



AssetOwl Limited

Appendix 4D

Half Year Report for the 6 Months ended to 31 December 2018

The following sets out the requirements of Appendix 4D with the stipulated information either provided here or cross-referenced to the 31 December 2018 Interim Financial Report, which is attached.

This Appendix 4D should be read in conjunction with the attached 31 December 2018 Interim Financial Report.

| Name of Entity | Current Period |
|------------------|-------------------------------|
| ASSETOWL LIMITED | PERIOD ENDED 31 DECEMBER 2018 |
| | |
| ACN | Prior Corresponding Period |
| 122 727 342 | PERIOD ENDED 31 DECEMBER 2017 |

| Results for Announcement to the Market | %Movement Compared to the Prior Period | Current Period A\$ | Previous Period A\$ |
|--|--|--------------------|---------------------|
| Revenue from Ordinary Activities | 22.31% | 6,639 | 5,428 |
| Reported net (loss) from ordinary activities after tax | 40.38% | (686,636) | (1,151,638) |
| Reported net (loss) attributable to members | 40.38% | (686,636) | (1,151,638) |

| Net Assets | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Net Tangible Assets (\$A) | 320,438 | 1,116,595 |
| Number of Securities | 89,385,067 | 60,542,116 |
| Net Tangible Assets per security (cents) | 0.36 | 1.84 |

| Dividends | Interim Dividend 2019 | Interim Dividend 2018 |
|------------------|-----------------------|-----------------------|
| Amount per share | NIL | NIL |
| Franked amount | NIL | NIL |

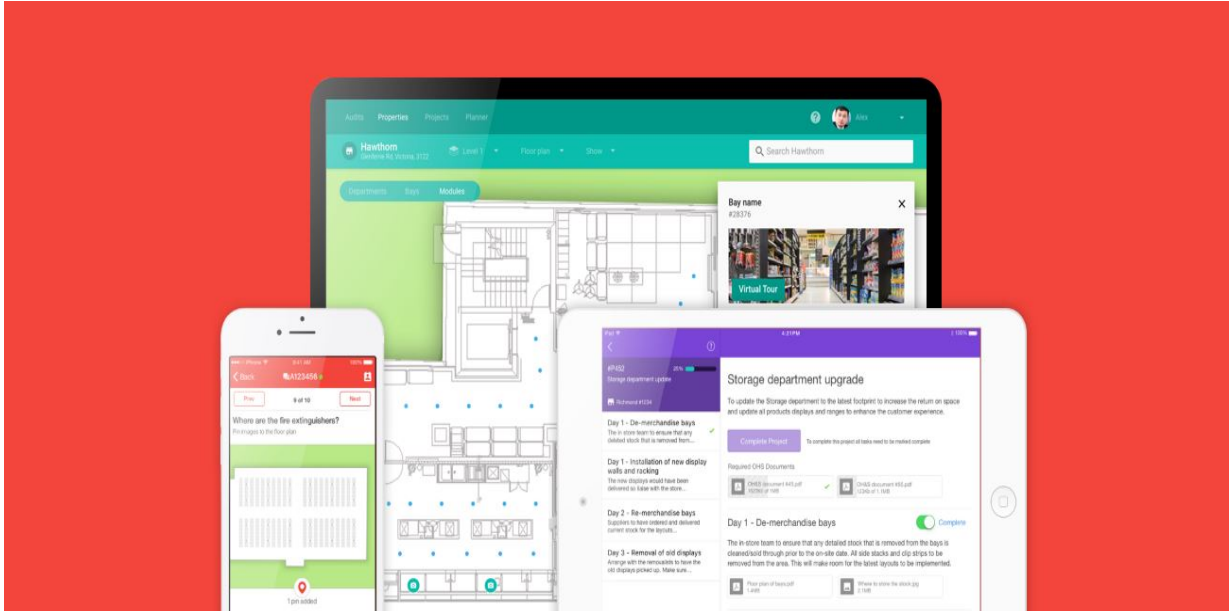
Review Results

This report is based on the financial statements that have been the subject of an independent review and are not subject to any dispute or qualification.

The auditors independent review report contains a section drawing attention to 'material uncertainty relating to going concern', further details is provided in the interim financial report which is attached to this Appendix 4D.



ACN 122 727 342



CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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CORPORATE DIRECTORY

DIRECTORS

| | |
|-----------------|--------------------------|
| Simon Trevisan | (Chairman) |
| Bruce McCracken | (Non-Executive Director) |
| Ian Murchison | (Non-Executive Director) |
| Andrew Lane | (Non-Executive Director) |
| Geoff Baldwin | (Non-Executive Director) |

COMPANY SECRETARY

Fleur Hudson

REGISTERED AND PRINCIPAL OFFICE

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PERTH WA 6000
Telephone: (08) 9424 9320
Facsimile: (08) 9321 5932
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AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

SHARE REGISTRY

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

HOME EXCHANGE

Australian Securities Exchange Ltd
Central Park
152-158 St Georges Terrace
PERTH WA 6000
ASX Code: AO1

SOLICITORS

Jackson McDonald
225 St Georges Terrace
PERTH WA 6000

BANKERS

St George Bank
Level 3, Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the financial report of AssetOwl Limited (the Group) for the half year ended 31 December 2018 and the auditor's review report thereon.

DIRECTORS

The names and details of the Directors in office during the half year and until the date of this report are set out below.

- Simon Trevisan (Chairman)
- Bruce McCracken (Non-Executive Director)
- Ian Murchison (Non-Executive Director)
- Andrew Lane (Non-Executive Director)
- Geoff Baldwin (Non-Executive Director)

Directors have been in office the entire period unless otherwise stated.

REVIEW OF OPERATIONS

Highlights

- Colliers International (WA) rolls out AssetOwl's inspection software through its residential property management business for use in CY19
- AssetOwl remains on track to achieve commercial release of the second version of its residential inspection tool, Inspector360

AssetOwl provides cloud-based software services for real estate asset management to the residential, retail and government property sectors. The Company has secured key cornerstone relationships in both the private and government property management sectors.

During the period, AssetOwl continued to develop its virtual tour inspection technology to solve key problems of the residential rental inspection market, aiming to reduce the labour intensive, time-consuming and expensive process of preparing reports at the commencement and completion of each property lease term. With more than 2.5 million privately owned rental properties in Australia, there are about 750,000 ingoing/outgoing inspections and 5 to 6 million routine inspections each year.

AssetOwl is moving its visual inspection technology into the residential tenancy market through its implementation by Colliers International (WA). Following signing of a software service agreement in June 2018, AssetOwl trained Colliers' personnel to use the residential property inspection tool, and the Company received valuable feedback on the inspection tool through Colliers' testing to aid developing upgrades for the inspection tool, InspectorAsset. Colliers commenced rolling out InspectorAsset through its residential property management business in the December quarter, ahead of implementing the software from the start of CY19.

The initial use case chosen by Colliers is to assist with residential entry and exit inspections. The parties have identified scope to expand the use to several new touch points in the residential rental process.

AssetOwl is continuing the development process across its web and mobile apps and is on target to achieve commercial release of the second version of its residential inspection tool, inspector360. A premium version of the product with more features is scheduled for release during the June 2019 quarter.

AssetOwl previously signed a contract with the Australian Centre for Advanced Computing and Communication Pty Ltd (AC3), for AC3 to use AssetOwl's platform as part of its existing service to an asset management agency of the NSW Government, NSW Housing. The agency owns and manages land, buildings and other assets comprising more than

DIRECTORS' REPORT

130,000 properties valued more than \$35 billion. AC3 is using AssetOwl's field tools to help NSW Housing improve the speed and accuracy of its property audits and analysis.

During the September quarter, AssetOwl trained field and office end-users at NSW Housing in the use of the Management Platform. NSW Housing went live on the AssetOwl Management Platform in early October 2018.

CORPORATE

Finance

AssetOwl exercised tight financial controls across the business during the half year period while the Company focused on the development of its real estate inspection tool. All costs were reviewed and the operating structure was rationalised to reflect the business' development focus. This significantly reduced fixed operating costs.

AssetOwl's Directors continued to show their support for the Company financially over the period to 31 December 2018, with Chairman Simon Trevisan and directors Andrew Lane and Mr Ian Murchison agreeing not to draw a fee from the Company.

Significant shareholder Tribis Pty Ltd continued to provide financial support to the Company, providing an interest free loan during reporting period. Tribis Pty Ltd is related to the Company's Non-Executive Chairman Mr Simon Trevisan.

AssetOwl is not required to settle the amounts owed to its Directors until the Company completes a necessary capital raising.

Board

In June 2018, AssetOwl welcomed Mr Geoff Baldwin to the Board as a Non-Executive Director

Since his appointment Mr Baldwin has been an important and significant addition to the Company's Board, providing valuable industry knowledge and leadership as the Company continued the development of its residential property inspection tool, InspectorAsset.

Detail on Mr Baldwin's experience is shown in our 2018 Annual Report and on our website, www.assetowl.com

Results of AGM

At AssetOwl's Annual General Meeting of Shareholders on 28 November 2018, all resolutions contained in the Notice of Meeting passed on a show of hands.

PRINCIPAL ACTIVITIES

The principal activity of the Group is technology and software development.

OPERATING RESULTS

The Group's net loss after providing for income tax for the half year ended 31 December 2018 amounted to \$686,636 (half year ended 31 December 2017: \$1,151,638). At 31 December 2018, the Group has \$459,226 cash and cash equivalents (30 June 2018: \$310,651).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the half year.

DIRECTORS' REPORT

EVENTS OCCURRING SUBSEQUENT TO THE END OF THE REPORTING PERIOD

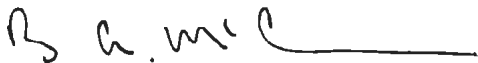
Subsequent to the end of the quarter, AssetOwl Limited received a letter from each of its related parties to whom it is indebted advising that they would not call on the Company to settle the debt amount owing at 31 December 2018, or accrued subsequent to that date, until AssetOwl agrees to settle the debt, which will not occur prior to a successful capital raising.

No other matters or circumstances have occurred subsequent to reporting date that would have a material impact on the consolidated financial statements.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under S.307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2018.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'B. McCracken', followed by a long horizontal line.

Bruce McCracken

Director

Dated at Perth, Western Australia, this 27th of February 2019

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ASSETOWL LIMITED

As lead auditor for the review of AssetOwl Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AssetOwl Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2019

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

| | | HALF YEAR | |
|---|-------|------------------|--------------------|
| | Notes | 31 December 2018 | 31 December 2017 |
| | | \$ | \$ |
| CONTINUING OPERATIONS | | | |
| Revenue | | 6,639 | 5,428 |
| Interest | | 2,615 | 7,272 |
| R&D tax incentive benefit | | 231,606 | 608,136 |
| Change in Fair Value of Contingent Consideration Payable | | - | 668,116 |
| Accounting and Audit expenses | | (22,381) | (36,300) |
| Legal expenses | | (19,518) | (79,004) |
| Corporate and administrative expenses | | (66,670) | (74,730) |
| Professional consultant and contractor fees | | (35,713) | (50,542) |
| Employee benefit expenses | | (85,304) | (225,575) |
| Research expenses | | (509,162) | (1,354,097) |
| Depreciation and amortisation | | (21,407) | (21,706) |
| Tenements administration expense | | (117,977) | (34,162) |
| Impairment expense | 5 | (14,816) | (500,000) |
| Other expenses | | (34,548) | (64,474) |
| (LOSS) BEFORE INCOME TAX | 3 | (686,636) | (1,151,638) |
| Income tax benefit | | - | - |
| (LOSS) AFTER INCOME TAX | | (686,636) | (1,151,638) |
| Other Comprehensive Income | | - | - |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (686,636) | (1,151,638) |
| Total comprehensive loss for the period is attributable to: Owners of AssetOwl Limited | | (686,636) | (1,151,638) |
| Basic loss (cents per share) | | (0.77) | (1.90) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

| | Notes | 31 December 2018 \$ | 30 June 2018 \$ |
|--|-------|------------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 459,226 | 310,651 |
| Trade and other receivables | 4 | 297,040 | 1,040,476 |
| TOTAL CURRENT ASSETS | | 756,266 | 1,351,127 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | | 24,330 | 38,381 |
| Intangible Assets (including goodwill) | 5 | 1,824,804 | 1,852,186 |
| TOTAL NON-CURRENT ASSETS | | 1,849,134 | 1,890,567 |
| TOTAL ASSETS | | 2,605,400 | 3,241,694 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 250,146 | 113,668 |
| Employee Benefit Obligations | 7 | 60,012 | 296,148 |
| Borrowings | 8 | 150,000 | - |
| Financial liabilities through profit or loss | | - | - |
| TOTAL CURRENT LIABILITIES | | 460,158 | 409,816 |
| TOTAL LIABILITIES | | 460,158 | 409,816 |
| NET ASSETS | | 2,145,242 | 2,831,878 |
| EQUITY | | | |
| Contributed Equity | 9 | 16,868,594 | 16,828,594 |
| Reserves | | 1,518,435 | 1,558,435 |
| Accumulated Losses | | (16,241,787) | (15,555,151) |
| TOTAL EQUITY | | 2,145,242 | 2,831,878 |

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

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

| | Notes | Contributed Equity \$ | Share based payments Reserve \$ | Accumulated Losses \$ | Total \$ |
|---|-------|-----------------------------|---------------------------------------|-----------------------------|--------------------|
| BALANCE AT 1 JULY 2018 | | 16,828,594 | 1,558,435 | (15,555,151) | 2,831,878 |
| (Loss) for the half year | | - | - | (686,636) | (686,636) |
| Total comprehensive loss for the half year | | - | - | (686,636) | (686,636) |
| Shares issued for professional services | 9 | 40,000 | (40,000) | - | - |
| BALANCE AT 31 DECEMBER 2018 | | 16,868,594 | 1,518,435 | (16,241,787) | 2,145,242 |
| BALANCE AT 1 JULY 2017 | | 17,045,391 | 1,518,435 | (12,139,190) | 6,424,636 |
| (Loss) for the half year | | - | - | (1,151,638) | (1,151,638) |
| Total comprehensive loss for the half year | | - | - | (1,151,638) | (1,151,638) |
| BALANCE AT 31 DECEMBER 2017 | | 17,045,391 | 1,518,435 | (13,290,828) | 5,272,998 |

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

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

| | | HALF YEAR | |
|--|-------|------------------|--------------------|
| | Notes | 31 December 2018 | 31 December 2017 |
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | | 5,578 | 4,870 |
| Payments to suppliers and employees | 3 | (949,639) | (1,841,821) |
| Payments for exploration and evaluation related activity | | (43,907) | (32,662) |
| Interest received | | 2,615 | 7,272 |
| Research and Development Grant received | | 983,418 | 861,221 |
| NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES | | (1,935) | (1,001,120) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Purchase) / Sale of property, plant and equipment | | 510 | (12,278) |
| NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES | | 510 | (12,278) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowing (Related Party) | 8, 12 | 150,000 | - |
| Recovery of related party loan | | - | 15,000 |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 150,000 | 15,000 |
| NET INCREASE/(DECREASE) IN CASH HELD | | 148,575 | (998,398) |
| Cash and cash equivalents at beginning of period | | 310,651 | 1,690,810 |
| CASH AT END OF PERIOD | | 459,226 | 692,412 |

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Half-Year Financial Statements

This half-year financial report is a General Purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include full disclosures of the type normally included within the annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the full financial statements.

It is recommended that the half-year financial report be read in conjunction with the annual financial statements for the year ended 30 June 2018 and considered together with any public announcements made by the Group during the half-year ended 31 December 2018 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

All amounts are presented in Australian dollars, unless otherwise noted.

These half-year financial statements were approved by the Board of Directors on 25th of February 2019.

(b) Changes in and adoption of new accounting policies

The Group has changed its accounting policies to reflect the requirements of the accounting standard *AASB9 – Financial Instruments* which was effective from 1 July 2018, and not applied by the Group before this date.

Assets

At 30 June 2018, the Group had the following assets recognised as trade and other receivables:

- Research and Development incentive benefit from the Australian Taxation Office
- Related party loan receivable
- Office bond
- GST receivable
- Trade receivables

To 30 June 2018, the Group measured all of the above assets at amortised cost and on application of AASB9, the Group continues to account for all of the above assets at amortised cost. The Research and Development incentive benefit from the Australian Taxation Office is material to the Group's financial position, this is not a financial instrument as it is not a contractual right to receive a benefit, the Group will continue to measure this asset at amortised cost.

The Group's Office Bond, GST receivable and Trade Receivables at any time during the half year to 31 December 2018 are not material to the Group in terms of nature or value and the impact of the adoption of AASB 9 on these assets has not been considered.

Liabilities

During the period, the Group received a loan from substantial shareholder, and related party, Tribis Pty Ltd. The Group classifies this loan as 'subsequently measured through amortised cost'. The accounting for this loan represents an adoption of an accounting policy, not a change in accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other than changes to the Group's accounting policy as result of the application of AASB 9 – Financial Instruments, and the adoption of an accounting policy related to the accounting for borrowings, the Group's accounting policies are consistent with the policies adopted for the previous financial year.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty relate to the following:

- R&D receivable (note 4)
- Goodwill (note 5)

(d) Going Concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the six-month period ended 31 December 2018 the Group made a loss of \$686,636 and had cash outflows from operating activities of \$1,935. In the short term, the ability of the Group to continue as a going concern is dependent on securing additional funding. These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity'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.

As at 22 February 2019, the Group has \$280,509 cash and cash equivalents on hand.

The ability of the Group to continue as a Going Concern may be dependent on:

- Continued financial support from substantial shareholder, and related party, Tribis Pty Ltd
- The raising of funds through a share issue; or debt; and
- An increase in sales revenue

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Subsequent to the end of the reporting period, on 18 February 2019:

- AssetOwl received letters from its Non-Executive Chairman Mr Simon Trevisan, Non-Executive Director Mr Andrew lane, and Non-Executive Director Mr Ian Murchison advising that they would not call upon AssetOwl to settle the Director Fee's owed to them, or expect AssetOwl to recommence paying Director fees to them until further notice. The letters acknowledge that further notice will not be given without the Company's agreement prior to a successful capital raising.
- AssetOwl received a letter from substantial shareholder, and related party, Tribis Pty Ltd, relating to the Loan payable to Tribis as at 31 December 2018. Tribis advises that it will not call on AssetOwl to settle the amount

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

owed at the date of this letter until settlement of this loan is in the best interests of AssetOwl, which will not prior to a successful capital raising.

- AssetOwl received a letter from substantial shareholder, and related party, Tribis Pty Ltd, relating to fees payable to Tribis, under the Administration services agreement between AssetOwl and Tribis Pty Ltd, which provides for a fee of \$5,000 per month. Tribis advises that it will not call on AssetOwl to settle the fees accrued to Tribis as at 31 December 2018, nor does Tribis expect the Company to recommence paying fees to until further notice. The letter acknowledges that further notice will not be given without the Company's agreement prior to a successful capital raising.

Refer to note 12 for further disclosure on the Group's related party transactions during the reporting period, including the liabilities owed to related parties as at reporting date.

2. SEGMENT INFORMATION

The Directors have considered the requirements of *AASB 8 – Operating segments*. Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker, which is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows.

For the half year ended 31 December 2018, the Consolidated Entity had only one geographical location being Australia and operated in one business segment being Software Development.

Segment information provided to the Board of Directors is as follows:

| | Software Development | Unallocated | Total |
|-------------------------|----------------------|-------------|------------------|
| 31 December 2018 | | | |
| Assets | 2,149,180 | 456,220 | 2,605,400 |
| Liabilities | (58,917) | (401,241) | (460,158) |
| Net Assets | | | 2,145,242 |
| 30 June 2018 | | | |
| Assets | 2,842,881 | 278,813 | 3,121,694 |
| Liabilities | (169,285) | (120,532) | (289,816) |
| Net Assets | | | 2,831,878 |

| | Half Year | |
|--|------------------|------------------|
| | 31 December 2018 | 31 December 2017 |
| Revenue from external sources | 6,639 | 5,428 |
| Reportable segment profit/(loss) | (313,295) | (781,656) |
| R&D Incentive benefit | 231,606 | 608,136 |
| Change in FV of Liabilities through profit or loss | - | 668,116 |
| Depreciation and Amortisation | (21,407) | (21,706) |
| Impairment Expense | (14,816) | (500,000) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of Segment Operating Loss to net loss before Income Tax

| | Half-year | |
|---|------------------|--------------------|
| | 31 December 2018 | 31 December 2017 |
| Segment Operating (Loss) | (313,295) | (781,656) |
| Interest Income | 2,484 | 6,616 |
| Non-segment specific expenditure | | |
| Tenements administration expense | (117,977) | (34,162) |
| Other expenses | (257,848) | (342,436) |
| (Loss) before Income Tax | (686,636) | (1,151,638) |

3. REVIEW OF EXPENDITURE

Relative to the comparative period, the Group's loss result has reduced, this is substantially attributable to reduced expenditure, particularly Research expenses which is substantially labour costs. In the comparative period the Group recognised a reduction in the value of the Group's Contingent Consideration Payable, in the period to 31 December 2018 there was no change in the value of this liability.

4. RECEIVABLES

| | 31 December 2018 | 30 June 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Financial Instruments | | |
| <i>Subsequently measured at amortised cost</i> | | |
| Trade and other receivables | 2,817 | 1,100 |
| Office bond paid | 9,600 | - |
| Related party loan receivable ⁽¹⁾ | 37,461 | 37,461 |
| Assets which are not Financial Instruments | | |
| R&D Offset receivable – 2019 financial year ⁽²⁾ | 231,606 | - |
| R&D Offset receivable – 2018 financial year ⁽³⁾ | - | 983,418 |
| GST receivable | 15,556 | 18,497 |
| | 297,040 | 1,040,476 |

- (1) This receivable is measured at amortised cost, and is repayable to the Company on demand. No interest is charged on this receivable amount. This receivable arose at the time of AssetOwl Limited acquiring AssetOwl Technologies Pty Ltd in December 2016, and is measured at the fair value of receivable acquired less principal repayments since this time.

The Group is satisfied with the Credit risk and recoverability associated with the loan.

- (2) The R&D offset receivable amount represents the expected refundable tax offset arising from AssetOwl Technologies Pty Ltd's Research and Development activity for the 2019 financial year, to 31 December 2018. The methodology for calculating the amount of the R&D receivable for the 6 months to 31 December 2018 is consistent with the R&D methodology to determine the amount of the R&D incentive for the year to 30 June

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2018. The determination of the receivable amount recognised at 31 December 2018 involves judgement and as a result, the amount is an estimate.

- (3) The R&D offset receivable amount represents the refundable tax offset arising from AssetOwl Technologies Pty Ltd's Research and Development activity for the 2018 financial year. AssetOwl Technologies Pty Ltd received this amount from the Australian Taxation Office on 26 September 2018.

Due to their short-term nature, the carrying amounts of the trade and other receivables is assumed to approximate their fair value.

5. INTANGIBLE ASSETS

| | 31 December 2018 | 30 June 2018 |
|------------------------------------|------------------|------------------|
| | \$ | \$ |
| Goodwill – at beginning of period | 1,802,054 | 5,747,923 |
| Impairment expense | (14,816) | (3,945,869) |
| Goodwill – at end of period | 1,787,238 | 1,802,054 |
| Formation expenses | 66 | 132 |
| Intellectual property | 37,500 | 50,000 |
| Total Intangible Assets | 1,824,804 | 1,852,186 |

The Intellectual Property and Goodwill held by the Group have arisen upon the acquisition of AssetOwl Technologies Pty Ltd, which occurred in December 2016. Intellectual property is recognised at the value recognised at acquisition date.

The Goodwill is attributable to the cash flows expected to arise from the Group's acquisition of AssetOwl Technologies Pty Ltd. The Board views the Group as one CGU ('AssetOwl CGU'), and monitors the Group's Goodwill at this level. The Board has determined the recoverable amount of the AssetOwl CGU by assessing the fair value less cost of disposal (FVLCD) of the underlying assets. The method applied was the market approach based on the current market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on the Australian Securities Exchange (ASX). The recoverable value is a Level 1 measurement based on observable inputs of publicly traded shares in an active market.

The Group has recorded an impairment expense during the 6-month period to 31 December 2018, which reflects the movement in the market value of the Group. Had the Company's share price at 31 December 2018, been equal to the Company's share price at the date of this report, the Company would have recognised an additional impairment expense of \$1,251,390 in the period.

The Group's market capitalisation at 31 December 2018 was \$2,145,242, being 89,385,067 shares at \$0.024 per share, consistent with above disclosure, this is taken to be the Group's recoverable amount, for the purposes of the assessing impairment. Consequentially, the Group has recognised impairment expense of \$14,816 in the period.

This impairment expense is recognised in the financial statements by reducing the value of the Group's Goodwill. This impairment expense is recognised as an individual line item on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

It is noted that the impairment assessment does not reflect the Group's underlying cash flow forecast for the business, as this measure is not considered appropriate under the accounting standards due to the business being in the early stages of commercialisation without a sufficient track record.

6. TRADE AND OTHER PAYABLES

| | 31 December 2018 | 30 June 2018 |
|--|------------------|----------------|
| | \$ | \$ |
| Trade Creditors | 11,166 | 23,771 |
| Other Creditors | 34,288 | - |
| Other Accruals | 58,943 | 24,646 |
| Accrual of Director fees and administration services fee | 145,749 | 65,251 |
| | 250,146 | 113,668 |

Other Creditors includes a fee relating to the relinquishment of AssetOwl Limited's exploration tenement in Queensland which was relinquished on 17 December 2018.

Other Accruals includes an amount of \$43,812 payable to Kalkadoon Native Title Aboriginal Corporation, relating to the administration of exploration tenements formerly held by the Group in Queensland, which were legacy assets from when the business of the parent entity of the Group, AssetOwl limited, was Minerals Exploration.

The increase in accrual of director fees and Administration Service fee reflects the continued accrual of fees payable to the Group's Directors and administration fee payable to Tribis Pty Ltd, refer to note 12 for further detail.

Subsequent to 31 December 2018, on 18 February 2019, each related party to whom the above \$145,749 debt relates, provided AssetOwl a letter advising that they would not call on AssetOwl to settle the amount owed to them or expect the payment of fees to recommence until further notice, which will not be prior to a successful capital raising. Refer to notes 12 and 13 for further disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. EMPLOYEE BENEFIT OBLIGATIONS

| | 31 December 2018 | 30 June 2018 |
|-------------------------------------|------------------|----------------|
| | \$ | \$ |
| Employee Contractual Obligations | 31,076 | 100,760 |
| Statutory Obligations | 28,936 | 75,388 |
| Other Employment Related Provisions | - | 120,000 |
| | 60,012 | 296,148 |

The reduction in the Group's employee benefit obligations reflects a reduction in size of the Group's work force, this reduction also reflects in the Group's period-on-period reduction in Employee benefits expense as disclosed in the Statement of Profit or Loss and Other Comprehensive income

8. BORROWINGS

| | 31 December 2018 | 30 June 2018 |
|--|------------------|--------------|
| | \$ | \$ |
| Loan from Tribis Pty Ltd (Related Party) | 150,000 | - |
| | 150,000 | - |

During the 6 months to 31 December 2018, substantial shareholder and related party, Tribis Pty Ltd, a Company of which AssetOwl's Chairman Mr Simon Trevisan is Managing Director, provided funds totalling \$150,000. This amount was provided on an interest free basis, and at 31 December 2018 had no contracted method of repayment.

This loan was measured at fair value upon initial recognition, with the \$150,000 being the amount of cash received by the Group, consistent with the Group's accounting policy for Borrowings, this loan classified as "subsequently measured at amortised cost".

As at 31 December 2018, the loan was deemed repayable on demand, with no interest payable, the value of the carrying amount of the loan at 31 December 2018 therefore reflected the fair value of the loan as at this date.

Subsequent to 31 December 2018, on 18 February 2019, Tribis provided AssetOwl a letter advising that Tribis would not call on AssetOwl to settle the above loan until settlement of the loan is in the best interests of AssetOwl, which will not be prior to a successful capital raising. Refer to notes 12 and 13 for further disclosure.

9. CONTRIBUTED EQUITY

During the period, the parent entity, AssetOwl limited, issued 888,889 shares to Patersons Securities Limited (Paterons) for the provision of Corporate Advisory Services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These shares were valued at \$40,000, representing the fair value of the services provided, as evidenced by the value of an invoice issued to AssetOwl Limited.

AssetOwl Limited agreed to issue these shares to Patersons in June 2018 and consequentially, the Group recognised this transaction as an increase to Share based payment reserve and a corresponding debit to contributed equity in the 2018 financial year.

AssetOwl issued these 888,889 shares on 5th July 2018 and transferred the amount of \$40,000 from Share based payments reserve to Contributed Equity to reflect the issue of the Shares.

There were no other transactions affecting contributed equity in the period.

10. CONTINGENT LIABILITIES

There has been no change to the Groups' contingent liabilities since 30 June 2018.

11. COMMITMENTS

Lease of Melbourne Office

On 2 September 2018, AssetOwl Limited's subsidiary AssetOwl Technologies Pty Ltd vacated its Melbourne premises, with the CEO relocating to Perth, and key employees remaining in Melbourne.

AssetOwl Technologies Pty Ltd leases desk space in Melbourne and must give 30 days' notice should the Group wish to cease leasing desk space, the commitment with respect to Melbourne tenancies is \$2,198.

Tenements Commitment

At 30 June 2018, the Group disclosed a commitment of \$270,000, being the amount required to be spent by the Group over the next twelve months to maintain the Group's exploration tenements in which the Group had an interest.

On 17 December 2018, the Group relinquished its remaining tenements and as a result has no further commitment relating to exploration tenements at 31 December 2018.

There are no other changes to the Group's commitments since 30 June 2018.

12. RELATED PARTY INFORMATION

Amount receivable from related party

The Group is owed \$37,461 by the Group's CEO Giuseppe Di Franco, this is consistent with the value of the loan at 30 June 2018. The related party loan receivable is interest free and has no fixed repayment date, the loan is repayable by the CEO on demand.

Loan repayable to related party

During the 6 months to 31 December 2018, substantial shareholder and related party Tribis Pty Ltd, a Company of which AssetOwl's Chairman Mr Simon Trevisan is Managing Director, provided funds totalling \$150,000. This amount was provided on an interest free basis, and at 31 December 2018 has no set method of repayment.

Refer to note 1 (d), and note 13 for further disclosure regarding this debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Director Fees

During the 6 months to 31 December 2018, Directors of the Group continued to accrue director fees owing, at 31 December 2018, the amounts owed to Directors is as below:

| | 31 December 2018 | 30 June 2018 |
|-----------------|------------------|---------------|
| | \$ | \$ |
| Bruce McCracken | - | 13,140 |
| Andrew Lane | 32,500 | 17,500 |
| Ian Murchison | 24,250 | 7,500 |
| Simon Trevisan | 24,000 | - |
| | 80,750 | 38,140 |

Director Mr Geoff Baldwin has been paid a fee of \$3,000 per month since his appointment as a Non-Executive director on 1 June 2018.

On 9 October 2018, the Group settled the fees owed to Mr Bruce McCracken and have remunerated Mr McCracken since this time.

There is no set repayment date for the amounts owed by the Group to Non-Executive directors Mr Andrew Lane and Mr Ian Murchison, or Non-Executive Chairman Mr Simon Trevisan.

Refer to note 1 (d), and note 13 for further disclosure regarding this debt.

Administration Services Agreement with Tribis Pty Ltd

During the 6 months to 31 December 2018, the Group continued to accrue the monthly fee payable to Tribis, at an amount of \$5,000 per month. The amount of the liability as at 31 December 2018 is \$65,000 (30 June 2018: \$35,000).

Refer to note 1 (d), and note 13 for further disclosure regarding this debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. EVENTS OCCURRING SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to the end of the period, AssetOwl Limited received a letter from each of its related parties to whom it is indebted advising that they would not call on the Company to settle the debt amount owing at 31 December 2018, or accrued subsequent to that date, until AssetOwl agrees to settle the debt, which will not occur prior to a successful capital raising.

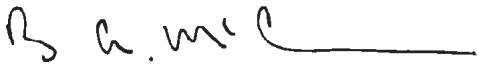
No other matters or circumstances have occurred subsequent to reporting date that would have a material impact on the consolidated financial statements.

DIRECTORS' DECLARATION

In the opinion of the directors of AssetOwl Limited:

1. The financial statements and notes set out on pages 8 to 21, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the consolidated financial position as at 31 December 2018 and of its performance, for the half year ended on that date; and
 - (b) complying with Australian Accounting Standards AASB 134 Interim Financial Reporting, the Corporation Regulations 2001 and the mandatory professional reporting requirements.
2. 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.



Bruce McCracken

Director

Dated at Perth, Western Australia, this 27th of February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AssetOwl Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AssetOwl Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

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

Emphasis of matter - Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

Jarrad Prue

Director

Perth, 27 February 2019