

Interpose Holdings Ltd

ACN 21 150 956 773

Half-Year Financial Report

31 December 2017

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Corporate directory

Directors	Mr Barnaby Egerton-Warburton <i>Non-executive director</i>
	Mr Gabriel Chiappini <i>Non-executive director</i>
	Mr Justin Barton (resigned 11 December 2017) <i>Non-executive director</i>
	Mr Eric De Mori (appointed 11 December 2017) <i>Non-executive director</i>
Company Secretary	Mr Gabriel Chiappini
Registered Office	50 Ord Street West Perth WA 6005 Tel: +618 9463 3260
Share Register	Link Market Services Limited Ground Floor Level 4 Central Park 152 St Georges Terrace Perth WA 6000
Stock Exchange Listings	Australian Securities Exchange (ASX: IHS)
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	DLA Piper Australia 31/152-158 St Georges Terrace Perth WA 6000
Website	www.interposeholdings.com

Directors' report

The Directors present their report together with the financial statements for the half-year period ending on 31 December 2017.

Directors

The names of the Directors of Interpose Holdings Ltd (hereafter "Interpose" or "the Company") throughout the reporting period and at the date of this report are as set out above in the Corporate Directory.

Principal Activities

The principal activities of the consolidated entity carried out during the period consisted of:

- Continued participation in and funding of the Gallatin Gas-Condensate Project, and
- Ongoing evaluation of potential business opportunities.

Results of Operations and Dividends

The net loss from continuing operations for the half-year period to 31 December 2017 was \$210,782 (31 December 2016: \$266,169).

No dividends have been paid or declared by the Company during the period ended 31 December 2017 (31 December 2016: nil).

Review of Operations

During the period the Company continued to review opportunities within the Oil & Gas sector, this included investing into a second well at the Gallatin, Texas project. The well was spudded in November and was drilled to a depth of approximately 9,300 feet. In December the Company reported that both the lower and upper Petit formations are tight with low porosity and as a result the decision was made to plug and abandon the well. The Company together with the operator of the Gallatin project will continue to analyse the results from the well and decide if a third well at the project is warranted.

The Company also welcomed the appointment of Mr Eric de Mori as a Non-executive director of the Company on 11 December 2017.

Subsequent Events

Subsequent to the end of the period the Company appointed Ashanti Capital as Corporate Advisors with a mandate to facilitate a wider search for suitable assets for the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations, results or state of affairs of the group in future financial periods which have not been disclosed publicly at the date of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of this report.

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



Barnaby Egerton-Warburton

Director

14 March 2018

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF INTERPOSE HOLDINGS LIMITED

As lead auditor for the review of Interpose Holdings Limited for the half-year ended 31 December 2017, 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 Interpose Holdings Limited and the entities it controlled during the period.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Interpose Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Interpose Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

BDO Audit (WA) Pty Ltd

BDO
Neil Smith

Neil Smith

Director

Perth, 14 March 2018

Consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2017

	Note	31-Dec-17 A\$	31-Dec-16 A\$
Interest revenue		2,765	2,770
Corporate costs	3	(37,130)	(142,370)
Professional fees		(81,125)	(35,875)
Director fees		(21,500)	(27,091)
Share-based payments		-	(192,000)
Salaries and wages		(30,000)	-
Finance costs		-	(65,719)
Exploration and evaluation Impairment expense		(42,652)	-
Other expenses		(1,140)	-
Reversal of prior period provisions		-	200,210
Loss on disposal of assets		-	(6,094)
Loss before income tax		(210,782)	(266,169)
Income tax expense		-	-
Loss from continuing operations after income tax		(210,782)	(266,169)
Profit/(loss) from discontinued operation (attributable to equity holders of the company)	11	-	3,351,050
Profit/ (loss) for the period		(210,782)	3,084,881
Profit /(loss) for the half year attributable to members of the parent entity		(210,782)	3,084,881
Total profit/ (loss) for the period		(210,782)	3,084,881
<i>Other comprehensive income:</i>			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation - members of the parent entity		(1,708)	-
Total other comprehensive profit/ (loss) for the year		(1,708)	-
Total comprehensive loss for the period attributable to members of the parent entity		(212,490)	3,084,881
Profit /(loss) for the period attributable to owners of the parent		(212,490)	3,084,881
<i>Profit/ (loss) per share from continuing operations attributable to the ordinary equity holders of the Company</i>			
Basic and diluted earnings/ (loss) per share (cents)	4	(0.2)	(0.2)
<i>Profit/ (loss) per share from discontinued operations attributable to the ordinary equity holders of the Company</i>			
Basic and diluted earnings/ (loss) per share (cents)	4	-	2.6

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

Consolidated statement of financial position

As at 31 December 2017

	Note	31-Dec-17 A\$	30-Jun-17 A\$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	5	866,379	1,082,909
Trade and other receivable	6	6,910	4,032
Total current assets		873,289	1,086,941
<i>Non-current assets</i>			
Exploration and evaluation expenditure		57,348	56,004
Total non-current assets		57,348	56,004
Total assets		930,637	1,142,945
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables		32,300	32,118
Total current liabilities		32,300	32,118
Total liabilities		32,300	32,118
Net assets		898,337	1,110,827
EQUITY			
Share capital	7	18,154,702	18,154,702
Reserves	8	(6,608)	11,951
Accumulated losses		(17,249,757)	(17,055,826)
Total equity		898,337	1,110,827

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

Interpose Holdings Limited

Half-year financial report 31 December 2017

Consolidated statement of changes in equity

For the half year ended 31 December 2017

	Share capital	Foreign currency translation reserve	Share-based payment reserve	Total reserves	Accumulated loss	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
Balance at 1 July 2016	19,320,504	(742,543)	6,742,208	5,999,665	(26,624,879)	(1,304,710)	(858,210)	(2,162,920)
Profit for the period	-	-	-	-	3,084,881	3,084,881	-	3,084,881
Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	-	3,084,881	3,084,881	-	3,084,881
Issue of shares	513,369	-	-	-	-	513,369	-	513,369
Issuance costs	-	-	-	-	-	-	-	-
Share-based payments	192,000	-	-	-	-	192,000	-	192,000
Cancellation of shares	(2,200,000)	-	-	-	-	(2,200,000)	-	(2,200,000)
De- recognition on disposal of subsidiaries	-	742,543	-	742,543	-	742,543	858,210	1,600,753
Transfer to accumulated losses	-	-	(6,725,357)	(6,725,357)	6,725,357	-	-	-
Total distributions to owners of Company recognised directly in equity	(1,494,631)	742,543	(6,725,357)	(5,982,814)	6,725,357	(752,088)	858,210	106,122
Balance at 31 December 2016	17,825,873	-	16,851	16,851	(16,814,641)	1,028,083	-	1,028,083
Balance at 1 July 2017	18,154,702	(4,900)	16,851	11,951	(17,055,826)	1,110,827	-	1,110,827
Loss for the period	-	-	-	-	(210,782)	(210,782)	-	(210,782)
Foreign currency translation	-	(1,708)	-	(1,708)	-	(1,708)	-	(1,708)
Total comprehensive loss for the period	-	(1,708)	-	(1,708)	(210,782)	(212,490)	-	(212,490)
Total distributions to owners of Company recognised directly in equity	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	(16,851)	(16,851)	16,851	-	-	-
Balance at 31 December 2017	18,154,702	(6,608)	-	(6,608)	(17,249,757)	(898,337)	-	(898,337)

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

Consolidated statement of cash flows
For the half year ended 31 December 2017

	Note	31-Dec-17 A\$	31-Dec-16 A\$
<i>Cash flows from operating activities</i>			
Interest received		2,765	2,770
Payments to suppliers and employees		(175,300)	(271,511)
Net cash used in operating activities		(172,535)	(268,741)
<i>Cash flows from investing activities</i>			
Exploration payments		(43,995)	-
Proceeds from disposal of subsidiaries	11	-	802,371
Cash relinquished on disposal of subsidiaries	11	-	(237,033)
Net cash from investing activities		(43,995)	565,338
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		-	513,369
Net cash from financing activities		-	513,369
Total cash movement for the period		(216,530)	809,966
Cash and Cash Equivalents at 1 July		1,082,909	8,676
Cash classified as held for sale at 1 July		-	230,341
Exchange rate adjustment		-	6,692
Total cash at end of the period	5	866,379	1,055,675

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

1. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial 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 2017 and any public announcements made by Interpose Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except as set out below.

a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2018 annual report as a consequence of these amendments.

b) New standards issued but not yet adopted

There are no standards that are not yet effective and that are expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

2. Segment information

Description of segments

The Company's Board of Directors, who are collectively the "Chief Operating Decision Maker", receives financial information for two reportable segments being "Corporate" and "Exploration".

Segment information

	Discontinued Operations	Exploration	Corporate	Consolidated
<i>For the half year ended 31 December 2017</i>	A\$	A\$	A\$	A\$
Total segment revenue	-	-	2,765	2,765
Loss from continuing operations	-	(42,652)	(168,130)	(210,782)
Profit from discontinued operation	-	-	-	-
Profit (loss) before income tax	-	(42,652)	(168,130)	(210,782)
<i>Segment Assets</i>				
Cash and cash equivalents	-	-	866,379	866,379
Exploration and evaluation expenditure	-	57,348	-	57,348
Other	-	-	6,910	6,910
Total Segment Assets	-	57,348	873,289	930,637
<i>Segment Liabilities</i>				
Trade and other payable	-	-	32,300	32,300
Total Segment Liabilities	-	-	32,300	32,300
<i>For the half year ended 31 December 2016</i>				
	A\$	A\$	A\$	A\$
Total segment revenue	-	-	2,770	2,770
Loss from continuing operations	-	-	(266,169)	(266,169)
Profit from discontinued operation	3,351,050	-	-	3,351,050
Profit (loss) before income tax	3,351,050	-	(266,169)	(3,084,881)
<i>Segment Assets</i>				
Cash and cash equivalents	-	-	1,055,675	1,055,675
Other	-	-	13,455	13,455
Total Segment Assets	-	-	1,069,130	1,069,130
<i>Segment Liabilities</i>				
Trade and other payable	-	-	41,047	41,047
Total Segment Liabilities	-	-	41,047	41,047

3. Corporate costs

	31-Dec-17 A\$	31-Dec-16 A\$
Corporate compliance and communication costs	37,130	111,880
Occupancy	-	30,490
	37,130	142,370

4. Earnings per share

The calculation of basic and diluted earnings (loss) per share at 31 December 2017 was calculated as follows:

	31-Dec-17 A\$	31-Dec-16 A\$
<i>Loss attributable to ordinary shareholders</i>		
Profit (loss) for the period from continuing operations	(210,782)	(266,169)
Profit (loss) for the period from discontinued operations	-	3,351,050
Profit (loss) for the period	(210,782)	3,084,881
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares at the beginning of the period	132,963,191	139,592,127
Effect of shares cancelled during the year	-	(55,000,000)
Effect of shares issued during the year	-	73,889,516
Weighted average number of ordinary shares at 31 December	132,963,191	125,512,345
<i>Earnings (loss) per share</i>		
Basic and diluted earnings (loss) per share from:		
- continuing operations attributable to the ordinary equity holders of the Company (cents per share)	(0.2)	(0.2)
- discontinued operations attributable to the ordinary equity holders of the Company (cents per share)	-	2.8
Total earnings (loss) per share	(0.2)	2.6

Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

5. Cash and cash equivalents

	31-Dec-17 A\$	30-Jun-17 A\$
Cash on hand and at bank	866,379	1,082,909
	866,379	1,082,909

6. Trade and other receivable

	31-Dec-17 A\$	30-Jun-17 A\$
GST and VAT receivable	6,910	4,032
	6,910	4,032

7. Contributed equity

	31-Dec-17 A\$	30-Jun-17 A\$
Shares on issue	20,005,669	20,005,669
Issuance costs	(1,850,967)	(1,850,967)
	18,154,702	18,154,702

<i>Reconciliation of movement in share capital</i>	Number of shares	A\$
Balance at 1 July 2017	132,963,191	18,154,702
Balance at 31 December 2017	132,963,191	18,154,702
Balance at 1 July 2016	139,592,127	19,320,504
Cancellation of shares	(55,000,000)	(2,200,000)
Issue of shares – Rights issue and shortfall	25,668,452	513,369
Issue of shares – Director remuneration	6,000,000	192,000
Balance at 31 December 2016	116,260,579	17,825,873

8. Reserves

	31-Dec 17	30-Jun-17
	A\$	A\$
Share-based payment reserve	-	16,851
Foreign currency translation reserve	(6,608)	(4,900)
	(6,608)	11,951
<i>Reconciliation of movement in reserves</i>		
<i>Share-based payments reserve</i>		
Balance – opening	16,851	6,742,208
Equity settled share-based payment transactions	-	-
Transferred to retained earnings upon expiry of options	(16,851)	(6,725,357)
Balance – closing	-	16,851
<i>Foreign currency translation reserve</i>		
Balance – opening	(4,900)	(742,543)
Effect of translation of foreign currency operation to group presentation currency	(1,708)	93,830
De- recognition on disposal of subsidiaries	-	643,813
Balance – closing	(6,608)	(4,900)
	(6,608)	11,951

9. Fair value of financial instruments

<i>As at 31 December 2017</i>	Note	Carrying amount	Fair amount
		A\$	A\$
<i>Current Assets</i>			
Trade and other receivables	6	6,910	6,910
<i>Current Liabilities</i>			
Trade and other payable		32,300	32,300

The carrying values less any impairment provision of trade receivables and payables are assumed to approximate their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

10. Related party transactions

During the reporting period \$9,000 was paid to Gabriel Chiappini's Consultancy Company, Laurus Corporate Services, for financial services provided during the reporting period, including but not limited to Accounting, Bookkeeping and Management of Tax and Audit requirements and administration.

11. Disposal of Subsidiaries in the prior period

11.1 Description

On the 18 April 2016 Interpose Holdings Ltd announced that the Company would be disposing of its African subsidiaries. The Disposal became unconditional and was completed on 28 July 2016 at which point the Company ceased to have any control and equity interests in African subsidiaries.

The African subsidiaries were sold in consideration for a total of AU\$8,349,449 comprising of:

- (a) a cash payment of A\$802,371;
- (b) the buyback and cancellation of 55 million existing shares from the purchaser for nil consideration with a fair value of AU\$2,200,000 (\$0.04 per share being the share price on the date the transaction became unconditional) in the Company held by parties associated with the Purchaser; and
- (c) assignment of all of the Company's debt, totalling A\$5,347,078, to the Purchaser.

The results of the African subsidiaries are presented in the consolidated financial statements as discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The consolidated statement of comprehensive income and consolidated statement of cash flows distinguish discontinued operations from continuing operations. Comparative figures have been restated.

The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements. The subsidiaries were sold on 28 July 2016 and is reported in the current year as a discontinued operation. Financial information relating to the discontinued operation is set out below.

11.2 Cash flows from discontinued operations

The cash flow information presented is for the period 1 July to 28 July 2016.

	28 July
	2016
	A\$
	<hr/>
Net cash flows from operating activities	-
Net cash flows from investing activities	(237,033)
Net cash flows from financing activities	-
	<hr/>
	(237,033)
	<hr/>

11. Disposal of Subsidiaries in the prior period (continued)

11.3 Details of the sale of subsidiary

	2016
	A\$
Consideration received or receivable:	
- Cash	802,371
- Buy back and cancellation of 55,000,000 shares	2,200,000
- Assignment of debt	5,347,078
Total disposal consideration	8,349,449
Carrying amount of net assets sold	(3,496,376)
Gain on sale before income tax and reclassification of foreign currency translation reserve and non- controlling interest	4,853,073
Reclassification of foreign currency translation reserve	(643,813)
Reclassification of non- controlling interest	(858,210)
Gain on sale after income tax	3,351,050

12. Commitments

There were no commitments in the Group at 31 December 2017.

13. Contingencies

There were no contingent assets or liabilities in the Group at 31 December 2017.

14. Dividends

No dividends were paid by the Group during the half year ended 31 December 2017 (2016: nil).

15. Events occurring after the reporting period

Subsequent to the end of the period the Company appointed Ashanti Capital as Corporate Advisors with a mandate to facilitate a wider search for suitable assets for the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations, results or state of affairs of the group in future financial periods which have not been disclosed publicly at the date of this report.

Director's Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date and
- (b) There are reasonable grounds to believe that Interpose Holdings Ltd 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 directors.



Barnaby Egerton-Warburton
Non- executive Chairman
Perth
14 March 2018