 31 December 2016.

NOTE 9: LOSS PER SHARE

The following reflects income and share data used in the calculation of basic and diluted loss per share.

	31 December 2016	31 December 2015
	\$	\$
Total comprehensive loss for the period	(9,468,881)	(901,161)
	No.	No.
Weighted average number of ordinary shares in calculating basic and diluted loss per share	595,440,046	4,710,670

In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS Calculation) for the half year ended 31 December 2015 has been adjusted to reflect the reverse acquisition.

- (1) The number of ordinary shares outstanding from 1 July 2015 to 31 December 2015 are computed on the basis of the weighted average number of ordinary shares of Flamingo Customer Experience Inc. (legal acquire/ accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the acquisition agreement; and
- (2) The weighted average number of shares outstanding for the half year ended 31 December 2016 is based on the weighted average number of shares of Cre8tek Limited outstanding in the period following the acquisition

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NOTE 10: COMMITMENTS

	31 December 2016	30 June 2016
	\$	\$
Commitments under the Gartner Australasia Pty Ltd Service Agreement for Flamingo Ventures Pty Ltd		
<i>Minimum payments</i>		
- Not later than one year	58,825	-
- Greater than one year	127,325	-
	186,150	-

There are no commitments for office lease because all leases are on a month to month basis.

NOTE 11: SEGMENT INFORMATION

The Company has identified its operating segment based on internal reports that are reviewed by the Board and management. The company has one operating segment.

NOTE 12: CONTINGENT ASSET AND LIABILITIES

The Company has detailed in the Prospectus anticipated funding from the Australian Tax Office as part of the AusIndustry research and development program. At reporting date the application was yet to be finalised however the Company expects the tax credit and funding from other government grant programs to be within the range of \$800,000 - \$1,000,000

The Directors are not aware of any contingent liabilities as at 31 December 2016.

NOTE 13: SUBSEQUENT EVENTS

On 22 January 2017, 2,500,000 shares were released from escrow.

On 6 February 2017, the company announced the proposed issue of 2,000,000 options to Tim Brewer for his advisory services. The options will be exercisable at \$0.08 each on or before 3 December 2019 on the achievement of the following milestones:

- 500,000 options will be exercisable on continuance of advisory agreement for 6 months
- 1,000,000 options will be exercisable on continuance of advisory agreement for 12 months
- 250,000 options will be exercisable on Flamingo Customer Experience Inc. achieving \$13,000,000 in revenue in any 12 months period of completion of Cre8tek Limited's acquisition of Flamingo Customer Experience Inc, prior to 3 November 2019
- 250,000 options will be exercisable on Flamingo Customer Experience Inc. achieving \$28,000,000 in revenue in any 36 months period of completion of Cre8tek Limited's acquisition of Flamingo Customer Experience Inc, prior to 3 November 2019

On 6 February 2017, the existing Company Secretary Mr Dave Filov resigned and Mr Zane Lewis was appointed as the new Company's Secretary.

There have been no other matters or circumstances that have arisen since 31 December 2016.

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NOTE 14: RELATED PARTY TRANSACTIONS

During the half year ended 31 December 2016, the following related party transactions have occurred:

- Cre8tek Limited issued 272,727,273 ordinary shares to shareholders of Flamingo Customer Experience Inc. as consideration for the acquisition of Flamingo Customer Experience Inc. This included 115,814,388 ordinary shares issued to the CEO and Executive Director Dr Catriona Wallace and 62,848,740 ordinary shares issued to the Executive Chair Ms Cathie Reid who were the shareholders of Flamingo Customers Experience Inc.
- Cre8tek Limited issued 272,727,273 performance shares to the shareholders of Flamingo Customer Experience Inc. as consideration for the acquisition of Flamingo Customer Experience Inc. This included 115,814,388 performance shares issued to the CEO and Executive Director Dr Catriona Wallace and 62,848,740 performance shares issued to the Executive Chair Ms Cathie Reid. who were the shareholders of Flamingo Customers Experience Inc.
- On 26 October 2016, the shareholders of Cre8tek approved the issue of 9,000,000 Performance Rights to Cathie Reid, Bryn Hardcastle and Faldi Ismail. These Performance Rights have the same performance milestones as the Performance Shares and at 31 December 2016 have been valued at nil due to the uncertainty regarding the milestone targets.
- Cre8tek Limited issued 3,375,000 ordinary shares to a related party of Mr Paul Hunyor, a former director of Flamingo Customer Experience Inc for his services in relation to the transaction.
- The amounts paid as director's fees for the half year ended 31 December 2016 totalled to \$24,300.
- The total legal fees paid to Bellanhouse Legal, a related party of Mr Bryn Hardcastle totalled to \$12,863.
- Otsana Capital, a related party of Mr Faldi Ismail was paid \$15,000 relating to management fee for the period following the transaction. Otsana Capital was also paid \$143,788 relating to capital raising fees prior to the reverse takeover transaction.
- Prior to the acquisition of Flamingo (period 1 July 2016 to 31 December 2016), Cre8tek provided a loan to Flamingo totalling to \$915,000, this balance was eliminated on consolidation.
- A loan totalling to \$286,000 which was provided to Flamingo by an entity related to Ms Cathie Reid was repaid.

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DIRECTORS' DECLARATION

The Directors of Cre8tek Limited declare that:

1. The financial statements and notes, as set out on pages 7 to 21 are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the period ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Group 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.



Dr Catriona Wallace
Chief Executive Officer and Managing Director
28 February 2017

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF CRE8TEK LIMITED

As lead auditor for the review of Cre8tek Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cre8tek Limited and the entities it controlled during the period.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cre8tek Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cre8tek Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 Cre8tek Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cre8tek Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cre8tek Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

Without modifying our conclusion, we draw attention to Note 2(b) in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd



Neil Smith
Director

Perth, 28 February 2017