

**CROPLOGIC LIMITED**

ARBN: 619 330 648 / NEW ZEALAND COMPANY NUMBER 3184550

**ASX APPENDIX 4D**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED**  
**30 SEPTEMBER 2019**

The following information should be read in conjunction with the Interim Report of CropLogic for the half-year ended 30 September 2019 and the attached auditors' review report.

This Appendix 4D is prepared in accordance with ASX Listing Rule 4.2A.

**1 Reporting periods**

Reporting period: Half-year from 1 April 2019 to September 2019.

Previous corresponding period: Half-year from 1 April 2018 to 30 September 2018.

**2 Results for announcement to the market**

		%	\$
Revenue from ordinary activities	up	0%	2,078,202
Loss from ordinary activities after tax attributable to members	down	263%	(2,857,345)
Loss for the period attributable to members	down	263%	(2,857,345)

*Comments*

The comprehensive loss for the company amounts to \$2,851,420 (30 September 2018: \$920,103).

**3 Net tangible asset backing**

	Reporting period	Previous period
Net tangible assets per ordinary security	1.02 cents	2.06 cents

**4 Controlled entities**

Parent Entity	Country of Incorporation	Principal Activities	Ownership %
CropLogic Limited	New Zealand	Holding company	100%
<b>Name of Controlled Entity</b>			
Indigo Systems Limited	New Zealand	Telemetry	100%
CropLogic USA LLC	United States	Holding company	100%
ProAg CropLogic LLC	United States	Agronomy services	100%
CropLogic Australia PTY LTD	Australia	Agtech Services	100%
Lincoln Agriculture PTY LTD	Australia	Holding company	100%
CLPA Holding Company	United States	Holding company	100%
LogicalCropping LLC	United States	CBD Producing Industrial Hemp	100%

**5 Loss of control over entities**

Not applicable

**6 Details of associates and joint venture entities**

Not applicable

**7 Dividends or distributions**

No dividends were paid or declared during the period.

**8 Independent review report**

Refer to the independent review report within the attached interim financial statements for the half year ended 30 September 2019.

**9 Compliance statement**

This report should be read in conjunction with the attached interim financial statements for the half year ended 30 September 2019.

Sign here:

A handwritten signature in blue ink, appearing to read "Steve Wakefield", is written over a horizontal line.

Date: 2 December 2019

S Wakefield Non Executive  
Director and Chair

# CropLogic Limited

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 September 2019

		Year ended	
	Note	Unaudited 30-Sep-19 \$	Unaudited 30-Sep-18 \$
Revenue	3	2,078,202	2,069,631
<b>Total Revenue</b>		<b>2,078,202</b>	<b>2,069,631</b>
Operational expenses		(1,509,347)	(1,565,297)
Research & development		-	(15,335)
General & administrative expenses		(1,790,124)	(958,373)
Depreciation & amortisation		(638,475)	(285,089)
Other income		3,798	11,123
Other gains/(losses)		-	(69,182)
Finance costs		(1,001,399)	(8,692)
Net foreign exchange gains/(losses)		-	54,995
<b>Loss before tax</b>		<b>(2,857,345)</b>	<b>(766,219)</b>
Taxation expense		-	(21,303)
<b>Loss for the period</b>		<b>(2,857,345)</b>	<b>(787,522)</b>
<b>Items that may be reclassified to profit or loss</b>			
Foreign exchange translation differences for foreign operations		5,925	(132,581)
<b>Other comprehensive loss for the period</b>		<b>5,925</b>	<b>(132,581)</b>
<b>Total comprehensive loss for the period</b>		<b>(2,851,420)</b>	<b>(920,103)</b>
From continuing operations			
- Basic (cents per share)		(1.18)	(0.64)
- Diluted (cents per share)		(1.18)	(0.64)

**CropLogic Limited**  
**Consolidated statement of financial position**  
As at 30 September 2019

		Year ended	
	Note	Unaudited 30-Sep-19 \$	Audited 31-Mar-19 \$
<b>Equity</b>			
Share capital	7	21,554,462	16,763,787
Other equity		1,407,728	-
Retained earnings (losses)		(15,861,771)	(13,004,426)
Reserves		1,924,221	621,006
<b>Total Equity</b>		<b>9,024,640</b>	<b>4,380,367</b>
<b>Represented by:</b>			
<b>Current assets</b>			
Cash & cash equivalents		1,802,109	474,694
Trade & other receivables		567,729	56,262
Income tax receivable		1,845	1,432
Inventories		62,645	-
Other current assets		1,289,969	777,682
Biological Assets	8	5,197,036	-
<b>Total Current Assets</b>		<b>8,921,333</b>	<b>1,310,070</b>
<b>Current liabilities</b>			
Trade & other payables		578,973	913,189
Current borrowings		298,729	37,018
Other current liabilities		254,781	136,923
Contingent consideration		444,429	421,748
Income tax payable		219,888	233,345
Lease liabilities	6	731,291	-
<b>Total Current Liabilities</b>		<b>5,527,488</b>	<b>1,742,223</b>
<b>Working Capital</b>		<b>3,393,845</b>	<b>(432,153)</b>
<b>Non Current Assets</b>			
Property, plant & equipment		2,617,057	2,295,678
Intangibles		895,208	997,906
Goodwill		2,243,284	2,128,802
Right-of-use assets	5	1,628,221	-
<b>Total Non Current Assets</b>		<b>7,383,770</b>	<b>5,422,386</b>
<b>Non Current Liabilities</b>			
Borrowings		706,066	609,866
Lease liabilities	6	1,046,909	-
<b>Total Non Current Liabilities</b>		<b>1,752,975</b>	<b>609,866</b>
<b>Net Assets</b>		<b>9,024,640</b>	<b>4,380,367</b>

## Consolidated statement of changes in equity

As at 30 September 2019

	Issued capital	Other equity	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 April 2018</b>	14,484,972	-	(8,321,900)	102,731	218,418	6,484,221
Loss for the period	-	-	(787,522)	-	-	787,522)
Other comprehensive loss for the period	-	-	-	-	(132,581)	132,581)
Total comprehensive loss	-	-	(787,522)	-	(132,581)	(920,103)
Transactions with owners in their capacity as owners:						
Performance rights	-	-	-	4,783	-	4,783
Employee share options forfeited	-	-	64,208	(64,208)	-	-
	-	-	64,208	(59,425)	-	4,783
<b>Balance at 30 September 2018</b>	<b>14,484,972</b>	<b>-</b>	<b>(9,045,214)</b>	<b>43,306</b>	<b>85,837</b>	<b>5,568,901</b>
<b>Balance at 1 April 2019</b>	16,763,787	-	(13,004,426)	151,508	469,498	4,380,367
Loss for the period	-	-	(2,857,345)	-	-	(2,857,345)
Other comprehensive income for the period	-	-	-	-	5,925	5,925
Total comprehensive loss	-	-	(2,857,345)	-	5,925	(2,851,420)
Transactions with owners in their capacity as owners:						
Contributions of equity (net of transaction costs)	4,790,675	-	-	-	-	4,790,675
Performance rights	-	-	-	42,616	-	42,616
Convertible notes	-	1,407,728	-	-	-	1,407,728
Share based payments	-	-	-	1,254,674	-	1,254,674
	4,790,675	1,407,728	-	1,297,290	-	7,495,693
<b>Balance at 30 September 2019</b>	<b>21,554,462</b>	<b>1,407,728</b>	<b>(15,861,771)</b>	<b>1,448,798</b>	<b>475,423</b>	<b>9,024,640</b>

**CropLogic Limited**  
**Consolidated statement of cash flows**  
For the year ended 31 March 2019

	Note	Year ended	
		Unaudited 30-Sep-19 \$	Unaudited 30-Sep-18 \$
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers		1,566,733	1,631,968
Cash paid to suppliers and employees		(8,821,470)	(2,820,328)
Interest Income		3,798	11,123
Interest paid		(19,446)	-
Income tax paid		-	(22,498)
<b>Net Cash Flows used in Operating Activities</b>	<b>4</b>	<b>(7,270,385)</b>	<b>(1,199,735)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant, and equipment		(460,067)	(213,817)
Payments for capitalised development costs		-	(1,151)
<b>Net Cash Flows used in Investing Activities</b>		<b>(460,067)</b>	<b>(214,968)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares, net of costs		4,531,717	-
Repayment of lease liability		(220,808)	-
Proceeds from borrowings		4,765,036	-
Repayment of borrowings		-	(69,841)
<b>Net Cash Flows from Financing Activities</b>		<b>9,075,945</b>	<b>(69,841)</b>
Net increase/(decrease) in cash and cash equivalents		1,345,493	(1,484,544)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(18,078)	(76,447)
Cash at the beginning of the year		474,694	2,932,058
<b>Cash at the End of the Year</b>		<b>1,802,109</b>	<b>1,371,067</b>

# CropLogic Limited

For the half year ended 30 September 2019

## Notes to and forming part of the Financial Statements

### 1 General Information

These interim financial statements are for CropLogic Limited (“the Company” or “CropLogic”) and its subsidiaries (together “the Group”). The Company is a limited liability company incorporated in New Zealand and listed entity on the Australian Securities Exchange. The registered office of the Company is DLA Piper New Zealand, Chartered Accountants House, Level 5, 50-64 Customhouse Quay, Wellington, 6011, New Zealand.

### Statement of Accounting Policies

#### Basis of Preparation and Statement of Compliance

These are the interim financial statements for the Group for the six months ended 30 September 2019.

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) “Interim Financial Reporting” and International Accounting Standard IAS34 as applicable for-profit oriented entities. Consequently, these interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and any public announcements made by CropLogic during the interim reporting period.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the Group, unless otherwise stated in the Specific Accounting Policies. The information is presented in Australian dollars. All values are rounded to the nearest dollar.

The unaudited interim financial statements are prepared in Australian Dollars (\$) (the presentation currency).

#### Application of new and revised New Zealand Equivalents to International Financial Reporting Standards (NZ IFRSs)

The Group has adopted all of the mandatory new and revised Standards and Interpretations issued by the External Reporting Board (the XRB) that are relevant to their operations and effective for the current half year.

- NZ IFRS 16 Leases

#### Impact of the application of NZ IFRS 16 Leases

The Group has adopted NZ IFRS 16 from 1 April 2019. The standard replaces NZ IFRS 16 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under NZ IFRS 16 will be higher when compared to lease expenses under NZ IFRS 16. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

#### *Impact of adoption*

NZ IFRS 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 April 2019 was as follows:

	<b>1 April 2019</b>
Operating lease commitments as at 1 April 2019 (NZ IFRS 117)	
Operating lease commitments discount based on the weighted average of the incremental borrowing rate of 6.6% (NZ IFRS 16)	734,286 (61,574)
Right-of-use assets (NZ IFRS 16)	672,712
Lease liabilities - current (NZ IFRS 16)	(253,351)
Lease liabilities - non-current (NZ IFRS 16)	(419,361)
Impact on opening accumulated losses as at 1 April 2019	<hr/> <hr/> -

#### **Right-of-use Assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Lease liabilities** A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.



## **Going concern**

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

As disclosed in the interim financial statements, the Group incurred a loss of \$2,857,345 and had net cash outflows from operating activities of \$7,270,382 for the half-year ended 30 September 2019. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to raise additional capital and to generate sufficient cash inflows from its operations including the revenue from agronomy, farm management and agtech sales and service and the sale of hemp biomass from the Groups hemp trial farm to settle liabilities as they fall due and managing cash flows in line with available funds.

During the period the Group continued to develop market penetration in Washington State, Idaho and Oregon with its agronomy, farm management and ag-tech services business. It also conducted an approximately 500 acre hemp trial farm in central Oregon. The Group expects to see further growth into its key markets of the USA.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the interim financial report after consideration of the following factors:

- As disclosed in Note 8, the Group has harvested the hemp biomass and is processing the hemp biomass in order to get it ready for sale.
- The Group has the ability to issue additional equity securities to raise further working capital; and
- The Group has the ability to curtail administrative and other discretionary expenses as and when required.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the interim financial report.

The interim financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern. Accordingly, material uncertainty may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

## **Critical judgements in applying accounting policies**

In preparing these financial statements, the Group has made estimates and assumptions concerning the future in order to determine certain balances at reporting date. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. All estimates in these financial statements are consistent with those from previous financial statements.

## **Significant Changes in the Current Reporting Period**

Except for above, there were no significant changes in the half year ended 30 September 2019.

## **2 Segment Information**

The Chief Executive Officer and members of the executive team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms three operating segments. These segments are organised as a combination of the differences in geographical locations and services offered.

The operating segments of the Group are composed of the following business operations:

- Corporate
- Agronomy
- Hemp Farming

### Seasonality of Revenue for Agronomy Operations

The US operations run during the North American growing season which is approximately February to October. As such, the first 6 months of the Group's financial year include the majority of the sales generated by the US subsidiary. As revenue relates to a 6-month season it has been recognised as it is incurred and there has been no deferral or spreading of this income across the full 12 months of the financial year.

Segment revenue and profit (loss)

	Revenue		Segment profit	
	Half-year ended		Half-year ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	\$	\$	\$	\$
Corporate	-	-	(2,893,1234)	(3,034,852)
Agronomy	2,078,202	2,069,631	(486,953)	2,268,633
Hemp Farming	-	-	(451,175)	-
Profit before tax and eliminations	<u>2,078,202</u>	<u>2,069,631</u>	<u>(2,857,345)</u>	<u>(766,219)</u>
Income tax expense (benefit)	-	-	-	(21,303)
<b>Consolidated revenue and loss for the period</b>	<u><u>2,078,202</u></u>	<u><u>2,069,631</u></u>	<u><u>(2,857,345)</u></u>	<u><u>(787,522)</u></u>

The revenue above represents revenue generated from external customers. There were no intersegment sales during the half-year.

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Assets		Liabilities	
	20 September 2019	31 March 2019	30 September 2019	31 March 2019
	\$	\$	\$	\$
Corporate	5,053,080	7,085,901	(4,416,006)	(274,604)
Agronomy	5,872,487	3,271,908	(1,157,840)	(1,380,117)
Hemp Farming	8,122,087	296,841	(1,688,617)	(697,368)
Intersegment Eliminations	(2,742,551)	(3,922,194)	-	-
<b>Total Assets</b>	<u>16,305,103</u>	<u>6,732,456</u>	<u>(7,280,463)</u>	<u>(2,352,089)</u>

### 3 Revenue

	Half-year ended	
	30 September 2019	30 September 2018
	\$	\$
<b>Revenue from contracts with customers recognised at a point in time</b>		
Sale of services	2,031,748	2,059,733
Sale of goods	41,150	9,898
	<u>2,072,898</u>	<u>2,069,631</u>

### 4 Reconciliation of Cash Flows from Operations

	Half-year ended	
	30 September 2019	30 September 2018
	\$	\$
Loss for the period	(2,857,345)	(787,522)
<b>(Less)/plus non-cash items</b>		
Depreciation & amortization	638,475	285,087
Financial instruments at FVTPL	22,681	22,845
Net foreign exchange (gains)/losses	-	(54,995)
Performance rights	-	4,783
Share based payments	443,635	-
Finance costs	981,953	-
<b>(Less)/plus changes in working capital</b>		
Decrease/(increase) in trade & other receivables	(511,046)	(437,663)
Decrease/(increase) in biological assets	(5,197,036)	-
Decrease/(increase) in current tax receivable	(413)	(1,196)
Decrease/(increase) in stock & work in progress	(62,645)	946
Decrease/(increase) in other current assets	(512,286)	(47,822)
(Decrease)/increase in trade & other payables	(345,994)	37,518
(Decrease)/increase in other current liabilities	129,636	(221,716)
<b>Net cash outflow from operating activities</b>	<u>(7,270,385)</u>	<u>(1,199,735)</u>

## 5 Right-of-use Assets

The Group leases land and buildings for its offices and storage under agreements for two years. In some cases, the agreements have options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

	Half-year ended	
	30 September 2019	31 March 2019
	\$	\$
<b>Right-of-use Assets:</b>		
Land and Building – right-of-use	1,944,669	-
Less: Accumulated depreciation	(316,448)	-
	<u>1,628,221</u>	<u>-</u>

Additions to the right-of-use assets during the half year were \$1,271,957.

## 6 Lease Liabilities

	Half-year ended	
	30 September 2019	31 March 2019
	\$	\$
Current lease liability	731,291	-
Non-current lease liability	1,046,909	-
	<u>1,778,200</u>	<u>-</u>

## 7 Share Capital

	Half-year ended	
	30 September 2019	31 March 2019
	\$	\$
Issued capital comprises		
416,605,449 fully paid ordinary shares (31 March 2019: 296,602,740)	21,554,462	16,763,787
	<u>21,554,462</u>	<u>16,763,787</u>
<b>Fully paid ordinary shares</b>	<b>Number of shares</b>	<b>Number of shares</b>
Opening balance	296,602,740	123,269,440
Fully paid ordinary shares issued at \$0.015	-	173,333,300
Fully paid ordinary shares issued at \$0.040	78,503,125	-
Fully paid ordinary shares issued at \$0.038	3,709,250	-
Fully paid ordinary shares issued at \$0.060	37,040,334	-
Fully paid ordinary shares issued at \$0.080	750,000	-
Closing balance	<u>416,605,449</u>	<u>296,602,740</u>

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. The shares have no par value.

## 8 Biological Assets

	Half-year ended	
	30 September 2019	31 March 2019
	\$	\$
Biological asset	5,197,036	-
	<u>5,197,036</u>	<u>-</u>

Biological assets, in the form of planted hemp crops, are accounted for under NZ IAS 41 agriculture, which requires that the assets be measured at fair value less costs to sell. The fair value was unable to be reliably determined and therefore biological assets were recorded at cost. Subsequent to period end, the Group has harvested the hemp biomass and is processing the hemp biomass in order to get it ready for sale.

## 9 Contingent liabilities and contingent assets

The Group has a bank guarantee of \$137,921 in relation to the lease of their former head office in Christchurch, other than this, the Group has no contingent liabilities as at 30 September 2019.

## 10 Events after the reporting period

No subsequent events have arisen and/or occurred between 30 September 2019 and the date of this report that could have a significant impact on the operations of the Group, the results of those operations, and the state of affairs of the Group in future years.

## 11 Commitments for expenditure

The Group has no capital commitments as at 30 September 2019 (31 March 2019: \$0).

## Director's Declaration

The Board of Directors of CropLogic Limited (the Company):

1. Authorise for issue, the financial statements and notes set out in this report; and
2. There are reasonable grounds to believe that CropLogic 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 Directors.



S Wakefield  
Non-Executive Director and Chairperson

Date: 2 December 2019

Place: Christchurch, New Zealand



**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE SHAREHOLDERS OF  
CROPLAGIC LIMITED**

*Report on the Interim Financial Statements*

We have reviewed the accompanying interim condensed financial statements of CropLogic Limited (the "Company") and its controlled entities (the "Group"), which comprise the condensed statement of financial position as at 30 September 2019, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and selected explanatory notes. The Group comprises the Company and the entities it controlled at 30 September 2019, or from time to time during the period.

*Director's Responsibility for the Financial Statements*

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting ("NZ IAS 34") and International Accounting Standard 34 ("IAS 34") and for such internal controls as the Directors determine are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Our Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410"). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

We are independent of the Group. Our firm has not carried out any other services for the Group.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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*Material Uncertainty Related to Going Concern*

We draw attention to Note 1, which indicates that the Group incurred a loss of \$2,857,345 and had net cash outflows from operating activities of \$7,270,385 for the year ended 30 September 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

*Conclusion*


Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2019 and the performance and cashflows for the six month period then ended in accordance with NZ IAS 34 and IAS 34.

*Restriction on Distribution or Use*

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body for our review procedures, for this report, or for the conclusion we have formed.

A handwritten signature of "RSM" in black ink, written in a cursive style.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong", written in a cursive style.

TUTU PHONG  
Partner

Perth, WA  
Dated: 2 December 2019