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 2018**
Previous corresponding period	**31 December 2017**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Percentage change Up or Down	%	Half-year ended 31 Dec 2018 $	Half-year ended 31 Dec 2017
Revenue from continuing activities	Up	1797%	365,099	20,320
(Loss) from ordinary activities after tax attributable to members	Down	37%	(3,576,762)	(5,708,663)
(Loss) for the period attributable members	Down	37%	(3,576,762)	(5,705,678)

Dividends	Amount per Security	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 2018 $	Half-year ended 31 Dec 2017 $
Net Tangible Assets per security (before tax)	(0.004) per share	(0.007) per share
Net Tangible Assets per security (after tax)	(0.004) per share	(0.007) 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 2018 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 2018

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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 2018 ("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 on 11 November 2015)
- Xiaowen Shi (appointed on 03 July 2018)
- David O'Dowd (appointed on 15 November 2017)
- Peter Apostolopoulos (appointed on 27 December 2017 & resigned on 2 August 2018)

Principal activities

About Netlinkz Limited

Netlinkz Limited (Netlinkz or the Company) (ASX:NET) is the creator of the Virtual Invisible Network (VIN), a globally patented, award winning network technology that allows organisations and individuals to quickly connect sites, devices and staff over the internet, including providing connectivity as part of the IoT ("Internet of Things") through a unique network solution that is generally invisible. The VIN is an evolutionary step in virtual networking that can be used over any other type of established public or private network, including the Internet. 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 various distribution agreements via reseller contracts with China Telecom Wuxi selling its VIN and VSP technology.

Review of operations

The net loss for the consolidated entity amounted to $3,576,762 (31 December 2017: loss of $5,708,663).

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:

Netlinkz has been focussed on the ongoing development, testing and commercialisation of the Company's software, the VIN, and marketing the software as a cloud based invisible mesh network connecting devices securely (via encryption) (VSP).

The software is evolutionary in that it introduces the ability to create a new, fast and secure Local Area Network (LAN) fabric over a Wide Area Network (WAN). The LAN fabric is extremely adaptive and fluid and can be stretched to any 'shape' while achieving the same efficiencies and benefits as a traditional LAN typically found in a home or office environment without the need for hardware such as routers and servers.

Since the roll out of the pilot program to various cities in Jiangsu Province, the feedback and feature requests necessitated the redevelopment of the User Interface and Core to enhance software user experience and increase core stability and scalability. Now complete, phase 2 is underway where it will focus on scalability expansion, delivery of new features, mobility and IoT.

In support of this, China Telecom has confirmed Netlinkz' product as an integral part of its own cloud strategy and has extended the Xinwu pilot program to 3 new cities in Jiangsu Province. Various reseller agreements have now been signed in cities in the Jiangsu Province and a Joint Venture is underway with a strategic party in Nanjing to establish a Product Demonstration Lab and exhibition centre for the VIN and VSP in the Tianan IoT Park in Qinhuai District, Nanjing.

Contributed equity increased by $3,796,550 less capital raising costs of $60,064 (from $34,462,142 to $38,198,628) as a result of issue of shares from placement and options exercised. Details of the changes in contributed equity are disclosed in note 6 to the financial statements.

Netlinkz has not drawn on the QMAC facility during this half year. It should be noted that there will be no further drawdowns from the QMAC Facility as the Resolution proposed at the EGM in June 2018 to issue Options as per the finance facility terms was not carried. As a consequence, this has limited the facility to the current drawdown amount of US$975,000 due to be repaid in August 2020.

The Company has recently signed an Agreement with GEM Global Yield Fund LLC SCS and GEM (Global Emerging Markets) Investment America LLC (GEM), an alternative New York based private investment group, which has agreed to provide the Company with up to AUD $29 million through a Share Issuance Funding Facility over the next 36 months, as announced in January 2019. Netlinkz will use the funds to significantly strengthen the business. These funds will allow the Company to focus on investing into resellers and thus generating an extensive increase in the sales footprint throughout all of China.

Strategic Capital Management Limited (SCM) will continue to provide support to Netlinkz and assist the Company with strategic capital placements to investors to ensure the Company meets its financial obligations during this half-year. However, in the next quarter Netlinkz will engage with a third-party Corporate Advisor to strengthen Corporate Operating and reporting functions. The funding facility with GEM will provide the Company with access to more Institutional Investors with regard to future placements and funding.

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 2018.

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

James Tsiolis
Director
Sydney NSW

Dated this 27th day of February 2019

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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 2018, 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, 27 February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2018

	Note	Consolidated Half Year ended 31 December 2018	Consolidated Half Year ended 31 December 2017
Income		**$**	**$**
Sales – Licensing Revenue		-	4,709
Consulting & Training Revenue		115,000	-
Rent		25,811	14,713
Interest		1,671	898
Grant		350,209	-
		492,691	20,320
Expenses			
Sales, Business Development, Marketing, Travel		682,023	178,268
Admin, Office, Corporate		749,383	1,528,658
Development & Commercialisation		568,070	1,625,783
Finance & restructuring costs	4	463,570	1,257,856
Share-based payment	7	1,112,586	1,138,418
Fair value Loss/Gain on debt settlement		493,821	-
		4,069,453	5,728,983
Loss before income tax		(3,576,762)	(5,708,663)
Income tax expense		-	-
Loss for the period		(3,576,762)	(5,708,663)
Other comprehensive income / loss:			
Items that will be classified to profit or loss:			
Exchange differences on translation of foreign operations		-	2,985
Other comprehensive loss for the period, net of income tax		-	2,985
Total comprehensive loss for the period		(3,576,762)	(5,705,678)
Loss attributable to members of the parent entity		(3,576,762)	(5,708,663)
Total comprehensive loss attributable to members of the parent entity		(3,576,762)	(5,705,678)
Earnings/(Loss) per share from continuing operations			
- basic earnings per share (cents)	8	(0.265)	(0.645)
- diluted earnings per share (cents)	8	(0.265)	(0.645)

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 2018

	Note	Consolidated Half Year ended 31 December 2018 $	Consolidated Full Year ended 30 June 2018 $
Current assets			
Cash and cash equivalents		39,701	46,431
Trade and other receivables		50,142	37,186
Prepayments and deposits		63,962	197,224
Total current assets		153,805	280,841
Non-current assets			
Property, plant and equipment		-	555
Total non-current assets		-	555
Total assets		153,805	281,396
Current liabilities			
Trade and other payables		2,115,049	3,119,480
Accruals		11,000	-
Employee benefits		12,915	41,342
Borrowings	5	741,041	382,966
Other		433,801	1,221,144
Total current liabilities		3,313,806	4,764,932
Non-current liabilities			
Borrowings	5	2,511,798	2,068,467
Total non-current liabilities		2,511,798	2,068,467
Total liabilities		5,825,604	6,833,399
Net assets deficiency		(5,671,799)	(6,552,003)
Equity			
Issued equity	6	38,198,628	34,462,142
Reserves		5,577,180	4,856,700
Accumulated losses		(49,447,607)	(45,870,845)
Total equity / (deficiency in equity)		(5,671,799)	(6,552,003)

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 2018

Consolidated		Issued capital	Reserves	Accumulated Losses	Total
		$	$	$	$
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	6	2,117,500	-	-	2,117,500
Financing costs paid by options		-	649,066	-	649,066
Share-based payment		-	246,418	-	246,418
Capital raising costs	6	(167,218)	-	-	(167,218)
Balance at 31 December 2017		26,090,645	2,293,620	(36,778,054)	(8,393,789)
At 1 July 2018		34,462,142	4,856,700	(45,870,845)	(6,552,003)
Total comprehensive loss for the period		-		(3,576,762)	(3,576,762)
Transactions with owners in their capacity as owners:					
Share/ Option issue	6	3,796,550	720,480	-	4,517,030
Capital raising costs	6	(60,064)	-	-	(60,064)
Balance at 31 December 2018		38,198,628	5,577,180	(49,447,607)	(5,671,799)

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 2018

	Consolidated Half Year ended 31 December 2018 $	Consolidated Half Year ended 31 December 2017 $
Cash flows from operating activities		
Receipts from customers	12,855	1,502
Payments to suppliers and employees	(2,636,417)	(2,619,663)
	(2,623,562)	(2,618,161)
Grants received	350,209	141,868
Interest received	1,671	898
Net cash (used in) operating activities	(2,271,682)	(2,475,395)
Cash flows from investing activities		
Disposal (Payments) for property, plant and equipment	-	-
Refund (Payments) for security deposits	60,000	(10,581)
Net cash (provided by) investing activities	60,000	(10,581)
Cash flows from financing activities		
Proceeds from issue of shares	1,502,261	2,117,500
Proceeds from exercise of share options	420,468	-
Share issue transaction costs	(60,064)	(167,218)
Proceeds from borrowings, net	342,287	1,884,242
Interest and other finance costs paid	-	(588,586)
Net cash provided by financing activities	2,204,952	3,245,938
Net change in cash and cash equivalents held	(6,730)	759,962
Cash and cash equivalents at beginning of financial period	46,431	33,903
Cash and cash equivalents at end of financial period	**39,701**	**793,865**

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 2018 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 2018 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 2019 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 2018 that have been applied by Netlinkz Group. The 30 June 2018 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 2018.

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 $3,576,762 had net cash outflows from operating activities of $2,271,682 and had a working capital deficiency of $3,160,001. 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:

- The Board has also embarked upon a determined effort to improve its balance sheet by the repayment of any undisputed debt and, in some cases, agreeing or seeking agreement with creditors for the conversion of part or all their debt to equity. Where there is a dispute as to the outstanding debt there are ongoing negotiations of either payment terms or values.

- 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;

- Substantial cost cutting measures have been undertaken during the period and post 31 December 2018;

- The Group expects to increase revenues during calendar year 2019 from its patented technology solutions and its new partnering sales strategy;

- Netlinkz has secured a three year AUD$29m Committed Funding Agreement with an Institutional Investor, GEM Global Yield Fund LLC SCS and GEM (Global Emerging Markets) Investment America LLC. The Company intends to use this facility as its primary source for working capital requirements.

- 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;

- 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. New accounting policies

(i) AASB 9 *Financial Instruments*

The Group has adopted AASB 9 Financial Instruments with a date of initial application of 1 July 2018. There is no material impact as a result of adoption of AASB 9.

AASB 9 Financial Instruments replaces AASB 139's 'Financial Instruments: Recognition and Measurement' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. When adopting AASB 9, the Group elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

As a result of the adoption of AASB 9, the impairment of financial assets using the expected credit loss model applies now to the Group's trade receivables. For trade receivables, the Group applies a simplified model of recognising lifetime expected credit loss as these items do not have a significant financing component.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

AASB 9's new forward looking impairment model applies to Group's financial assets at amortised cost.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

(ii) AASB 15 *Revenue from Contracts with Customers*

The Group has adopted AASB 15 *Revenue from Contracts with Customers* with a date of initial application of 1 July 2018. As a result, the Group has changed its accounting policy for revenue recognition as detailed below. There is no material adjustment as a result of adoption of AASB 15.

Under AASB 15, revenue is recognised when a customer obtains control of the services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Type of product/service

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sales of licenses	The Group principally generate revenue from providing licensing service such as access to its virtual invisible network technology. The Group sells their licensing through resellers. The Group does not recognise revenue for any licensing arrangement with the resellers because control of the licensing has not transferred. The Group waits until the reseller sells the licensing to an end-customer to recognise revenue. The reseller is responsible for all subsequent updates and maintenance of the licence as part of the arrangement. End-customer paid a monthly fee to subscribe to the licence. The Group is entitled to a sales-based royalty over time for the sales of the licence by the reseller to the end-customer of 30% of the price paid by the end-customer to the reseller. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur. This is usually when the cash is receipted from the reseller supported by a sale report.
Consulting services	The Group provides consulting services to its resellers from time to time. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised overtime because the customer receives and uses the benefits simultaneously. The customer is billed monthly based on the hours spent during that month.

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of Revenue recognition.

Disaggregation of revenue

	Vin Sales Half Year ended 31 December 2018	Consulting Half Year ended 31 December 2018
Primary Geographical markets		
China	-	$115,000
	-	$115,000
Timing of revenue Recognition	**2018**	**2018**
Products transferred at point in time	-	-
Products and Services Transferred over time	-	$115,000
	-	$115,000

Note 3. 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 4. Finance costs

	Half Year ended 31 December 2018 $	Half Year ended 31 December 2017 $
Legal costs relating to pay out of previous debt facilities restructuring	-	-
Advisor costs relating to funding and restructuring	-	430,843
Finance costs relating to pay out of previous debt facilities and funding	86,859	-
Interest & other costs	185,294	177,947
Establishment fee for QMAC loans paid by granting of options	-	649,066
Foreign exchange difference	191,417	-
	463,570	1,257,856

Note 5. Borrowings

	Half Year ended 31 December 2018 $	Full Year ended 30 June 2018 $
Loans- current[1]	741,041	382,966
	741,041	382,966
Non-current liabilities		
Loans-non current[2]	2,511,798	2,068,467
	2,511,798	2,068,467

[1] Mark Harrell Loan of $37,556, Akuna Loan of $304,731, Charlie Gargett Loan - $153,289; Anthony & Susan Gooch - $181,778 & $39,483; AIRE loan - $24,204

[2] Reef Investments - $967,200 and QMAC loan - $1,544,598. No changes of terms since 30 June 2018.

Note 6. Equity - issued capital

	Ordinary Shares	$
Balance 1 July 2017	848,225,547	24,140,363
Issues of shares	165,868,607	3,330,696
Expenses paid in shares	219,571,409	7,904,571
Less: Capital raising costs	-	(913,488)
Balance at 30 June 2018	1,233,665,563	34,462,142

	Ordinary Shares	$
Opening Balance 1 July 2018	1,233,665,563	34,462,142
Issues of shares from exercise of options	41,921,806	420,468
Issues of shares from share placement	48,460,031	1,502,261
Issues of shares for services and settlement of debts	52,274,594	1,873,821
Less: Capital raising costs	-	(60,064)
Balance at 31 December 2018	1,376,321,994	38,198,628

	Options
Balance 1 July 2017	119,907,857
Options issued AMAC Lender Trust	35,285,000
Option lapsed	(11,768,821)
Option issued	162,348,257
Balance as at 30 June 2018	305,772,293
Balance 1 July 2018	305,772,293
Option issued for services provided*	25,000,000
Option exercised for cash	(41,921,806)
Balance as at 31 December 2018	288,850,487

*25,000,000 of options were issued to Robert Turner as part of the deed of settlement upon resignation as a director.

Note 7. Share/Option Based Payments

	Half Year ended 31 December 2018 $	Half Year ended 31 December 2017 $
Share/Option based payables	1,112,586	1,138,418
	1,112,586	1,138,418

As per Appendix 3B released on 24 July 2018, 19,210,078 shares were issued at $0.026 with a value of $500,000 to Tim Gooch in repayment of his loan.

As per Appendix 3B released on 7 August 2018, 8,064,516 shares were issued at $0.031 with a value of $250,000 to Peter Apostolopoulos in repayment of his loan.

As per Appendix 3B released on 20 August 2018, 15,000,000 shares were issued at $0.020 with a value of $300,000 to Systemic Management pursuant to services agreement.

New Share based payments for the period

As part of Xiaowen Shi's condition of service she is entitled to receive unlisted options. She can subscribe for 10,000,000 ordinary fully paid shares at an exercise price of $0.02 per share with a fair value of $250,000. As there is a service condition attached to the vesting of these options being 2 years of continued service as a Director, only 25% of this value was recorded at 31 December 2018 of $62,585.50.

The valuation model inputs used in the Black-Scholes model to determine the fair value at the deemed grant date, are as follows:

Grant date	Expiry date	Underlying Share price	Exercise price	Expected volatility	Risk-free rate	Number of options	Fair value per option at grant date
01-Jul-18	01-Jul-21	$0.035	$0.020	95%	2.04%	10,000,000	$0.025

Note 8. Earnings per share

	Half Year ended 31 December 2018 $	Half Year ended 31 December 2017 $
(Loss) used in the earnings per share calculation	(3,576,762)	(5,708,663)
Weighted average number of ordinary shares	1,347,506,192	884,303,586
Loss per share (cents)	(0.265)	(0.645)

Note 9. 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 2018, total fees 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 $328,476. 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 March 2019.

Director fees and remuneration:
Xiaowen Shi (appointed as director on 3rd July 2018), Peter Apostolopoulos (resigned on 2nd August 2018) and David O'Dowd were directors during the period ended 31 December 2018. Their remuneration is set at $90,000 each per annum. In additional, they are entitled to 10 million share options exercisable at $0.02 during the period of their directorship. The issuance of these options is subjected to shareholders' approval.
James Tsiolis Chairman/ CEO fee is set at $300,000 per annum.

Note 9: Contingent Liabilities

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2018.

Note 10: Events subsequent to reporting date

On 1 January 2019, James Johnson was appointed as the Chief Technology Officer and pursuant to the employment agreement the Company issued 1,000,000 shares at $0.030 on as per Appendix 3B released on 8 January 2019.

On 14 January 2019 & 23 January 2019, Netlinkz repaid the debt owing to Anthony Mazza of $122,249 & $21,818 respectively.

On 31 January 2019, Netlinkz announced that is has signed a Three Year Capital Commitment Agreement with GEM Global Yield Fund LLC SCS and GEM (Global Emerging Markets) Investment America LLC, a New York based private alternative investment group, which has agreed to provide the Company with up to AUD $29 million through a Share Issuance Funding Facility over the next 36 months. The Facility can be used entirely at the Company's discretion. Pursuant to this facility the Company issued 83,800,000 options at $0.037/option as per appendix 3B released on 31 January 2019.

As per Appendix 3B released on 4 February 2019, 325,000 options were exercised at $0.01 with a value of $3,250.

As per Appendix 3B released on 19 February 2019, 975,000 options were exercised at $0.01 with a value of $9,750.

As per Appendix 3B released on 4 February 2019, 1,000,000 options were exercised at $0.01 with a value of $10,000.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 4 to 17 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 2018 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 27th day of February 2019

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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 2018, 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 2018 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 2018 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, 27 February 2019