

iCetana Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	iCetana Limited
ABN:	90 140 449 725
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	4.6% to	621,867
Loss from ordinary activities after tax attributable to the owners of iCetana Limited	down	20.4% to	1,997,722
Loss for the half-year attributable to the owners of iCetana Limited	down	22.8% to	2,038,488

3. Statement of comprehensive income

Refer to the attached Interim Financial Report for the half year ended 31 December 2019.

4. Statement of financial position

Refer to the attached Interim Financial Report for the half year ended 31 December 2019.

5. Statement of cash flows

Refer to the attached Interim Financial Report for the half year ended 31 December 2019.

6. Statement of changes in equity

Refer to the attached Interim Financial Report for the half year ended 31 December 2019.

7. Dividend payments

Refer to the attached Interim Financial Report for the half year ended 31 December 2019. The Company does not propose to pay any dividends in the current period.

8. Dividend reinvestment plans

Not applicable.

9. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>3.46</u>	<u>0.43</u>

10. Control gained over entities

Not applicable

11. Other significant information

Not applicable

12. Foreign entities

Australian Accounting Standards are utilised when compiling the Interim Report.

13. Audit qualification or review

The Interim Financial Report was subject to a review by the auditors and is not subject to dispute or qualification.

14. Signed



Signed _____

Date: 28 February 2020

Mark Potts
Non-Executive Chairman
Perth, Western Australia

Approved for release by the Board of iCetana Limited



ICETANA LTD HALF YEAR REPORT

HALF YEAR ENDED 31 DECEMBER 2019

iCetana Limited
Corporate Directory
For the half-year ended 31 December 2019

Board of Directors

Mark Potts
Non-Executive Chairman

Matthew Macfarlane
Managing Director and Chief Executive Officer

Geoff Pritchard
Executive Director

Justin Mannolini
Non-Executive Director

Company Secretary

Shane Cranswick

Registered office and principal place of business

Suite 4
6 Centro Avenue
Subiaco
Western Australia 6008

Website

www.icetana.com.au

Auditors

Butler Settineri (Audit) Pty Ltd
Unit 16
100 Railway Road
Subiaco
Western Australia 6008
www.butlersettineri.com.au

Share registry

Share Registry3
Automic Registry Services
Level 2, 267 St Georges Terrace
Perth
Western Australia 6000
www.automicgroup.com.au

Stock exchange

ASX Limited (ASX)
www.asx.com.au

ASX code

ASX:ICE

iCetana Limited
Half year report for the half-year ended 31 December 2019
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iCetana Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of iCetana Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2019.

Directors

The following persons were directors of iCetana Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Potts
Matthew Macfarlane
Geoff Pritchard
Justin Mannolini (appointed 18 December 2019)
Rohan McDougall (resigned on 18 December 2019)
James Williams (resigned on 1 October 2019)

Principal activities

During the financial half-year the principal continuing activity of the consolidated entity consisted of the development and sale of an AI assisted video surveillance software using technology based on machine learning to provide automatic real-time anomalous event detection.

Review of operations

The six month comparison shows the level of operational turnaround implemented at iCetana over the past 18 months.

Whilst the operating loss to 31 December 2018 was \$2,495,882, this included recognition of a one-off insurance claim received of \$599,952. Operating expenses to 31 December 2018 were \$3,752,775 and these reduced to \$2,722,811 (a 27% reduction) whilst revenues increased 4.6% despite these extensive cost savings.

The loss for the consolidated entity after providing for income tax amounted to \$2,100,298 (31 December 2018: \$2,495,882).

For the six months to 31 December 2019 the consolidated entity reported sales revenue of \$621,867, up 4.6% on the corresponding half year period of \$594,226.

The financial position of the consolidated entity remains strong with net current assets of \$3.57 million and nil debt.

Dividends

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

Significant changes in the state of affairs

During the half-year ended 31 December 2019, iCetana successfully closed its \$5 million initial public offering ("IPO") and was admitted to the official list of the Australian Securities Exchange ("ASX"), commencing trading on 23 December 2019.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 immediately after this directors' report.

iCetana Limited
Directors' report
31 December 2019

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Potts
Non-Executive Chairman

28 February 2020
Perth, Western Australia

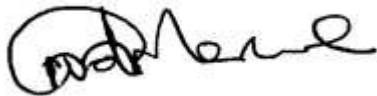
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of iCetana Limited for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of iCetana Limited and the entities it controlled during the half year ended 31 December 2019.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth
Date: 28 February 2020

iCetana Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Revenue from continuing operations	4	621,867	594,226
Other income	5	-	599,952
Interest revenue		646	4,890
Expenses			
Accountancy and audit fees		(41,680)	(36,159)
Advertising and marketing		(53,300)	(123,551)
Consultancy fees		(364,584)	(865,997)
Depreciation and amortisation expense		(79,126)	(27,230)
Employee benefits expense		(1,625,922)	(2,091,971)
Foreign exchange losses		28,906	132,995
Other expenses	6	(587,105)	(740,862)
Loss before income tax expense from continuing operations		(2,100,298)	(2,553,707)
Income tax benefit/expense		-	57,825
Loss after income tax expense from continuing operations		(2,100,298)	(2,495,882)
Loss after income tax expense for the half-year		(2,100,298)	(2,495,882)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(53,596)	(138,541)
Other comprehensive income for the half-year, net of tax		(53,596)	(138,541)
Total comprehensive loss for the half-year		<u>(2,153,894)</u>	<u>(2,634,423)</u>
Net loss after income tax expense attributable to:			
Non-controlling interest		(102,576)	12,476
Owners of iCetana Limited		(1,997,722)	(2,508,358)
		<u>(2,100,298)</u>	<u>(2,495,882)</u>
Total comprehensive loss attributable to:			
Non-controlling interest		(115,406)	5,053
Owners of iCetana Limited		(2,038,488)	(2,639,476)
		<u>(2,153,894)</u>	<u>(2,634,423)</u>
		Cents	Cents
Loss per share for profit attributable to the owners of iCetana Limited			
Basic loss per share	16	(1.91)	(2.54)
Diluted loss per share	16	(1.91)	(2.54)

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

iCetana Limited
Consolidated statement of financial position
As at 31 December 2019

	Note	31 Dec 2019 \$	30 Jun 2019 \$
Assets			
Current assets			
Cash and cash equivalents	7	5,189,508	333,356
Trade and other receivables	8	243,500	550,201
Prepayments		92,366	151,915
Stock on hand		2,486	25,624
Income tax refundable		-	1,061,396
Right-of-use asset	11	19,799	-
Total current assets		<u>5,547,659</u>	<u>2,122,492</u>
Non-current assets			
Property, plant and equipment	9	133,845	150,509
Intangibles	10	18,794	23,012
Total non-current assets		<u>152,639</u>	<u>173,521</u>
Total assets		<u>5,700,298</u>	<u>2,296,013</u>
Liabilities			
Current liabilities			
Trade and other payables		1,364,403	1,098,826
Unearned revenue		481,343	524,069
Employee benefits		111,555	190,072
Lease liabilities	12	19,799	-
Total current liabilities		<u>1,977,099</u>	<u>1,812,967</u>
Non-current liabilities			
Employee benefits		16,685	13,618
Total non-current liabilities		<u>16,685</u>	<u>13,618</u>
Total liabilities		<u>1,993,784</u>	<u>1,826,585</u>
Net assets		<u>3,706,514</u>	<u>469,428</u>
Equity			
Issued capital	13	18,550,452	13,767,127
Reserves	14	431,056	(135,833)
Non-controlling interest		(457,398)	(341,992)
Retained profits		(14,817,596)	(12,819,874)
Total equity		<u>3,706,514</u>	<u>469,428</u>

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

iCetana Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2019

	Issued capital \$	Foreign Currency Translation Reserve \$	Share based payments Reserve \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2018	13,717,127	(6,457)	-	(9,512,939)	(260,723)	3,937,008
Profit after income tax expense for the half-year	-	-	-	(2,508,358)	12,476	(2,495,882)
Other comprehensive income for the half-year, net of tax	-	(131,118)	-	-	(7,423)	(138,541)
Total comprehensive income for the half-year	-	(131,118)	-	(2,508,358)	5,053	(2,634,423)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued	50,000	-	-	-	-	50,000
Balance at 31 December 2018	<u>13,767,127</u>	<u>(137,575)</u>	<u>-</u>	<u>(12,021,297)</u>	<u>(255,671)</u>	<u>1,352,585</u>
	Issued capital \$	Foreign currency Translation Reserve \$	Share based payments Reserve \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2019	13,767,127	(135,833)	-	(12,819,874)	(341,992)	469,428
Profit after income tax expense for the half-year	-	-	-	(1,997,722)	(102,576)	(2,100,298)
Other comprehensive income for the half-year, net of tax	-	(40,766)	-	-	(12,830)	(53,596)
Total comprehensive income for the half-year	-	(40,766)	-	(1,997,722)	(115,406)	(2,153,894)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued	6,119,654	-	-	-	-	6,119,654
Share issue costs	(1,336,329)	-	-	-	-	(1,336,329)
Share-based payments	-	-	607,655	-	-	607,655
Balance at 31 December 2019	<u>18,550,452</u>	<u>(176,599)</u>	<u>607,655</u>	<u>(14,817,596)</u>	<u>(457,398)</u>	<u>3,706,514</u>

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

iCetana Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Cash flows from operating activities			
Receipts from customers		928,568	526,706
Payments to suppliers and employees		<u>(2,954,908)</u>	<u>(3,920,796)</u>
		(2,026,340)	(3,394,090)
Interest received		646	4,890
Income tax refund		<u>1,061,397</u>	<u>1,070,434</u>
Net cash from operating activities		<u>(964,297)</u>	<u>(2,318,766)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	<u>(15,624)</u>
Net cash used in investing activities		-	<u>(15,624)</u>
Cash flows from financing activities			
Proceeds from share issue		6,119,654	50,000
Share issue costs		(187,452)	-
Reduction in finance lease principal		<u>(58,157)</u>	<u>-</u>
Net cash used in financing activities		<u>5,874,045</u>	<u>50,000</u>
Net increase/(decrease) in cash and cash equivalents		4,909,748	(2,284,390)
Cash and cash equivalents at the beginning of the financial half-year		333,356	3,275,964
Effects of exchange rate changes on cash and cash equivalents		<u>(53,596)</u>	<u>(138,541)</u>
Cash and cash equivalents at the end of the financial half-year	7	<u><u>5,189,508</u></u>	<u><u>853,033</u></u>

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

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report for the half-year reporting period ended 31 December 2019 and has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, the financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 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 half-year financial report was authorised for issue by the directors on 28 February 2020.

Basis of preparation

The half-year financial report has been prepared on a historical costs basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Accounting policies and methods of computation

The accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding half-year reporting period except where stated. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Note 2. AASB 16 Leases

Change in Accounting Policy

AASB 16 Leases supersedes AASB 117 Leases. The consolidated entity has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The consolidated entity has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on accumulated losses under this approach, and comparatives have not been restated.

The consolidated entity leases various premises. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 2. AASB 16 Leases (continued)

From 1 July 2019, where a group company is a lessee, the consolidated entity recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the consolidated entity (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease (if applicable). If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement of the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the consolidated entity under residual value guarantees;
- The exercise price of purchase options, if the consolidated entity is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

An extension option is included within the property lease held by the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the consolidated entity to restore the underlying asset, or the consolidated entity has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the consolidated entity has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16

On adoption of AASB 16, the consolidated entity recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments. Payments have not been discounted due to the limited time period covered (3 months).

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

In the Condensed Statement of Cash Flows, the consolidated entity has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 2. AASB 16 Leases (continued)

The adoption of AASB 16 resulted in the recognition of right-of-use assets of \$77,956 and lease liabilities of \$77,956 in respect of all operating leases, other than short-term leases and leases of low-value assets.

The net impact on retained earnings on 1 July 2019 was \$nil.

Practical expedients applied

In applying AASB 16 for the first time, the consolidated entity has used the following practical expedients permitted by the standard:

- For existing contracts as at 1 July 2019, the consolidated entity has elected to apply the definition of lease contained in AASB 117 and Interpretation 4 and has not applied AASB 16 to contracts that were previously not identified as leases under AASB 117 and Interpretation 4;
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Below is a reconciliation of total operating lease commitments as at 30 June 2019, as disclosed in the annual financial statements for the year ended 30 June 2019, and the lease liabilities recognised on 1 July 2019:

	2019 \$
Operating lease commitments disclosed as at 30 June 2019	77,956
Discounted using the lessee's incremental borrowing rate as at the date of initial application	77,956
Less: Short term leases recognised on a straight-line basis as an expense	-
Less: Low value leases recognised on a straight-line basis as an expense	-
Less: Contracts reassessed as service agreements	-
Add: Adjustment as a result of a different treatment of extension and termination options	-
Lease liabilities as at 1 July 2019	77,956

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 3. Operating segments

Identification of reportable operating segments

The Board assess the Consolidated Entity's performance based on geographical areas of operation. Accordingly, the Consolidated Entity has identified 3 reportable segments, which are presented below:

Segment	Information
Asia Pacific (APAC)	Responsible for all sales, marketing and product development efforts in Australia and the broader Asia Pacific region
North America (NA)	Responsible for all sales and marketing efforts in the United States and Canada
Europe, Middle East & Africa (EMEA)	Responsible for all sales and marketing efforts in Europe, the Middle East and Africa

Cost of revenue (included in EBITDA) are all the costs directly attributable to the ongoing delivery of the product. Sales and marketing costs include direct in-country costs. A portion of general and administration costs, representing general operating and product development expenses, remain unallocated in determining the segment contribution presented by the Board.

The assets and liabilities of the Consolidated Entity are reported and reviewed by the Board in total and are not allocated by operating segment. Operating segment assets and liabilities are therefore not disclosed.

Operating segment information

	APAC	NA	EMEA	Total
	\$	\$	\$	\$
Consolidated - 31 Dec 2019				
Revenue				
Sales to external customers	199,327	106,062	316,479	621,867
Intersegment sales	-	-	-	-
Total sales revenue	199,327	106,062	-	621,867
Other revenue				
Interest revenue	646	-	-	646
Total segment revenue	199,973	106,062	316,479	622,513
EBITDA				
Depreciation and amortisation	(2,087,609)	(62,663)	128,454	(2,021,818)
Interest revenue	(58,389)	(1,339)	(19,398)	(79,126)
Finance costs	646	-	-	646
Profit before income tax expense	-	-	-	-
Income tax expense	(2,145,352)	(64,002)	109,056	(2,100,298)
Profit after income tax expense	(2,145,352)	(64,002)	109,056	(2,100,298)

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 3. Operating segments (continued)

	APAC \$	NA \$	EMEA \$	Total \$
Consolidated - 31 Dec 2018				
Revenue				
Sales to external customers	266,728	(7,678)	335,176	594,226
Intersegment sales	-	-	-	-
Total sales revenue	<u>266,728</u>	<u>(7,678)</u>	<u>335,176</u>	<u>594,226</u>
Other revenue				
Interest revenue	4,890	-	-	4,890
Other revenue	599,952	-	-	599,952
Total segment revenue	<u>871,570</u>	<u>(7,678)</u>	<u>335,176</u>	<u>1,199,068</u>
EBITDA	(2,011,200)	(428,806)	(91,361)	(2,531,367)
Depreciation and amortisation	(25,006)	(1,269)	(954)	(27,230)
Interest revenue	4,890	-	-	4,890
Finance costs	-	-	-	-
Profit before income tax expense	<u>(2,031,316)</u>	<u>(430,076)</u>	<u>(92,316)</u>	<u>(2,553,707)</u>
Income tax expense	57,825	-	-	57,825
Profit after income tax expense	<u>(1,973,491)</u>	<u>(430,076)</u>	<u>(92,316)</u>	<u>(2,495,882)</u>

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidate	Six months to 31 December 2019	Six months to 31 December 2018
<i>Types of revenue and other income</i>		
Recurring revenue	322,918	377,772
Enterprise revenue	298,949	216,454
Total sales revenue	<u>621,867</u>	<u>594,226</u>
<i>Geographical regions</i>		
APAC	199,327	266,728
NA	106,062	(7,678)
EMEA	316,478	335,176
	<u>621,867</u>	<u>594,226</u>
<i>Revenue by industry</i>		
Education	130,289	92,915
Retail	308,227	309,980
Commercial and other	183,351	191,331
	<u>621,867</u>	<u>594,226</u>

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 5. Other income

	31 Dec 2019	31 Dec 2018
	\$	\$
Insurance recoveries	-	599,952
	<u>-</u>	<u>599,952</u>
	<u>-</u>	<u>599,952</u>

Note 6. Other expenses

Cost of sale and services	168,319	97,421
Legal fees	39,785	55,153
Rent and outgoings	54,251	135,695
Travel	147,505	243,683
Other	177,245	208,910
	<u>587,105</u>	<u>740,862</u>

Note 7. Current assets - cash and cash equivalents

	31 Dec 2019	30 Jun 2019
	\$	\$
Cash on hand	2	2
Cash at bank	5,096,532	240,380
Cash on deposit	92,974	92,974
	<u>5,189,508</u>	<u>333,356</u>

Note 8. Current assets – trade and other receivables

Trade receivables	242,956	475,618
Sundry debtors	544	74,583
	<u>243,500</u>	<u>550,201</u>

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 9. Non-current assets - property, plant and equipment

	31 Dec 2019	30 Jun 2019
	\$	\$
Structural improvements - at cost	77,244	77,244
Less: Accumulated depreciation	<u>(4,793)</u>	<u>(3,822)</u>
	<u>72,451</u>	<u>73,422</u>
Computers & office equipment - at cost	221,125	221,054
Less: Accumulated depreciation	<u>(159,970)</u>	<u>(144,289)</u>
	<u>61,155</u>	<u>76,765</u>
Low value pool - at cost	666	663
Less: Accumulated depreciation	<u>(426)</u>	<u>(341)</u>
	<u>239</u>	<u>322</u>
	<u><u>133,845</u></u>	<u><u>150,509</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Structural improvements	Computer & Office Equipment	Low value pool	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2019	73,422	76,765	322	150,509
Depreciation expense	<u>(971)</u>	<u>(15,610)</u>	<u>(83)</u>	<u>(16,664)</u>
Balance at 31 December 2019	<u><u>72,451</u></u>	<u><u>61,155</u></u>	<u><u>239</u></u>	<u><u>133,845</u></u>

Note 10. Non-current assets - intangibles

	31 Dec 2019	30 Jun 2019
	\$	\$
Intangible assets - at cost	41,943	41,943
Less: Accumulated amortisation	<u>(24,534)</u>	<u>(20,316)</u>
Trademark	<u>1,385</u>	<u>1,385</u>
	<u><u>18,794</u></u>	<u><u>23,012</u></u>

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 11. Right-of-use assets

	31 Dec 2019 \$	30 Jun 2019 \$
Cost	77,956	-
Accumulated depreciation	<u>(58,157)</u>	-
Carrying value	<u><u>19,799</u></u>	-

Note 12. Lease Liabilities

Current liabilities	19,799	-
Non-current liabilities	<u>-</u>	-
Total lease liabilities	<u><u>19,799</u></u>	-

AASB 16 has been adopted during the period, refer note 2 for details.

The Consolidated Entity only leases premises. The remaining term of the lease for the Australian premises is 3 months.

iCetana Limited
Notes to the financial statements
For the half year-ended 31 December 2019

Note 13. Equity - Issued Capital

	31 Dec 2019 Shares	30 Jun 2019 Shares	31 Dec 2019 \$	30 Jun 2019 \$
Ordinary shares – fully paid	137,040,093	1,000,000	19,886,781	2
A Class Preference Shares	-	1,500,000	-	1,500,000
B Class Preference Shares	-	946,000	-	916,000
C Class Preference Shares	-	1,598,462	-	11,351,125
	<u>137,040,093</u>	<u>5,044,462</u>	<u>19,886,781</u>	<u>13,767,127</u>
Share issue costs			(1,336,329)	-
Total			<u>18,550,452</u>	<u>13,767,127</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Opening Balance	1 July 2018	5,023,339		13,717,127
Issue of C Class Preference Shares	20 July 2018	<u>21,123</u>		<u>50,000</u>
Balance	30 June 2019	<u>5,044,462</u>		<u>13,767,127</u>
Conversion of Convertible Notes	18 December 2019	6,250,000	\$0.160	1,000,000
Shares issued on exercise of options (post-split)	18 December 2019	1,760,954	\$0.068	119,654
Share split of ordinary shares	18 December 2019	6,358,523		-
Share split of A Class Preference Shares	18 December 2019	9,537,785		-
Share split of B Class Preference Shares	18 December 2019	10,785,997		-
Share split of C Class Preference Shares	18 December 2019	72,302,372		-
Share issued on IPO	18 December 2019	25,000,000	\$0.200	5,000,000
Share issue costs (share based payments)				(607,655)
Share issue costs				<u>(728,674)</u>
Balance	31 December 2019	<u>137,040,093</u>		<u>18,550,452</u>

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 14. Reserves

As at 31 December the Consolidated Entity had the following reserve accounts:

	31 Dec 2019 \$	30 Jun 2019 \$
(a) Foreign currency translation	(176,599)	(135,833)
(b) Performance rights	-	-
(c) Options	607,655	-
Total	431,056	(135,833)

(a) Foreign currency translation

	31 Dec 2019 \$	30 Jun 2019 \$
Opening balance	(135,833)	(6,457)
Movement	(39,024)	(129,376)
Closing balance	(176,599)	(135,833)

(b) Performance rights

Details	Date	Number	\$
Opening Balance	1 July 2018	-	-
Balance	30 June 2019	-	-
Issued to employees	18 December 2019	3,000,000	-
Balance	31 December 2019	3,000,000	-

(c) Options

Details	Date	Number	\$
Opening Balance	1 July 2018	579,586	-
Balance	30 June 2019	579,586	-
Share split of existing options	18 December 2019	2,044,037	-
Issue of shareholder options	18 December 2019	30,000,000	-
Issued to lead broker	18 December 2019	5,626,436	607,655
Issued under the new ESIP	20 December 2019	9,377,393	-
Balance	31 December 2019	47,047,866	607,655

In December 2019 the Company granted a total of 9,377,393 options and 3,000,000 performance rights to employees, consultants and directors of the Consolidated Entity. The ESIP options vest quarterly from the date of grant over a three year period. As 3 months has not passed between the date of grant and the 31 December 2019, no options granted had vested as at that date. The Company will expense the ESIP options as they accrue over time.

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 14. Reserves (continued)

Vesting conditions of performance rights as follows:

Number	Vesting Conditions	Expiry Date
750,000	\$4m Revenue in the 12-month audited period ending 30 June 2021	23 December 2024
750,000	\$6m Revenue in the 12-month audited period ending 31 December 2021	23 December 2024
750,000	\$10m Revenue in the 12-month audited period ending 31 December 2022	23 December 2024
750,000	\$12m Revenue in the 12-month audited period ending 31 December 2024	23 December 2024

The fair value of the equity settled options/performance rights as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted:

	Number	Grant Date	Expiry Date	Exercise Price	Fair value at grant date	Vesting date	Value Accrued \$
ESIP Options granted	9,377,393	20 Dec 19	30 Nov 23	\$0.30	\$0.125	As above	-
Lead Broker Options	5,626,436	18 Dec 19	23 Dec 22	\$0.30	\$0.108	18 Dec 19	607,655
Performance Rights	3,000,000	18 Dec 19	23 Dec 24	Nil	\$0.200	As above	-
							607,655

	Lead Broker Options	ESIP Options	Performance Rights
Dividend yields	0%	0%	0%
Expected volatility	100%	100%	100%
Risk-free interest rate	2.04%	2.04%	2.04%
Expected life	3 years	4 years	5 years
Exercise Price	\$0.30	\$0.30	Nil
Grant date share price	\$0.20	\$0.20	\$0.20

iCetana Limited
Notes to the financial statements
For the half-year ended 31 December 2019

Note 15. Contingent liabilities and contingent assets

The Consolidated Entity has no contingent assets or liabilities as at the reporting date.

Note 16. Earnings per share

	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Total comprehensive loss for the half year:</i>		
Loss after income tax	(2,153,894)	(2,634,423)
Non-controlling interest	<u>(115,406)</u>	<u>5,053</u>
Loss after income tax attributable to the owners of iCetana Limited	<u>(2,038,488)</u>	<u>(2,639,476)</u>
	Cents	Cents
Basic earnings per share	(1.91)	(2.54)
Diluted earnings per share	(1.91)	(2.54)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic loss per share	106,540,842	103,951,280
Adjustments for calculation of diluted loss per share:		
Options over ordinary shares	<u>Nil</u>	<u>Nil</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>106,540,842</u>	<u>103,951,280</u>

Note: Weighted average number of shares for comparative purposes has been calculated as if prior classes of shares were converted to ordinary shares on the same terms as undertaken for the IPO.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

iCetana Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Potts
Non-Executive Chairman

28 February 2020
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ICETANA LIMITED

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of iCetana Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit and 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of iCetana Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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 Engagement 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, anything has come to our attention that causes us to 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 Consolidated Entity's consolidated financial position as at 31 December 2019 and its consolidated 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*.

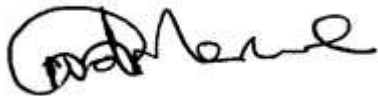
As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 audited 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*.

BUTLER SETTINERI (AUDIT) PTY LTD

A handwritten signature in black ink, appearing to read 'Marius Van der Merwe', written over a circular stamp or seal.

MARIUS VAN DER MERWE CA
Director

Perth
Date: 28 February 2020