

1. Company details

Name of entity:	Wattle Health Australia Limited
ABN:	77 150 759 363
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	43.2% to	363
Loss from ordinary activities after tax attributable to the owners of Wattle Health Australia Limited	down	66.8% to	(4,348)
Loss for the half-year attributable to the owners of Wattle Health Australia Limited	down	66.8% to	(4,348)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$4,348,000 (31 December 2017: \$13,081,000).

Financial Performance

The loss for the consolidated entity after providing for income tax amounted to \$4,417,000 (31 December 2017: \$13,081,000).

Revenue for the period was \$363,000 (31 December 2017: \$639,000), with the decrease being a result of the discontinuation of the conventional nutritional dairy product range to the first truly Australian organic product offering. First product of the new Australian organic nutritional dairy range due in market by fourth quarter of financial year 2019.

Financial Position

The net assets of the consolidated entity decreased by \$4,177,000 to \$57,362,000 as at 31 December 2018 (30 June 2018: \$61,539,000). The consolidated entity's working capital, being current assets less current liabilities, decreased by \$10,291,000 to \$45,062,000 (30 June 2018: \$55,353,000), reflecting increased investment in the consolidated entity's plant under construction, as well as expenditure to secure rights to raw materials.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>29.03</u>	<u>31.17</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

The consolidated entity includes Wattle Health Australia (Vietnam) Co. Ltd (WHAV), a wholly-owned subsidiary incorporated in Vietnam. The financial statements of WHAV are prepared in accordance with International Financial Reporting Statements.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

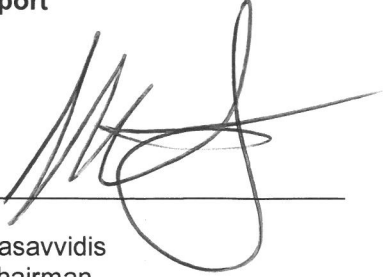
11. Attachments

Details of attachments (if any):

The Half-year financial report of Wattle Health Australia Limited for the half-year ended 31 December 2018 is attached.

12. Signed

Signed



Lazarus Karasavvidis
Executive Chairman

Date: 28 February 2019

Wattle Health Australia Limited

ABN 77 150 759 363

Half-year financial report - 31 December 2018

Directors	Lazarus Karasavvidis (Executive Chairman and Chief Executive Officer) Georgia Sotiropoulos (Executive Director) (appointed 12 July 2018) Eric Jiang (Non-Executive Director) Peter Biantes (Non-Executive Director) Zheng (Kobe) Li (Non-Executive Director) (appointed 16 January 2019)
Company secretary	George Karafotias
Registered office	17/71 Victoria Crescent Abbotsford VIC 3607 Phone: +61 3 8399 9419
Principal place of business	17/71 Victoria Crescent Abbotsford VIC 3067
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford VIC 3067 Phone: 1300 555 159 (within Australia) Phone: +61 3 9415 4062
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Stock exchange listing	Wattle Health Australia Limited shares are listed on the Australian Securities Exchange (ASX code: WHA)
Website	https://www.wattlehealth.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wattle Health Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2018.

Directors

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

Lazarus Karasavvidis (Executive Chairman and Chief Executive Officer)
Georgia Sotiropoulos (Executive Director) (appointed 12 July 2018)
Eric Jiang (Non-Executive Director)
Peter Biantes (Non-Executive Director)
Zheng (Kobe) Li (Non-Executive Director) (appointed 16 January 2019)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Developing, sourcing and marketing high quality Australian made nutritional dairy products
- Extending distribution networks both domestically and internationally
- Securing supply by becoming one of the few vertically integrated nutritional dairy companies

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$4,417,000 (31 December 2017: \$13,081,000).

Revenue for the period was \$363,000 (31 December 2017: \$639,000), with the decrease being as a result of the discontinuation of the conventional nutritional dairy product range in advance of the launch of the first truly Australian organic product offering. The first products of the new Australian organic nutritional dairy range is due in market by April 2019.

During the period Wattle Health Australia Limited made prepayments of circa \$4.3 million for inventory to Blend & Pack Pty Ltd. The prepayments have been classified as a current asset.

During the period Wattle Health Australia Limited secured cost reductions in the future supply of milk to the future milk spray drying operation. A prepayment of \$4 million was made in the period in respect of pre-paid inventory. As the operation of the spray drying facility is expected to commence more than 12 months after the end of the reporting period, this item is recognised as a non-current asset.

During the period Corio Bay Dairy Group Pty Ltd continued the construction of Australia's first dedicated organic nutritional dairy spray dryer.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

On 8 January 2019, Blend and Pack Pty Ltd (in which the Company has a 5% equity ownership) had its CNCA for infant formula renewed by the relevant Chinese Authorities. This allows Blend and Pack the ability to manufacture infant formula for export into the Chinese market.

On 16 January 2019, WHA appointed Kobe Li as a non-executive director to the board of WHA. With this appointment the majority of the Board comprises independent directors, strengthening the corporate governance of the company.

On 11 February 2019, WHA announced it had entered into an agreement to purchase a majority interest in leading nutritional manufacturer Blend and Pack Pty Ltd. This transaction completes WHA key strategic goal for vertical integration, essential for the long term success of the business. This transaction is to be financed via a proposed debt facility and is subject to shareholders approval.

No other matter or circumstance has arisen since 31 December 2018 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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

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



Lazarus Karasalvidis
Executive Chairman

28 February 2019

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF WATTLE HEALTH AUSTRALIA
LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31
December 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the
Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the
review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Dated this 28th day of February, 2019

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

willambuck.com

Wattle Health Australia Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018



	Note	Consolidated	
		31 December 2018 \$'000	31 December 2017 \$'000
Revenue from sale of goods		363	639
Other income		99	26
Expenses			
Raw materials and consumables used		(223)	(276)
Administrative and corporate expenses		(1,317)	(735)
Share based payments expense		(240)	(9,608)
Employee benefits expense		(1,543)	(1,087)
Selling, marketing and distribution expenses		(1,241)	(1,822)
Occupancy costs		(113)	(103)
Depreciation, amortisation and impairment expense		(177)	(75)
Finance costs		(25)	(40)
Loss before income tax expense		(4,417)	(13,081)
Income tax expense		-	-
Loss after income tax expense for the half-year		(4,417)	(13,081)
Other comprehensive loss for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		<u>(4,417)</u>	<u>(13,081)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(69)	-
Owners of Wattle Health Australia Limited		<u>(4,348)</u>	<u>(13,081)</u>
		<u>(4,417)</u>	<u>(13,081)</u>
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		(69)	-
Owners of Wattle Health Australia Limited		<u>(4,348)</u>	<u>(13,081)</u>
		<u>(4,417)</u>	<u>(13,081)</u>
		Cents	Cents
Basic loss per share	9	(2.24)	(10.43)
Diluted loss per share	9	(2.24)	(10.43)

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

		Consolidated	
		31 December	
	Note	2018	30 June 2018
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		42,139	55,843
Trade and other receivables		1,179	311
Inventories		883	860
Prepayments and other	4	4,635	538
Total current assets		48,836	57,552
Non-current assets			
Other financial assets		5,119	5,119
Property, plant and equipment	5	2,724	769
Intangibles		904	904
Other	6	4,413	20
Total non-current assets		13,160	6,812
Total assets		61,996	64,364
Liabilities			
Current liabilities			
Trade and other payables		2,908	1,674
Borrowings		375	375
Employee benefit provisions		141	150
Customer deposits received		350	-
Total current liabilities		3,774	2,199
Non-current liabilities			
Borrowings		830	600
Employee benefit provisions		30	26
Total non-current liabilities		860	626
Total liabilities		4,634	2,825
Net assets		57,362	61,539
Equity			
Issued capital		74,900	74,900
Reserves		12,233	11,993
Accumulated losses		(29,926)	(25,578)
Equity attributable to the owners of Wattle Health Australia Limited		57,207	61,315
Non-controlling interest		155	224
Total equity		57,362	61,539

Wattle Health Australia Limited
Statement of changes in equity
For the half-year ended 31 December 2018



Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2017	12,667	58	(5,745)	-	6,980
Loss after income tax expense for the half-year	-	-	(13,081)	-	(13,081)
Other comprehensive loss for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(13,081)	-	(13,081)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	13,028	-	-	-	13,028
Capital raising costs	(1,234)	-	-	-	(1,234)
Issue of options	-	214	-	-	214
Vesting of share based payments	-	9,394	-	-	9,394
Exercise of options	214	(214)	-	-	-
Balance at 31 December 2017	24,675	9,452	(18,826)	-	15,301
Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2018	74,900	11,993	(25,578)	224	61,539
Loss after income tax expense for the half-year	-	-	(4,348)	(69)	(4,417)
Other comprehensive loss for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(4,348)	(69)	(4,417)
Vesting of share based payments	-	240	-	-	240
Balance at 31 December 2018	74,900	12,233	(29,926)	155	57,362

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

Wattle Health Australia Limited
Statement of cash flows
For the half-year ended 31 December 2018



Note	Consolidated	
	31 December 2018 \$'000	31 December 2017 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	401	625
Payments to suppliers and employees (inclusive of GST)	(12,238)	(3,426)
Interest received	99	-
Interest and other finance costs paid	(25)	-
Net cash used in operating activities	(11,763)	(2,801)
Cash flows from investing activities		
Payments for investments	-	(5,144)
Payments for plant under construction	(1,947)	-
Payments for property, plant and equipment	(7)	(5)
Net cash used in investing activities	(1,954)	(5,149)
Cash flows from financing activities		
Proceeds from issue of shares	-	13,029
Payments for capital raising	-	(1,234)
Proceeds from borrowings	200	-
Payments for long term borrowing costs	(200)	-
Net cash from financing activities	-	11,795
Net increase/(decrease) in cash and cash equivalents	(13,717)	3,845
Cash and cash equivalents at the beginning of the financial half-year	55,843	5,753
Effects of exchange rate changes on cash and cash equivalents	13	-
Cash and cash equivalents at the end of the financial half-year	42,139	9,598

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

Note 1. General information

The financial statements cover Wattle Health Australia Limited as a consolidated entity consisting of Wattle Health Australia Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Wattle Health Australia Limited's functional and presentation currency.

Wattle Health Australia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

71 Victoria Crescent
Abbotsford VIC 3067

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have 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'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New, revised or amending 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.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

In applying AASB 9, the consolidated entity has elected to use the cumulative effect method, with any adjustment required being recognised on 1 July 2018 in retained earnings.

On applying this standard, there were no material adjustments required or impacting on the financial statements.

Our revised accounting policy is as follows:

Financial assets are measured at amortised cost if held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income if held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the consolidated entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Allowances for impairment are recognised using an 'expected credit loss' ('ECL') model. In assessing ECL the consolidated entity considers both quantitative and qualitative information, including historical experience and forward-looking information. Forward-looking information considered includes the future prospects of the industries in which the consolidated entity's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the consolidated entity's operations. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is used.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

In applying AASB 15, the consolidated entity has elected to use the modified retrospective approach, with any adjustment required being recognised on 1 July 2018 in retained earnings.

On applying this standard, there were no material adjustments required or impact on the financial statements.

Our revised accounting policy is as follows:

The consolidated entity predominantly derives revenue from the sale of goods to commercial customers on normal credit terms and to retail customers via on-line sales. Contracts with customers have one performance obligation, that being the delivery of the product, at which point revenue from the sale of goods is recognised. Sales contracts do not contain provisions for sales returns, rebates, discounts or any ongoing service and the total transaction price does not contain any variable consideration in relation to such items.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention and applying the going concern basis of accounting, except for the revaluation of financial assets at fair value through profit or loss.

Note 3. Operating segments

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

During the half-year ended 31 December 2018 the consolidated entity operated in one business and geographical segment, being a provider of high quality Australian made health and wellness products throughout Australasia.

Note 4. Current assets - Prepayments and other

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$'000	\$'000
Prepayments	4,533	474
Other current assets	102	64
	<u>4,635</u>	<u>538</u>

Prepayments include advance payments of \$4,433,000 (30 June 2018: Nil) made by the consolidated entity to Blend & Pack Pty Ltd for supply of raw materials.

Note 5. Non-current assets - Property, plant and equipment

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$'000	\$'000
Leasehold improvements - at cost	11	-
Less: Accumulated depreciation	(9)	-
	<u>2</u>	<u>-</u>
Office equipment - at cost	11	-
Less: Accumulated depreciation	(4)	-
	<u>7</u>	<u>-</u>
Property, plant & equipment under construction	2,715	769
	<u>2,724</u>	<u>769</u>

Property, plant and equipment under construction comprise the accumulated costs of land acquisition (31 December 2018: \$180,000; 30 June 2018: Nil), preparation and construction work on the consolidated entity's organic nutritional milk spray drying plant, being constructed for Corio Bay Dairy Group Pty Ltd.

Note 6. Non-current assets - other

	Consolidated	
	31 December	30 June 2018
	2018	2018
	\$'000	\$'000
Prepaid stock	4,000	-
Other deposits	21	20
Other non-current assets	392	-
	<u>4,413</u>	<u>20</u>

The Prepaid stock item comprises payments, made by the consolidated entity during the financial half year ended 31 December 2018, in order to secure cost reductions in the future supply of milk to the consolidated entity's future organic nutritional milk spray drying operation. As this operation is expected to commence more than 12 months after the end of the reporting period, this item is recognised as a non-current asset at the end of the reporting period.

Note 7. Commitments

	Consolidated	
	31 December 2018 \$'000	30 June 2018 \$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Plant & equipment	11,898	-
Land & buildings	17,300	-
Total capital commitments	29,198	-
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	113	43
One to five years	154	25
Total lease commitments	267	68

Capital commitments relate to asset acquisitions and construction work relating to the consolidated entity's organic nutritional milk spray drying plant, being constructed for Corio Bay Dairy Group Pty Ltd.

Note 8. Events after the reporting period

On 8 January 2019, Blend and Pack Pty Ltd (in which the Company has a 5% equity ownership) had its CNCA for infant formula renewed by the relevant Chinese Authorities. This allows Blend and Pack the ability to manufacture infant formula for export into the Chinese market.

On 16 January 2019, WHA appointed Kobe Li as a non-executive director to the board of WHA. With this appointment the majority of the Board comprises independent directors, strengthening the corporate governance of the company.

On 11 February 2019, WHA announced it had entered into an agreement to purchase a majority interest in leading nutritional manufacturer Blend and Pack Pty Ltd. This transaction completes WHA key strategic goal for vertical integration, essential for the long term success of the business. This transaction is to be financed via a proposed debt facility and is subject to shareholders approval.

No other matter or circumstance has arisen since 31 December 2018 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.

Note 9. Loss per share

	Consolidated	
	31 December 2018 \$'000	31 December 2017 \$'000
Loss after income tax	(4,417)	(13,081)
Non-controlling interest	69	-
Loss after income tax attributable to the owners of Wattle Health Australia Limited	(4,348)	(13,081)
	Cents	Cents
Basic loss per share	(2.24)	(10.43)
Diluted loss per share	(2.24)	(10.43)

Note 9. Loss per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>194,503,140</u>	<u>125,472,250</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>194,503,140</u>	<u>125,472,250</u>

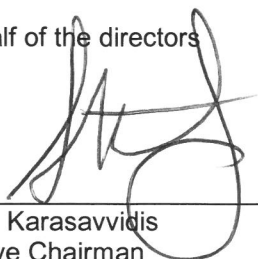
The dilutive impact of loan funded shares and options has not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as it does not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to these loan funded shares and options are non-dilutive as the consolidated entity is loss generating.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company 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



Lazarus Karasavvidis
Executive Chairman

28 February 2019

Wattle Health Australia Limited

Independent auditor's review report to shareholders

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Wattle Health Australia Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the 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, we have not become aware of any matter that makes us believe that the half-year financial report of Wattle Health Australia Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

**CHARTERED ACCOUNTANTS
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As the auditor of Wattle Health Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



William Buck Audit (Vic) Pty Ltd
ABN: ABN 59 116 151 136



N. S. Benbow
Director

Melbourne, 28th February 2019

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