NetLinkz

RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D
HALF YEAR INFORMATION GIVEN TO ASX
UNDER LISTING RULE 4.2A

Name of entity	**Netlinkz Limited**
ABN	**55 141 509 426**
Half year ended	**31 December 2017**
Previous corresponding period	**31 December 2016**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Percentage change Up or Down		Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
		%	$	
Revenue from continuing activities	Down	59%	20,320	49,890
(Loss) from ordinary activities after tax attributable to members	Up	39%	(5,708,663)	(4,118,976)
(Loss) for the period attributable members	Up	39%	(5,705,678)	(4,116,876)

Dividends		Amount per Security	Franked amount per security
Interim Dividend - Current reporting period		Nil	Nil
Record date for determining entitlements to dividends (if any)		Not applicable	
Date Dividend is payable		Not applicable	
Details of any dividend reinvestment plan in operation		Not applicable	
The last date for receipt of an election notice for particiation in any dividend reinvestment plan		Not applicable	

Net Tangible Assets (NTA)		Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
Net Tangible Assets per security (before tax)		0.645 cents per share	0.523 cents per share
Net Tangible Assets per security (after tax)		0.645 cents per share	0.523 cents per share

REVIEW STATUS

This report is based on the half-year financial report which has been subject to independent review by the Auditors, BDO Audit (WA) Pty Ltd. All the documents comprise the information required by ASX Listing Rule 4.2A. The information should be read in conjunction with the 30 June 2017 Annual Financial Report.

The Auditor’s Review Report is an unmodified report.

NETLINKZ LIMITED

A.C.N. 141 509 426

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2017

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DIRECTORS' REPORT

The Directors of Netlinkz Limited present their report on the Consolidated Entity consisting of Netlinkz Limited ("Company" or " Netlinkz ") and the entities it controlled at the end of, or during, the half-year ended 31 December 2017 ("Consolidated Entity" or "Group").

Directors

The names of directors who held office during or since the end of the half year are:

- James Tsiolis (appointed 11 November 2015)
- Robert Turner (appointed 1 August 2016)
- John Galt (appointed 7 November 2017)
- David O'Dowd (appointed 14 November 2017)
- Peter Apostolopoulos (appointed 22 December 2017)
- Darren Patterson (appointed 4 August 2017 resigned 7 November 2017)
- Timothy Gooch (resigned 4 August 2017)

Principal activities

Netlinkz provides secure and efficient cloud network solutions. Netlinkz is transforming to a licensing model around the world to reduce its cost base. The Company's technology makes Fortune-500 security commercially available for organisations of all sizes. Netlinkz has received numerous industry awards for its technology, including being a worldwide winner of the Global Security Challenge. The Company has a distribution agreement via reseller contract with China Telecom Wuxi selling its VIN and VSP technology.

Review of operations

The net loss for the consolidated entity amounted to $(5,708,663) (31 December 2016 $4,118,976).

Significant change in the State of Affairs

Significant changes to the state of affairs of the consolidated entity during the half year were as follows:

The corporate and operational restructure was completed and the company relisted on the ASX on 24 August 2017, the Netlinkz Board believes the Company is now geared towards scaling revenue globally, in a cost effective manner.

In line with a low cost licensing strategy, Netlinkz finalised a corporate restructure aimed at reducing costs and streamlining business operations. To this end, the Company has closed its Perth and US offices and centralised and consolidated its operations to Sydney, with product development and deployment resources being contracted as required to US and Australian software companies.

Contributed equity increased by $2,117,500 less capital raising costs of $167,218 (from $24,140,363 to $26,090,645) as a result of issue of shares. Details of the changes in contributed equity are disclosed in note 5 to the financial statements.

The company also issued 35,285,000 options on 5 July 2007 and 11,768,821 options lapsed on 31 October 2017 (from 119,907,857 to 143,424,036) during the half year.

Netlinkz has drawn down $1,253,841 in direct cash on the QMAC facility and $746,712 has been paid direct to satisfy creditors and fund development work on the software for deployment in China. The balance of the QMAC facility will be available to complete the deployment of the software in China and the USA, details of the QMAC facility are in the ASX announcement dated 23 August 2017.

Strategic Capital Management Limited (SCM) continues to provide liquidity support for Netlinkz and assist the Company with strategic capital placements to investors to ensure the Company is able to meet its financial obligations, details of the liquidity support are in the ASX announcement dated 23 August 2017. SCM's compensation will be subject to shareholder approval at a general meeting which will take place in April 2018.

ARIE Trust has purchase convertible notes and long-term debt and, subject to shareholder approval at the general meeting, will convert the convertible notes and long term debt to equity in the Company, details of the convertible notes and long term debt are in the ASX announcement dated 23 August 2017.

On 15th November 2017, as part of the leadership restructure and due to Netlinkz increasing need to service partners in an international market, Netlinkz appointed two new Non-Executive Directors to the company; Mr John Galt and Mr David O'Dowd at the same time Mr Darren Patterson resigned. Mr Galt brings considerable experience in the cyber security and critical infrastructure industries, while Mr O'Dowd is a lawyer with vast experience in commercial law and capital raisings. Netlinkz also welcomed Mr Peter Apostolopoulos on 22th December 2017 who has extensive experience in corporate strategy, advisorial, investment banking and funds management. The directors have all agreed to defer payment of directors' remuneration until further notice.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 for the half year ended 31 December 2017.

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

James Tsiolis
Director
Sydney NSW

Dated this 21st day of March 2018

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF NETLINKZ LIMITED

As lead auditor for the review of Netlinkz 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 Netlinkz Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 21 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2017

	Note	Consolidated Half Year ended 31 December 2017	Consolidated Half Year ended 31 December 2016
Income		**$**	**$**
Sales		4,709	49,890
Rent		14,713	-
Interest		898	-
		20,320	49,890
Expenses			
Sales, Business Development, Marketing, Travel		178,268	1,355,942
Admin, Office, Corporate		1,528,658	523,844
Development & Commercialisation		1,625,783	1,226,057
Finance & restructuring costs	3	1,257,856	638,581
Share-based payment	8	1,138,418	424,442
		5,728,983	4,168,866
(Loss) before income tax		(5,708,663)	(4,118,976)
Income tax expense		-	-
(Loss) for the period		(5,708,663)	(4,118,976)
Other comprehensive income / loss:			
Items that will be classified to profit or loss:			
Exchange differences on translation of foreign operations		2,985	2,100
Other comprehensive loss for the period, net of income tax		2,985	2,100
Total comprehensive loss for the period		(5,705,678)	(4,116,876)
(Loss)/profit attributable to members of the parent entity		(5,705,678)	(4,118,976)
Total comprehensive loss attributable to members of the parent entity		(5,705,678)	(4,118,976)
Earnings/(Loss) per share from continuing operations			
- basic earnings per share (cents)	6	(0.645)	(0.523)
- diluted earnings per share (cents)	6	(0.645)	(0.523)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Consolidated Half Year ended 31 December 2017 $	Consolidated Full Year ended 30 June 2017 $
Current assets			
Cash and cash equivalents		793,865	33,903
Trade and other receivables		21,277	145,225
Prepayments and deposits		403,309	49,209
Total current assets		1,218,451	228,337
Non-current assets			
Property, plant and equipment		1,633	1,633
Total non-current assets		1,633	1,633
Total assets		1,220,084	229,970
Current liabilities			
Trade and other payables		4,571,259	3,897,118
Accruals	8	892,000	-
Employee benefits		461,128	94,190
Borrowings	4	2,435,645	1,771,563
Other		-	976
Total current liabilities		8,360,032	5,763,847
Non-current liabilities			
Borrowings	4	1,253,841	-
Total non-current liabilities		1,253,841	-
Total liabilities		9,613,873	5,763,847
Net assets deficiency		(8,393,789)	(5,533,877)
Equity			
Issued equity	5	26,090,645	24,140,363
Reserves		2,293,620	1,395,151
Accumulated losses		(36,778,054)	(31,069,391)
Total equity / (deficiency in equity)		(8,393,789)	(5,533,877)

The consolidated statement of financial position should be read in conjunction with the attached notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2017

Consolidated		Issued capital	Reserves	Accumulated Losses	Total
		$	$	$	$
At 1 July 2016		15,682,329	748,818	(23,119,269)	(6,688,122)
Total comprehensive loss for the period		-	2,100	(4,118,976)	(4,116,876)
Transactions with owners in their capacity as owners:					
Share issue		7,329,300	-	-	7,329,300
Capital raising costs		(389,145)	-	-	(389,145)
Share-based payments		-	424,442	-	424,442
Balance at 31 December 2016		22,622,484	1,175,360	(27,238,245)	(3,440,401)
At 1 July 2017		24,140,363	1,395,151	(31,069,391)	(5,533,877)
Total comprehensive loss for the period		-	2,985	(5,708,663)	(5,705,678)
Transactions with owners in their capacity as owners:					
Share issue	5	2,117,500	-	-	2,117,500
Financing costs paid by options	3	-	649,066	-	649,066
Share-based payment	8	-	246,418	-	246,418
Capital raising costs	5	(167,218)	-	-	(167,218)
Balance at 31 December 2017		26,090,645	2,293,620	(36,778,054)	(8,393,789)

The consolidated statement of changes in equity should be read in conjunction with the attached notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2017

	Consolidated Half Year ended 31 December 2017 $	Consolidated Half Year ended 31 December 2016 $
Cash flows from operating activities		
Receipts from customers	1,502	37,885
Payments to suppliers and employees	(2,619,663)	(3,362,152)
	(2,618,161)	(3,324,267)
Grants received	141,868	-
Interest received	898	6,223
Net cash (used in) operating activities	(2,475,395)	(3,318,044)
Cash flows from investing activities		
Disposal (Payments) for property, plant and equipment	-	8,191
Refund (Payments) for security deposits	(10,581)	29,289
Net cash (provided by) investing activities	(10,581)	37,580
Cash flows from financing activities		
Proceeds from issue of shares	2,117,500	6,329,999
Share issue transaction costs	(167,218)	(389,145)
Proceeds from borrowings, net	1,884,242	-
Repayment of borrowings	-	(2,952,369)
Interest and other finance costs paid	(588,586)	(58,821)
Net cash provided by financing activities	3,245,938	2,929,664
Net change in cash and cash equivalents held	759,962	(350,800)
Cash and cash equivalents at beginning of financial period	33,903	377,045
Cash and cash equivalents at end of financial period	**793,865**	**26,245**

The consolidated statement of cash flows should be read in conjunction with the attached notes to the consolidated financial statements.

Note 1. Basis of preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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 2017 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 and amended standards adopted by the entity

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.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2017 that have been applied by Netlinkz Group. The 30 June 2017 annual report disclosed that Netlinkz Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2017.

Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of $5,708,663 had net cash outflows from operating activities of $2,475,395 and had a working capital deficiency of $2,141,581. The Group is dependent upon future equity raisings and the ongoing support of creditors to meet its obligations as and when they fall due. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the group's ability to continue as a going concern. The directors believe that there are reasonable grounds to believe that the Group will continue as going concern, after considering the following factors:

- A 3 year debt facility has been arranged with QMAC Capital International Partners LP (QMAC) for USD3.7m secured over the assets of the Company, with corresponding options issued over the shares in the Company equal to 50% of the amount advanced, and carrying interest at 8% payable at maturity. The facility is without debt amortisation or interest requirements during the term, financial ratios or covenants.

- A further USD3.8m is available to be advanced to the Company subject to shareholder approval. This facility is repayable in full at the end of the 3 year term;

  The company has so far borrowed AUD1.215m of the initial facility. There is a further AUD7.272m that the company can draw down from the facility;

- The loan during the period of June – Dec 2017 was used for investments in China operations and partially for working capital;

- Substantial cost cutting measures have been undertaken during the period and post 31 December 2017;

- The Group expects to increase revenues during calendar year 2017 from its patented technology solutions and its new partnering sales strategy;

- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimize its working capital requirements;

- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available;

- The Directors have determined that future equity raisings may be required and could be achieved to provide funding for the Group's activities and to meet the Group's objectives. The Group has historical success in raising equity and debt capital and the Group is publicly listed on the ASX;

- Subsequent to the year end, the Company has raise $1,213,196 pursuant to equity raising (refer to note 10);

- The Group has successfully received grants for prior years Research & Development expenditure;

- The Group retains the ability, if required, to wholly or in part dispose of its intellectual property.

Should the Group 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 statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 2. Operating Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary statements forming this financial report.

Note 3. Finance costs

	Half Year ended 31 December 2017 $	Half Year ended 31 December 2016 $
Legal costs relating to pay out of previous debt facilities restructuring	-	189,837
Advisor costs relating to funding and restructuring	430,843	168,300
Finance costs relating to pay out of previous debt facilities and funding	-	161,103
Interest & other costs	177,947	119,341
Establishment fee for QMAC loans paid by granting of options [1]	649,066	-
	1,257,856	638,581

[1] On 28 August 2017 pursuant to the QMAC Finance Facility (see note 4) the Company issued 35,285,000 options exercisable into one share, has an exercise price of $0.02 and an expiry of 24 August 2020. For the purposes of the Australian Accounting Standards the Options are required to be valued and accounted for as a financing cost, the valuation model inputs used to determine the fair value of the Options, are included in the following table, the total finance cost of the debt facility is $649,066.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/08/2017	24/08/2020	$0.027	$0.02	100.00%	0.00%	2.25%	$0.0184

Note 4. Borrowings

Current liabilities	Half Year ended 31 December 2017 $	Full Year ended 30 June 2017 $
February 2016 debt facility	-	262,397
Related party loans [1]	2,435,645	1,509,166
	2,435,645	1,771,563

Non-current liabilities		
Other loans [2]	1,253,841	-
	1,253,841	-

[1] Strategic Capital Management Limited (SCM) has provided liquidity support services to Netlinkz. This has involved SCM, AIRE Trust and related entities of those parties providing financial accommodation, operational and managerial support of $1,805,244. SCM is a related party of James Tsiolis. These loans were agreed to be converted to shares upon obtaining shareholders' approval.

A further $630,401 was a facility provided by Robert Turner via a formal loan agreement on commercial term. In the agreement, based on 8% pa interest repayment date is 4 October, 2018. Mr Turner is a Director of Netlinkz

[2] The QMAC Facility is available in two tranches (Tranche 1: USD3.7m; Tranche 2: USD3.8m), in total USD7.5m with a further USD1.9m additional funding through a second tranche of options subject to shareholder approval. This is a 3 year debt facility which is secured over the assets of Netlinkz and its subsidiaries. The facility will carry interest at 8% payable on maturity. Netlinkz has drawn down the loan balance of QMAC $1,253,841.

Note 5. Equity - issued capital

	Ordinary Shares	$
Balance 1 July 2016	639,298,019	15,682,329
Issues of shares	175,055,546	7,714,999
Expenses paid in shares	11,080,706	364,664
Less: Capital raising costs	-	(475,298)
Borrowing repayment in shares	22,791,276	853,669
Balance at 30 June 2017	848,225,547	24,140,363

	Ordinary Shares	$
Opening Balance 1 July 2017	848,225,547	24,140,363
Issues of shares	105,875,000	2,117,500
Less: Capital raising costs	-	(167,218)
Balance at 31 December 2017	954,100,547	26,090,645

	Options	Exercise price
	Options	Exercise price
Expiry date of 8 March 2019	1,500,000	$0.1412
Expiry date of 14 March 2019	8,500,000	$0.147
Expiry date of 1 January 2020	5,500,000	$0.045
Expiry date of 1 January 2020	2,500,000	$0.12
Expiry date of 1 January 2020	5,000,000	$0.30
Expiry date of 1 August 2020	45,000,000	$0.045
Expiry date of 1 August 2020	5,000,000	$0.06
Expiry date of 1 August 2020	5,000,000	$0.12
Expiry date of 1 August 2020	10,000,000	$0.30
Expiry date of 24 August 2020	35,285,000	$0.02
Expiry date of 4 November 2020	2,139,036	$0.25
Expiry date of 1 January 2021	3,300,000	$0.06
Expiry date of 1 January 2021	3,300,000	$0.12
Expiry date of 1 1 January 2021	3,400,000	$0.24
Expiry date of 1 October 2021	2,000,000	$0.06
Expiry date of 1 October 2021	2,000,000	$0.12
Expiry date of 1 October 20211	2,000,000	$0.24
Expiry date of 1 October 2021	2,000,000	$0.36
Balance at 31 December 2017	143,424,036	

On 28 August 2017 pursuant to the QMAC Finance Facility (see note 3) the Company issued 35,285,000 options exercisable into one share, has an exercise price of $0.02 and an expiry of 24 August 2020.

On 31 October 2017 11,768,821 options with an exercise price of $0.25 lapsed.

Pursuant to the issue of 73,500,000 shares 30 November 2017, 15 December 2017, and 21 December 2017 36,750,000 options are to be issued subject to shareholder approval, the options will have an exercise price of $0.01 and exercise date 24 months from date of issue.

Note 6. Earnings per share

	Half Year ended 31 December 2017 $	Half Year ended 31 December 2016 $
(Loss) used in the earnings per share calculation	(5,708,663)	(4,118,976)
Weighted average number of ordinary shares	884,303,586	786,526,659
Loss per share (cents)	(0.645)	(0.523)

Note 7. Related party

A number of directors of the Company, or their director-related entities, held positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

The terms and conditions of the transactions with directors and their director related entities were no more favorable to the directors and their director related entities than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.
The aggregate amounts recognized during the half year (excluding re-imbursement of expenses incurred on behalf of the Company) relating to directors and their director-related entities were as follows:

Corporate advisory fees, and capital raising:
For the period ending 31 December 2017, total fee relating to corporate advisory, capital and debt raising payable to directors and Strategic Capital Management Ltd (a director related entities controlled by Mr James Tsiolis) amounted to $1,278,008. The Company will be seeking to have part of these fees satisfied through the issue of shares and options which will be subject to shareholder approval, the details will be included in the Notice of Meeting to be sent to shareholder for a meeting in April.

Director fees and remuneration:
Peter Apostolopoulos, Darren Pattern (resigned on 7 November 2017), David O'Dowd and John Galt were appointed as directors during the period ended 31 December 2017. Their remuneration is set at $90,000 per annum each. In additional, they are entitled to 10 million of share options exercisable at $0.02 during the period of their directorship. The issuance of these options is subjected to shareholders' approval (refer to Note 8).

For the period ending 31 December 2017 the directors agreed to defer their fees and convert their fees to equity subject to shareholder approval.

Related party loans
Refer to Note 4.

Note 8. Share-based payment

	Half Year ended 31 December 2017	Half Year ended 31 December 2016
	$	$
Vesting expenses relating to options to directors and key management personnel in prior period	246,418	-
Fees paid to consultant and related party in shares and options[1]	892,000	424,442
	1,138,418	424,442

[1] The Company has agreed to grant its consultant and related party for services provided in shares and options subjected to shareholder approval. The value of the service is estimated to be $892,000 which has been accrued.

Note 9: Contingent Liabilities

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2017.

Note 10: Events subsequent to reporting date

On 12 January 2018 pursuant to a placement of $222,456 the Company issued 8,327,372 shares at $0.0216 per share and 2,129,240 shares at $0.02 per share, 5,228,306 options are to be issued subject to shareholder approval, the options will have an exercise price of $0.01 and exercise date 24 months from date of issue.

On 22 February 2018 the Company announced a placement of up to $990,740 from the issue of up to 49,536,995 shares at $0.02 per share, the placement is settled on 5 March 2018, up to 24,768,498 options are to be issued subject to shareholder approval, the options will have an exercise price of $0.01 and exercise date 24 months from date of issue.

Subsequent to the reporting period, the Group discontinued operations of its US subsidiary, and was formally dissolved on 13 February 2018.

There has been no other material event subsequent to the half year ended 31 December 2017.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 4 to 14 are 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 2017 and of its performance for the half year ended on that date; and
   b) complying with Accounting Standard AASB 134 "Interim Financial Reporting".
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

James Tsiolis
Director

Sydney NSW

Dated this 21st day of March 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Netlinkz Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Netlinkz 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, 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 *Corporations Regulations 2001.*

Emphasis of matter – Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

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

Glyn O'Brien

Director

Perth, 21 March 2018