

Appendix 4D

28 February 2019

Half year reporting period ending 31 December 2018

The following information is provided to ASX under listing rule 4.2A.3.

1. Reporting period

Current Period: 6 months ended 31 December 2018

Prior Period: 6 months ended 31 December 2017

2. Results for announcement to the market

	Item	31 December 2018 \$	31 December 2017 \$	Change %
Revenue from ordinary activities	2.1	\$129,615	\$1,150	11171%
Profit/(Loss) after tax attributable to members	2.2	(\$887,926)	(\$610,585)	(45%)
Net Profit/(Loss) attributable to members	2.3	(\$887,926)	(\$610,585)	(45%)
Dividend	2.4	Emerge Limited did not declare a dividend during the current reporting or corresponding previous reporting period.		
The record date for determining entitlements to the dividend	2.5	Not applicable		
Explanatory information	2.6			
<i>Overview</i>				
<p>For the Half Year Ended 31 December 2018, Emerge Gaming Limited (“Emerge” or the ‘Company’) was focused on the operation of eSports tournament platform and lifestyle hub “Arcade X”. Arcade X is a cutting-edge online eSports and casual gaming tournament facilitation platform. Arcade X consists of “Arcade X Mobi” for mobile phone devices and “Arcade X eSports” for console/PC.</p> <p>During the half year, Emerge delivered its first corporate tournament services for the leading pizza fast-food brand in Southern Africa, Debonairs Pizza (“Debonairs”). This campaign was launched in South Africa and achieved high engagement levels with players. The revenue of AUD\$100,000 committed by Debonairs to this eSports sponsorship and marketing initiative was banked during the period.</p> <p>ELeague and EPLAY, white labels of the Arcade X and Arcade X Mobi platforms respectively were launched during August 2018. The Company reported strong engagement statistics for both platforms.</p> <p>On 30 October 2018, the Company announced that it had entered into a Memorandum of Understanding with Cloudzen Pte Ltd (“Cloudzen”), a next generation cloud gaming company registered in Singapore.</p> <p>Cloudzen is a leading cloud gaming and mobile entertainment Platform as a Service provider which offers various means of communications channels through digital entertainment via game stores, communities and social networks.</p>				

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<p>Cloudzen has revolutionised game streaming through its GameCloud technology platform (“GameCloud”).</p> <p>GameCloud provides gamers with a one stop portal for instant access to hundreds of AAA rated 3D graphic games and live streaming on mobile devices without having to download the game or any further hardware requirements. GameCloud enables gamers to play at any time from handheld devices and smart TVs, with multiplayer gaming, video streaming and social networking.</p> <p>Following on from the MOU, the Company executed an exclusive Global Distribution Agreement with Cloudzen to use its intellectual property for GameCloud (ASX: 4 December 2018).</p> <p>The Global Distribution Agreement will see Emerge enter a number of first world markets to promote its Arcade X and GameCloud’s technology. This includes an initial rollout into South America, Africa, India, Australia, United States of America and the United Kingdom.</p> <p>Subsequent to period end on 19 February 2019, the Company announced that Arcade X will launch in Australia and other tier 1 counties in March 2019. The Company anticipates that revenue will build in near future as the platform’s userbase builds.</p>
<p><i>Revenue</i></p> <p>Overall revenue from ordinary activities (\$129,615) was up on the prior period (2017: \$1,150) mainly as a result of the sponsorship from the online tournament service.</p>
<p><i>Explanation of loss</i></p> <p>During the period, the Company incurred \$270,749 of research and development expenses to establish its online gaming platform. In order promote the brand, \$166,562 were spent on marketing and promotion purposes. Administration and operating expenses were reduced significantly to \$300,643. This represents a reduction of 32% over the prior period (2017: \$444,252).</p>
<p><i>Outlook</i></p> <p>Emerge offers a different revenue model to its competitors with three main streams:</p> <ul style="list-style-type: none"> - Subscription fees that can be linked to the gamers’ telecommunications provider bill; - Revenue from companies from management of corporate online tournament services, and sponsorships and advertising powered by advanced data analytics and targeting capability; - Advertising revenue from companies engaging users of the lifestyle portal. <p>The ArcadeX platform launching in Australia will optimise gaming for casual gamers and provide significant advertising opportunities. Subsequently, the rollout into South America, Africa, India, United States of America and the United Kingdom is planned. Gaining a foothold into these territories is critical to Emerge’s success.</p>

3. Net tangible assets per security

	31 December 2018	31 December 2017
Net tangible asset per share (cents per share)	0.36 cents	(0.049 cents)

4. Details of entities over which control has been gained or lost during the period

There were no entities over which control has been gained or lost during the period. Note the transaction with The Agency was completed post period end.

5. Details of individual and total dividends or distributions and dividends or distribution payments

Not applicable.

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

Not applicable.

7. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities

Not applicable.

8. For foreign entities, which set of accounting standards is used in compiling the report

The Company is not a foreign entity.

9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

The 31 December 2018 Half-Year report is based upon accounts that were reviewed by the Company's auditor are not subject to a modified opinion. The report does include an emphasis of matter regarding the going concern basis of preparation of the interim financial accounts.

Yours faithfully

Emerge Gaming Limited



Bert Mondello
Chairman

Tel: +618 6380 2555



EMERGE GAMING LIMITED

and its Controlled Entities

ABN 31 004 766 376

Financial Report

**For the Half-Year Ended
31 December 2018**

Contents

CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
NOTES TO THE FINANCIAL STATEMENTS	8
DIRECTORS' DECLARATION	11
INDEPENDENT AUDITOR'S REPORT	12

EMERGE GAMING LIMITED
and its Controlled Entities
CORPORATE DIRECTORY

Emerge Gaming Limited (ABN 31 004 766 376)

Directors Mr Gregory Stevens – CEO, Executive Director
Mr Umberto (Bert) Mondello - Non-Executive Chairman
Mr Philip Re - Non-Executive Director
Mr Jonathan Hart - Non-Executive Director
Mr Firdhose Coovadia - Non-Executive Director

Company Secretary Mr Derek Hall

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EM1O

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Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

EMERGE GAMING LIMITED
and its Controlled Entities
DIRECTORS' REPORT

The Directors of Emerge Gaming Limited ("Emerge" or "the Company") and its controlled entities ("the Group") present the Financial Report for the half-year ended 31 December 2018.

DIRECTORS

The names of the Company's Directors who held office during or since the end of the half-year:

Mr Gregory Stevens (CEO, Executive Director)
Mr Umberto (Bert) Mondello (Non-executive Chairman)
Mr Philip Re (Non-executive Director)
Mr Jonathan Hart (Non-executive Director)
Mr Firdhose Coovadia (Non-executive Director) - Appointed 25 October 2018

REVIEW OF OPERATIONS

The consolidated operating loss after tax for the half-year was \$887,926 (2017 \$610,585).

During the period, the principal activity of the Group was continuing focused on the operation of an online gaming platform that facilitates the interaction of gamers around the world to compete against each other, and in tournaments, on some of the most popular international game titles, tapping directly into the large scale of the eSports market.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the 31 December 2018 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

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 3 for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



BERT MONDELLO
Chairman

Dated this 28th day of February 2019.

Criterion Audit Pty Ltd

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Emerge Gaming Limited and Controlled Entities for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 28th day of February 2019

EMERGE GAMING LIMITED
and its Controlled Entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Notes	31 Dec 18 \$	31 Dec 17 \$
Continuing Operations			
Revenue	3	129,615	1,150
Total income - continuing operations		129,615	1,150
Administration expenses		(300,683)	(444,252)
Consulting expenses		(132,563)	-
Depreciation and amortisation		(984)	(19,371)
Employee benefits expense		(146,000)	(138,000)
Impairment of other financial assets		-	(5,007)
Marketing expenses		(166,562)	-
Research and development		(270,749)	-
Share based payment expense		-	(5,105)
Total Expenses		(1,017,541)	(611,735)
Profit/(Loss) before income tax		(887,926)	(610,585)
Income tax expense		-	-
Profit/(Loss) after income tax for the year		(887,926)	(610,585)
Discontinued operations			
Loss for the year after income tax from discontinued operations		-	-
Other comprehensive income, net of income tax		-	-
Total comprehensive profit/ (loss) for the year		-	-
Profit/ (Loss) attributable to:			
Members of the parent		(887,926)	(610,585)
Non-controlling interest		-	-
		(887,926)	(610,585)
Total comprehensive income/(loss) attributable to:			
Members of the parent		(887,926)	(610,585)
Non-controlling interest		-	-
		(887,926)	(610,585)
Earnings per share			
From continuing and discontinued operations			
Basic earnings/ (loss) per share (cents per share)		(0.15)	(0.47)
Diluted earnings/ (loss) per share (cents per share)		(0.15)	(0.47)
From continuing operations			
Basic earnings/ (loss) per share (cents per share)		(0.15)	(0.47)
Diluted earnings/ (loss) per share (cents per share)		(0.15)	(0.47)

The accompanying notes form part of this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

EMERGE GAMING LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 Dec 18 \$	30 Jun 18 \$
Current Assets			
Cash and cash equivalents		2,356,933	3,606,158
Trade and other receivables		36,621	123,158
Other assets		16,145	9,664
Total Current Assets		2,409,699	3,738,980
Non-current Assets			
Property, plant and equipment		3,774	-
Intangible assets	4	898,443	898,443
Total Non-current Assets		902,217	898,443
Total Assets		3,311,916	4,637,423
Current Liabilities			
Trade and other payables		254,457	658,297
Provisions		100	-
Borrowings		16,159	50,000
Total Current Liabilities		270,716	708,297
Total Liabilities		270,716	708,297
Net Assets		3,041,200	3,929,126
Equity			
Issued capital		58,880,614	58,880,614
Reserves		1,921,667	1,921,667
Accumulated losses		(57,761,081)	(56,873,155)
Total equity		3,041,200	3,929,126

The accompanying notes form part of this Consolidated Statement of Financial Position.

EMERGE GAMING LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	31 Dec 18	31 Dec 17
	\$	\$
Cash flows from operating activities		
Receipts from customers	102,579	-
Payments to suppliers and employees	(1,292,312)	(576,143)
Interest received / (paid)	32,158	1,150
Net cash used in operating activities	(1,157,575)	(574,993)
Cash flows from investing activities		
Purchase of plant and equipment	(4,758)	-
Net cash used in investing activities	(4,758)	-
Cash flows from financing activities		
Proceeds from issue of fully paid shares	-	250,000
Payment of transaction costs	(36,892)	(39,073)
Proceeds from borrowing	(50,000)	-
Net cash provided by financing activities	(86,892)	210,927
Net increase/(decrease) in cash and cash equivalents	(1,249,225)	(364,066)
Cash and cash equivalents at the beginning of the year	3,606,158	440,528
Effects of exchange rate changes	-	-
Cash and cash equivalents at the end of the year	2,356,933	76,462

The accompanying notes form part of this Consolidated Statement of Cash Flows.

EMERGE GAMING LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2017	51,584,487	(51,790,901)	534,662	328,248
Loss for the period	-	(610,585)	-	(610,585)
Total comprehensive loss for the period	-	(610,585)	-	(610,585)
Transactions with owners in their capacity as owners				
Contribution of equity, net of transaction costs	216,032	-	-	216,032
Transfer of reserves – options expired	-	534,662	(534,662)	-
Balance at 31 December 2017	51,800,519	(51,866,824)	-	(66,305)
Balance at 1 July 2018	58,880,614	(56,873,155)	1,921,667	3,929,126
Loss for the period	-	(887,926)	-	(887,926)
Total comprehensive loss for the period	-	(887,926)	-	(887,926)
Transactions with owners in their capacity as owners				
Contribution of equity, net of transaction costs	-	-	-	-
Recognition of share-based payments	-	-	-	-
Balance at 31 December 2018	58,880,614	(57,761,081)	1,921,667	3,041,200

The accompanying notes form part of this Consolidated Statement of Changes in Equity.

EMERGE GAMING LIMITED
and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1 BASIS OF PREPARATION

This half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Emerge Gaming Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Reporting Basis and Conventions

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

Accounting Policies

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 30 June 2018 annual report, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2018, as noted below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New Standards and Interpretations

In the half-year ended 31 December 2018, management has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to accounting policies. Management has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. It has been determined that, there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Going Concern

The financial statements of the Group have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

During the period, the Group incurred a net loss of \$887,926 (2017: \$610,585) and had net operating cash outflows of \$1,157,575 (2017: \$574,993).

While the Group has cash on hand of \$2,356,933 as at 31 December 2018. The Group's future cash flow forecast for the period ended 31 December 2019 reflects that the Company will require additional working capital through equity over that period in order to meet the Group's stated strategic objectives.

**EMERGE GAMING LIMITED
and its Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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 and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position the Directors have considered the following matters:

- Lodgement in March 2019 and anticipated receipt of an Australian Government R&D tax incentive Scheme claim for FY2018 in relation to development spending;
- Maintenance of low-cost structure in the lead up to revenue generation from operations;
- Ability to raise further capital based on historical success;
- Cash on hand of \$2,356,933 as at 31 December 2018;
- Net assets of \$3,041,200 as at 31 December 2018.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities at amounts that differ to those stated in the financial report.

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Earnings per share comparatives have been adjusted to reflect the consolidation completed during the half year.

2 OPERATING SEGMENT

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. During the year the Company only operated in one segment and that was the development of online gaming platform.

3 REVENUES

	31 Dec 18	31 Dec 17
	\$	\$
Revenue		
Sales	102,579	-
Interest received	27,037	1,150
Total revenue	129,615	1,150

EMERGE GAMING LIMITED
and its Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

4 INTANGIBLE ASSETS

	31 Dec 18	30 Jun 18
	\$	\$
Intangible Assets		
Intellectual property	898,443	898,443
Total Intangible Assets	898,443	898,443

The intangible assets resulted from the acquisition of Emerge Gaming Solutions Pty Ltd on 16 April 2018. Management conduct impairment assessments of intangible assets on a regular basis.

5 COMMITMENTS AND CONTINGENCIES

Lease expenditure commitments

The Group has entered into a commercial lease for office accommodation in Cape Town, South Africa. The property lease is a cancellable lease with a 3 years term, with rent payable monthly in advance. The lease can be terminated any time upon giving the lessor 6 months written notice.

Bank guarantee

There are no bank guarantees of the Group as at Balance Date.

Capital Commitments

The Group did not have any capital commitments as at Balance Date.

Contingent Liability

There has been no change to the status of contingent liabilities from that reported for the year end 30 June 2018.

6 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

The directors of Emerge Gaming Limited declare that:

1. In the directors' opinion, the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements and give 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
2. In the directors' opinion, there are reasonable grounds to believe that the consolidated entity 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 dated this 28th day of February 2019.



BERT MONDELLO
Chairman

Criterion Audit Pty Ltd

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Independent Auditor's Review Report

To the Members of Emerge Gaming Limited

We have reviewed the accompanying half-year financial report of Emerge Gaming Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Emerge Gaming Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 1 to the financial report, which indicates that the Consolidated Entity incurred a net loss of \$887,926 and as of that date, the Consolidated Entity had net cash outflows from operating activities of \$1,157,575. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 28th day of February 2019