

## 1. Company details

Name of entity:	Stemify Limited
ABN:	20 009 256 535
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

			\$
Revenues from ordinary activities	down	71.2% to	1,197,735
Loss from ordinary activities after tax attributable to the owners of Stemify Limited	down	1.9% to	(3,639,496)
Loss for the half-year attributable to the owners of Stemify Limited	down	1.9% to	(3,639,496)

### *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 amounted to \$3,639,496 (31 December 2017: \$3,710,129).

### **Financial Position**

The net deficit of the consolidated entity improved by \$1,254,338 to \$200,655 as at 31 December 2018 (30 June 2018: net deficit of \$1,454,993). The decrease in net deficit was mostly due to additional capital raising completed during the period and provisional recognition of goodwill on the MSK acquisition.

Working capital, being current assets less current liabilities, was in deficit \$2,659,709 (30 June 2018: deficit \$1,971,257). The consolidated entity had negative cash flows from operating activities for the period of \$1,762,779 (31 December 2017: \$3,896,210). The decrease is largely due to cost-cutting measures that were implemented since the start of the half year period.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.47)</u>	<u>0.56</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:*

Not applicable.

---

## **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 Interim Financial Report.

---

## **11. Attachments**

*Details of attachments (if any):*

The Interim Financial Report of Stemify Limited for the half-year ended 31 December 2018 is attached.

---

## **12. Signed**



Signed \_\_\_\_\_

Date: 28 February 2019

Timothy Grice  
Executive Chairman

# **Stemify Limited**

**(Formerly known as Robo 3D Limited)**

**ABN 20 009 256 535**

## **Interim Financial Report - 31 December 2018**

**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Contents**  
**31 December 2018**



Corporate directory	2
Review of operations	3
Directors' report	4
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	23
Independent auditor's review report to the members of Stemify Limited	24

**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Corporate directory**  
**31 December 2018**



Directors	Timothy Grice (Executive Chairman) Ryan Legudi (Managing Director) Braydon Moreno (Executive Director)
Company secretary	Justin Mouchacca
Registered office	Level 4, 100 Albert Road South Melbourne, VIC, 3205 Phone: (03) 9692 7222 Fax: (03) 9077 9233
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC, 3205 Phone: (03) 9692 7222 Fax: (03) 9077 9233
Share register	Advanced Share Registry Services Ltd 110 Stirling Highway Nedlands, WA, 6009 Telephone: (08) 9389 8033
Auditor	BDO East Coast Partnership Tower 4, Level 18, 727 Collins Street Melbourne, VIC 3008
Stock exchange listing	Stemify Limited (formerly Robo 3D Limited) securities are listed on the Australian Securities Exchange (ASX code: SF1)

## **Review of Operations:**

STEMify, a US based K-12 education software business that has developed the world's largest library of curriculum content for STEM subjects utilising 3D printing technology and printable kits, has announced its financial results for the six months ending December 2018 :

- **In August completed the strategic acquisition of MyStemKits, LLC (“MSK”), owner of the world’s largest library of USA education standards-aligned projects and curriculum for K-12 Science, Technology, Engineering and Maths (“STEM”) that incorporates 3D printing.**
- **Completed A\$3.5m capital raising to fund MSK acquisition.**
- **Strategic focus on capturing rapidly emerging global STEM education trend.**
- **Implementation of new MSK centric national US sales strategy into K-12 schools via national resellers, alignment of the MSK software and education content with other 3D printer vendors, training and onboarding of new sales staff and incentive structure.**
- **Focus on incentive-based sales culture driving record reseller sales pipeline & enquiry heading into Q1 2019 buying season for schools.**
- **Sales of MyStemKits expanding in U.S (sold into 25 states vs. 13 prior September quarter vs. 2 at completion of acquisition in August) & trials expanded into 12 countries internationally.**
- **Strong pre-sales of new E3 educator series 3D printer driving MSK sales with full end-to-end integrated solution offering competitive advantage.**
- **Implementation of ERP system to drive further cost reductions and efficiencies.**
- **Development of new MSK website**
- **Launch of the E3 printer, specifically developed for schools**
- **Cost Reduction Plan enacted to remove c. US\$3.3m of annualised operating costs in the US operating subsidiaries, from the FY18 total of US\$5.2m to annualised run rate of US\$1.8m (before sales commission and KPI bonus structure)**
- **Name change to STEMify Limited to reflect the strategic focus on STEM education**

Led by interim chairman Mr Tony Grist, a strategic review of the business was carried out in the September quarter resulting in a stronger focus on developing a SAAS education software business seeking to capture the accelerating momentum in STEM education solutions. This pivot away from manufacturing 3D printers coincided with the implementation of the Cost Reduction Plan resulting in significant cost savings across the business with additional savings expected in the March & June quarters.

The strategic pivot along with a stronger focus on sales & marketing is driving a record pipeline of quotes & deal registration from resellers plus direct enquiry from individual schools & larger school districts as the 2019 school purchasing cycle accelerates. MSK has now been sold in 25 states, up from 13 states at the end of the September quarter. At completion of the acquisition, MSK had only been sold into 2 states highlighting the operating leverage of Robo's existing reseller distribution platform.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Stemify 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.

### **Directors**

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

Timothy Grice (Executive Chairman) (appointed as Executive Chairman on 20 December 2018)  
Ryan Legudi (Managing Director)  
Braydon Moreno (Executive Director)  
Anthony Grist (Non-Executive Chairman) (appointed 27 August 2018, resigned 20 December 2018)  
Patrick Glovac (Non-Executive Director) (resigned on 27 August 2018)

### **Principal activities**

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

- Design and distribution of 3D printers and associated products for the desktop segment of the 3D printing industry.
- Delivery of integrated STEM solutions combining the use of 3D printers and MyStemsKits curriculum.

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$3,639,496 (31 December 2017: \$3,710,129).

Included within the loss for the half year were share based payments of \$376,929 and inventory write down of \$267,281.

### **Financial Position**

The net deficit of the consolidated entity improved by \$1,254,338 to \$200,655 as at 31 December 2018 (30 June 2018: net deficit of \$1,454,993). The decrease in net deficit was mostly due to additional capital raising completed during the period and provisional recognition of goodwill on the MSK acquisition.

Included within the statement of financial position was \$2,215,615 of trade and other payables which \$1,486,407 relates to Robo 3D Inc., which is currently going through a restructuring process. The parent entity had no guarantees in relation to the debts of the subsidiaries as at 31 December 2018.

As at 31 December 2018, the consolidated entity had a trade finance loan of \$871,135 with Denlin Nominees Pty Ltd, which consisted of \$750,000 principal and \$121,135 interest accrued. As of the date of this report, the consolidated entity has \$250,000 loan facility available should it required for operations. The consolidated entity is in negotiation with the secured lender on amending the current terms and conditions.

Working capital, being current assets less current liabilities, was in deficit \$2,659,709 (30 June 2018: deficit \$1,971,257). The consolidated entity had negative cash flows from operating activities for the period of \$1,762,779 (31 December 2017: \$3,896,210). The decrease is largely due to cost-cutting measures that were implemented since the start of the half year period.

Refer to the detailed review of operations preceding this Director's report.

### **Significant changes in the state of affairs**

On 24 August 2018, the Company announced that it has completed a capital raising of \$3.25 million (before costs) and issued a total of 130 million ordinary shares at an issue price of \$0.025 per share.

On 27 August 2018, the Company announced that it completed the acquisition of leading USA education software and content business, MyStemKits (MSK). Under the Acquisition Agreement, the Company via its newly-created wholly-owned subsidiary MyStemKits, Inc., acquired the business of MSK on a cash free and debt-free basis for a total consideration of US\$2.0 million (A\$2.76 million). Consideration for the Acquisition was agreed as a cash payment of US\$1.2 million (A\$1.65 million), with the balance (US\$0.8 million) to be paid through the issue of ordinary shares that are subject to a voluntary 12-month escrow period from the date of completion. The Company has issued 41.6 million fully paid ordinary shares in accordance with shareholder approval received on 13 August 2018.

On the same day, the Company confirmed that appointment of experienced ASX Executive and existing cornerstone shareholder Anthony Grist as Chairman of the Company to lead the implementation of the Company's growth strategy.

On 21 December 2018, the Company announced that Mr Grist has completed his strategic review and reorganisation of the STEMify education technology group. Mr Grist resigned and became an advisor to the Company via Albion Capital Partners, of which he is a principal. In his short tenure, Mr Grist has worked with the STEMify team to:

- Reduce annual opex in the US operating subsidiaries from US\$5.2 million as at 30 June 2018 to US\$1.9 million as at December 2018;
- Implement a new ERP and digital fulfilment system as part of the digital transformation program;
- Implement a new sales training and commission structure, as well as an incentive-based remuneration strategy for a transformed leadership team;
- Implement the national reseller strategy for MSK and STEMify's other products;
- Initiate the soft launch of the newly acquired MyStemKits business, as well as re-architect the user interface and back-end for enhanced user experience, and;
- Complete a manufacturing supply deal for STEMify's new education series printer set for launch in February 2019.

On 28 August 2018, the Company issued 3,680,000 fully paid ordinary shares to Mr Ryan Legudi in payment of \$92,000 of remuneration owed. The Company also issued 1,420,000 fully paid ordinary shares to Mr Tim Grice in payment of \$35,500 of remuneration owed. Both issuance was approved by Shareholders pursuant to Resolution 9 and 10 of the Company's Notice of General Meeting dated 6 July 2018.

On 28 August 2018, the Company issued 500,000 fully paid ordinary shares to Mr Braydon Moreno as approved by Shareholders pursuant to Resolution 5A of the Company's Notice of General Meeting dated 6 July 2018.

On 28 August 2018, the Company issued 4,075,000 fully paid ordinary shares to employees of the Company on immediate vesting of Performance Rights pursuant to the Company's Employee Performance Rights Plan.

On 28 August 2018, the Company issued 6,000,000 unquoted options to Aesir Capital Pty Ltd as part fee for advisory services as approved by the Shareholders pursuant to Resolution 3 of the Company's Notice of Meeting dated 6 July 2018.

On 31 August 2018, the Company issued 16,000,000 performance rights to Directors under the Company's Performance Rights Plan as approved by Shareholders pursuant to Resolution 4 and 5B of the Company's Notice of General Meeting dated 6 July 2018. On the same day, the Company issued 5,250,000 performance rights to employees where 4,175,000 will vest in December 2018 and the remaining 1,075,000 will vest in June 2019.

On 6 December 2018, the Company announced that the change of name of the Company from Robo 3D Limited to Stemify Limited has been processed with the Australian Securities and Investments Commission. The effective date for the change to the Company's ASX ticker code was 7 December 2018 when the ASX Listing Code changed from "RBO" to "SF1".

There were no other 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**

No 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.

#### **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.



**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Directors' report**  
**31 December 2018**



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

A handwritten signature in black ink, appearing to be 'Timothy Grice', written over a horizontal line.

Timothy Grice  
Executive Chairman

28 February 2019

**DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF STEMIFY LIMITED (FORMERLY ROBO 3D LIMITED)**

As lead auditor for the review of Stemify Limited (Formerly Robo 3D 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 Stemify Limited and the entities it controlled during the period.



Wai Aw  
Partner

**BDO East Coast Partnership**

**Melbourne, 28 February 2019**

**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**



	<b>Consolidated</b>	<b>31 December</b>	<b>31 December</b>
<b>Note</b>	<b>2018</b>	<b>2017</b>	
	<b>\$</b>	<b>\$</b>	
Revenue	1,197,735	4,163,294	
Cost of sales	<u>(968,125)</u>	<u>(2,745,355)</u>	
Gross profit	229,610	1,417,939	
Other income	4,077	36,180	
<b>Expenses</b>			
Marketing and advertising	(154,748)	(616,066)	
Research and development	(7,704)	-	
Finance charges	(83,876)	(457,157)	
Administration	(839,260)	(1,344,361)	
Inventory write down	(267,281)	-	
Employee benefit expenses	(1,727,251)	(1,588,460)	
Depreciation and amortisation expense	(416,134)	(411,703)	
Share based payments	<u>(376,929)</u>	<u>(746,501)</u>	
<b>Loss before income tax expense</b>	(3,639,496)	(3,710,129)	
Income tax expense	<u>-</u>	<u>-</u>	
<b>Loss after income tax expense for the half-year attributable to the owners of Stemify Limited</b>	(3,639,496)	(3,710,129)	
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(50,904)	275,477	
Revaluation of available for sale investments	<u>-</u>	<u>15,000</u>	
Other comprehensive income for the half-year, net of tax	(50,904)	290,477	
<b>Total comprehensive income for the half-year attributable to the owners of Stemify Limited</b>	<u>(3,690,400)</u>	<u>(3,419,652)</u>	
	<b>Cents</b>	<b>Cents</b>	
Basic earnings per share	12 (0.72)	(1.37)	
Diluted earnings per share	12 (0.72)	(1.37)	

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

**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Statement of financial position**  
**As at 31 December 2018**



		<b>Consolidated</b>	
		<b>31 December</b>	
	<b>Note</b>	<b>2018</b>	<b>30 June 2018</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		384,488	351,083
Trade and other receivables		35,676	193,681
Inventories		310,417	1,179,346
Other current assets		114,107	78,290
<b>Total current assets</b>		<u>844,688</u>	<u>1,802,400</u>
<b>Non-current assets</b>			
Property, plant and equipment		43,302	158,002
Intangibles	4	<u>2,417,505</u>	<u>363,284</u>
<b>Total non-current assets</b>		<u>2,460,807</u>	<u>521,286</u>
<b>Total assets</b>		<u>3,305,495</u>	<u>2,323,686</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	2,215,615	2,121,738
Borrowings	6	880,979	1,169,409
Employee benefits		203,008	298,471
Provisions		85,862	128,199
Deferred revenue		118,933	55,840
<b>Total current liabilities</b>		<u>3,504,397</u>	<u>3,773,657</u>
<b>Non-current liabilities</b>			
Borrowings		<u>1,753</u>	<u>5,022</u>
<b>Total non-current liabilities</b>		<u>1,753</u>	<u>5,022</u>
<b>Total liabilities</b>		<u>3,506,150</u>	<u>3,778,679</u>
<b>Net liabilities</b>		<u>(200,655)</u>	<u>(1,454,993)</u>
<b>Equity</b>			
Issued capital	7	27,096,917	22,414,733
Reserves	8	2,110,973	1,899,323
Accumulated losses		<u>(29,408,545)</u>	<u>(25,769,049)</u>
<b>Total deficiency in equity</b>		<u>(200,655)</u>	<u>(1,454,993)</u>

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

**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**



<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Foreign currency reserve</b> \$	<b>Share-based payments reserve</b> \$	<b>Available for sale reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2017	17,355,636	(26,809)	1,260,891	(15,000)	(9,803,008)	8,771,710
Loss after income tax expense for the half-year	-	-	-	-	(3,710,129)	(3,710,129)
Other comprehensive income for the half-year, net of tax	-	275,477	-	15,000	-	290,477
Total comprehensive income for the half-year	-	275,477	-	15,000	(3,710,129)	(3,419,652)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	4,456,343	-	-	-	-	4,456,343
Share-based payments	317,220	-	429,281	-	-	746,501
Shares issued as consideration for corporate advisory services	48,000	-	-	-	-	48,000
Shares issued to Executives in lieu of remuneration owing	240,000	-	-	-	-	240,000
Options issued for loan facility fee	-	-	34,024	-	-	34,024
Balance at 31 December 2017	<u>22,417,199</u>	<u>248,668</u>	<u>1,724,196</u>	<u>-</u>	<u>(13,513,137)</u>	<u>10,876,926</u>

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Foreign currency reserve</b> \$	<b>Share based payments reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total deficiency in equity</b> \$
Balance at 1 July 2018	22,414,733	(6,380)	1,905,703	(25,769,049)	(1,454,993)
Loss after income tax expense for the half-year	-	-	-	(3,639,496)	(3,639,496)
Other comprehensive income for the half-year, net of tax	-	(50,904)	-	-	(50,904)
Total comprehensive income for the half-year	-	(50,904)	-	(3,639,496)	(3,690,400)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	3,011,556	-	-	-	3,011,556
Share-based payments	114,375	-	262,554	-	376,929
Shares issued as partial consideration for MSK acquisition	1,103,753	-	-	-	1,103,753
Shares issued to Directors in lieu of remuneration owing	127,500	-	-	-	127,500
Shares issued for loan repayment and loan extension fees	325,000	-	-	-	325,000
Balance at 31 December 2018	<u>27,096,917</u>	<u>(57,284)</u>	<u>2,168,257</u>	<u>(29,408,545)</u>	<u>(200,655)</u>

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

**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,507,310	3,095,391
Payments to suppliers and employees (inclusive of GST)		(3,272,104)	(6,590,011)
Interest received		2,015	608
Tax incentives		-	35,572
Interest and other finance costs paid		-	(437,770)
		<u>                    </u>	<u>                    </u>
Net cash used in operating activities		(1,762,779)	(3,896,210)
<b>Cash flows from investing activities</b>			
Net consideration to acquire business, net of cash acquired	10	(1,238,816)	-
Proceeds from disposal of investments		-	112,500
		<u>                    </u>	<u>                    </u>
Net cash from/(used in) investing activities		(1,238,816)	112,500
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	7	3,250,000	4,926,952
Proceeds from borrowings		-	1,444,000
Share issue transaction costs		(215,000)	(219,000)
Repayment of borrowings		-	(928,000)
		<u>                    </u>	<u>                    </u>
Net cash from financing activities		3,035,000	5,223,952
Net increase in cash and cash equivalents		33,405	1,440,242
Cash and cash equivalents at the beginning of the financial half-year		351,083	1,051,283
Effects of exchange rate changes on cash and cash equivalents		-	430
		<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial half-year		<u><u>384,488</u></u>	<u><u>2,491,955</u></u>

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

## **Note 1. General information**

The financial statements cover Stemify Limited as a consolidated entity consisting of Stemify 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 Stemify Limited's functional and presentation currency.

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

Level 4, 100 Albert Road  
South Melbourne VIC 3205

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.

### **Going concern**

As at 31 December 2018, the financial position of the consolidated entity as disclosed in the financial statements reflects a net deficit position of \$200,655. This balance has been determined after a consolidated net loss from continuing operations for the half year of \$3,639,496, and a net cash outflow from operating activities of \$1,762,779. The existence of these conditions indicates a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern.

In common with many entities in the technology sector, the consolidated entity's operations are subject to an element of risk due to the nature of the development and commercialisation being undertaken. A part of this risk relates to funding of the consolidated entity's activities and related issues including the conditions prevailing in the local and international financial markets. In the context of this operating environment, the consolidated entity may need to raise additional capital in order to execute its near term and medium term plans for expansion of its product portfolio in the event that sufficient revenue is not generated in the normal course of business.

Notwithstanding the above the financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets, settlement of liabilities through the normal course of business including the presumption that sufficient funds will be available to finance the operations of the consolidated entity. In adopting this position, the directors have had regard to the following:

**Note 2. Significant accounting policies (continued)**

- Cash and cash equivalents at 31 December 2018 were \$384,488;
- Successful capital raisings carried out during the half-year period raising \$3,250,000 (before costs) from sophisticated investors in August 2018.
- Completion of acquisition of leading USA education software and content business, MyStemKits. The acquisition has brought together two leaders in the provision of 3D design and 3D printing in the STEM education space, and significantly strengthens the consolidated entity's strategic positioning and operational platform.
- As the consolidated entity has a successful track record in raising capital, the directors believe the consolidated entity has the ability to raise additional capital from existing and new investors should it be required; and
- The directors have prepared forecasts that indicate the consolidated entity will remain a going concern.

The directors plan to continue the consolidated entity's operations on the basis as outlined above, and believe there will be sufficient funds for the consolidated entity to meet its obligations and liabilities for at least twelve months from the date of this report.

If the consolidated entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they become due and payable.

**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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 9 Financial Instruments*

The consolidated entity has adopted AASB 9 from 1 July 2018. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments resulted in changes in accounting policies. There were no changes to the classification of financial instruments in the financial statements. The new accounting policies are set out below. In accordance with the transitional provisions in AASB 9 (7.2.15) and (7.2.26), comparative figures have not been restated. There is no impact on the consolidated entity's opening accumulated losses as at 1 July 2018.

(i) Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the consolidated entity's impairment policies and the calculation of the loss allowance are provided in (ii) below.

(ii) Allowance for expected credit loss

The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.



**Note 2. Significant accounting policies (continued)**

(iii) Trade and other payables

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

(iv) Loans and borrowings

Loans and borrowings are recognised initially at fair value, being the consideration received, less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Any gains or losses arising from non - substantial modifications are recognised immediately in the statement of profit or loss and the financial liability continues to amortise using the original effective interest rate.

*AASB 15 Revenue from Contracts with Customers*

The consolidated entity has adopted AASB 15 from 1 July 2018. It has elected to adopt AASB 15 using the cumulative effect method, with any adjustment required when transitioning to the new standard being recognised on the 1 July 2018 (date of initial application) in retained earnings. Comparative figures have not been restated. There are no material changes in the consolidated entity's revenue recognition which means there have been no adjustments made to the opening accumulated losses balance.

*Sale of goods*

The consolidated entity holds contracts with customers for the sale and service of 3D printers. Revenue from sale of goods is recognised at a point in time when the customer has taken delivery of the goods. Amounts disclosed as revenue are net of sales returns and trade discounts.

*Rendering of services*

Revenue is recognised over the period in which the services are provided in a manner which reflects the transfer of control to the customer.

*Software revenue*

Software revenue is recognised over the period where the software licenses were effective.

**Note 3. Operating segments**

*Identification of reportable operating segments*

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The consolidated entity operates in two business segments:

- MSK Inc - develops and markets the world's largest library of Science, Technology, Engineering and Math ("STEM") curriculums incorporating 3D printed project kits for K-12 schools, all aligned to USA national science and mathematics standards.

- Robo 3D Inc: the conduct of design and distribution of 3D printers and associated products for desktop segment of the 3D printing industry.

Corporate costs are not considered a reportable segment and are included in other segments.

The Board of Directors assess the operating performance of the consolidated entity based on Management reports that are prepared on this basis.

	MSK Inc. \$	Robo 3D Inc \$	Other segments \$	Inter- segment eliminations \$	Total \$
<b><u>Consolidated – December 2018</u></b>					
<b>Revenue</b>					
Sales to external customers	19,798	1,197,735	-	(19,798)	1,197,735
Other income	-	-	4,077	-	4,077
<b>Total revenue</b>	<b>19,798</b>	<b>1,197,735</b>	<b>4,077</b>	<b>(19,798)</b>	<b>1,201,812</b>
<hr/>					
<b>(Profit) / Loss before income tax benefit</b>	<b>(7,144)</b>	<b>2,750,351</b>	<b>851,889</b>	<b>44,400</b>	<b>3,639,496</b>
Income tax benefit					-
<b>Loss after income tax benefit</b>					<b>3,639,496</b>
<hr/>					
<b>Assets</b>					
Segment assets	20,328	535,466	18,919,422	(16,169,720)	3,305,495
<hr/>					
<b>Liabilities</b>					
Segment liabilities	(12,993)	(2,328,452)	(5,847,838)	4,683,132	(3,506,150)

	MSK Inc. \$	Robo 3D Inc \$	Other segments \$	Inter- segment eliminations \$	Total \$
<b><u>Consolidated – December 2017</u></b>					
<b>Revenue</b>					
Sales to external customers	-	4,163,294	-	-	4,163,294
Other income	-	-	36,180	-	36,180
<b>Total revenue</b>	<b>-</b>	<b>4,163,294</b>	<b>36,180</b>	<b>-</b>	<b>4,199,474</b>
<hr/>					
<b>(Profit) / Loss before income tax benefit</b>	<b>-</b>	<b>2,150,433</b>	<b>1,559,696</b>	<b>-</b>	<b>3,710,129</b>
Income tax benefit					-
<b>Loss after income tax benefit</b>					<b>3,710,129</b>

**Note 3. Operating segments (continued)**

	MSK Inc. \$	Robo 3D Inc \$	Other segments \$	Inter- segment eliminations \$	Total \$
<b>Consolidated – June 2018</b>					
<b>Assets</b>					
Segment assets	-	2,179,302	14,918,268	(14,773,884)	2,323,686
<b>Liabilities</b>					
Segment liabilities	-	(2,305,243)	(5,939,533)	4,466,096	(3,778,679)

**Note 4. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Goodwill (note 10)	2,342,569	-
Software - at cost	1,224,512	1,169,485
Less: Accumulated amortisation	(1,149,576)	(806,201)
	<u>74,936</u>	<u>363,284</u>
	<u>2,417,505</u>	<u>363,284</u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Goodwill \$</b>	<b>Software \$</b>	<b>Total \$</b>
Balance at 1 July 2018	-	363,284	363,284
Additions through business combinations (note 10)	2,342,569	-	2,342,569
Exchange differences	-	9,026	9,026
Amortisation expense	-	(297,374)	(297,374)
Balance at 31 December 2018	<u>2,342,569</u>	<u>74,936</u>	<u>2,417,505</u>

**Note 5. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Trade payables	1,913,098	1,624,032
Accrued Expenses	190,248	282,852
Accrued license liability	20,328	-
Other payables	56,903	187,647
Accrued payroll expenses	6,027	-
GST/Sales tax payable	29,011	27,207
	<u>2,215,615</u>	<u>2,121,738</u>

**Note 6. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2018</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Lease liability	9,844	84,505
Trade finance loan*	871,135	1,084,904
	<u>880,979</u>	<u>1,169,409</u>

\*During the half year ended 31 December 2018, the consolidated entity repaid \$250,000 loan balance by a way of share issues (see note 7).

**Note 7. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December</b>	<b>30 June 2018</b>	<b>31 December</b>	<b>30 June 2018</b>
	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>558,868,914</u>	<u>370,352,055</u>	<u>27,096,917</u>	<u>22,414,733</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2018	370,352,055		22,414,733
Issue of shares - Share Placement	24 August 2018	130,000,000	\$0.025	3,250,000
Shares issued for loan repayment and loan extension fees	24 August 2018	7,222,223	\$0.045	325,000
Shares issued as partial consideration for MSK acquisition	24 August 2018	41,619,636	\$0.027	1,103,753
Shares issued to Directors in lieu of remuneration owing	28 August 2018	5,100,000	\$0.025	127,500
Shares issued to Director as approved by shareholders	28 August 2018	500,000	\$0.025	12,500
Shares issued to Robo 3D Inc. employees on immediate vesting of performance rights	28 August 2018	4,075,000	\$0.025	101,875
Cost of capital raising		<u>-</u>	<u>-</u>	<u>(238,444)</u>
Balance	31 December 2018	<u>558,868,914</u>		<u>27,096,917</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

**Note 8. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2018</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	(57,284)	(6,380)
Share-based payments reserve	2,168,257	1,905,703
	<u>2,110,973</u>	<u>1,899,323</u>

*Foreign currency translation reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

**Note 9. Equity - dividends**

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

**Note 10. Business combinations**

On 15 June 2018, the consolidated entity announced that it has entered into an agreement to acquire the MyStemKits business from MyStemKits, LLC. Completion of the acquisition was subject to shareholders approval which was received on 13 August 2018. On 24 August 2018, the consolidated entity completes the acquisition. The acquisition has been assessed to be a Business Combination under AASB 3. MyStemKits is a USA education software and content business, owner of the world's largest library of Science, Technology, Engineering and Maths ("STEM") curriculums incorporating 3D printable kits for K-12 schools. The acquisition has brought together two leaders in the provision of 3D design and 3D printing in the STEM education space, and significantly strengthens the consolidated entity's strategic positioning and operational platform.

As of the date of this half year report, the consolidated entity has not finalised the purchase price accounting in relation to the MSK acquisition. The consolidated entity is in the process of ascertaining the fair values of any identifiable intangible assets associated with the acquisition. The consolidated entity will finalise the acquisition accounting within 12 months from the date of acquisition, in accordance with AASB 3.

The provisional fair values of the identifiable net assets acquired are detailed below:

	<b>Fair value</b>
	<b>\$</b>
Trade receivables	412,088
Net assets acquired	412,088
Goodwill	<u>2,342,569</u>
Acquisition-date fair value of the total consideration transferred	<u><u>2,754,657</u></u>
Consideration transferred:	
Acquisition-date fair value of equity transferred	1,103,753
Cash paid to vendor	1,238,816
Consideration deemed paid by netting off against a specific receivable acquired	<u>412,088</u>
	<u><u>2,754,657</u></u>

**Note 10. Business combinations (continued)**

*i. Consideration transferred*

Cash consideration of AUD\$1,650,904 (USD\$1,200,000) was paid by a combination of:

- Cash transfer of AUD\$1,238,816 (USD\$900,000) paid to the vendor on 24 August 2018 ("Acquisition date").
- The remaining cash consideration of AUD\$412,088 (USD\$300,000) was netted off against a specific receivable from Florida State University (FSU) that was processed by FSU for payment to the vendor to occur after completion of the acquisition.

In addition, 41,619,636 fully paid ordinary shares with deemed value of \$0.02652 were also issued to the vendor on the same date for consideration of \$1,103,753.

*ii. Identifiable net assets*

At the date of this half year report, the provision fair value of identifiable net assets is AUD\$412,088 (USD\$300,000) trade receivables, which was netted off against the remaining cash consideration as discussed above.

Under the purchase agreement, the consolidated entity shall pay to the vendor an amount in cash equal to 5% of the revenues that the consolidated entity recognises from the sale or license of the software for 3D printable manipulatives to align with STEM curriculum acquired in connection with the business during a five year period following the acquisition. As at 31 December 2018, AUD\$12,993 (USD\$9,170) accrued liability has been recognised in relation to royalty payment under the purchase agreement.

*iii. Goodwill*

Goodwill of \$2,342,569 was primarily related to the Company's growth expectations through leveraging MSK STEM curriculums.

This is considered as one operating segment and goodwill was allocated to a single cash generating unit as at acquisition date. The goodwill that arose from this business combination is not deductible for tax purposes.

*iv. Contribution to the Consolidated Entity's results*

MSK contributed a net loss of AUD\$12,993 (USD\$9,170) for the half year ended 31 December 2018.

**Note 11. Events after the reporting period**

No 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 12. Earnings per share**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Stemify Limited	<u>(3,639,496)</u>	<u>(3,710,129)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>503,029,513</u>	<u>270,353,210</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>503,029,513</u>	<u>270,353,210</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.72)	(1.37)
Diluted earnings per share	(0.72)	(1.37)

**Note 13. Share-based payments**

On 28 August 2018, the Company issued 500,000 fully paid ordinary shares to Mr Braydon Moreno as approved by Shareholders pursuant to Resolution 5A of the Company's Notice of General Meeting dated 6 July 2018.

On 28 August 2018, the Company issued 4,075,000 fully paid ordinary shares to employees of the Company on immediate vesting of Performance Rights pursuant to the Company's Employee Performance Rights Plan.

On 28 August 2018, the Company issued 6,000,000 unquoted options to Aesir Capital Pty Ltd as part fee for advisory services as approved by the Shareholders pursuant to Resolution 3 of the Company's Notice of Meeting dated 6 July 2018.

On 31 August 2018, the Company issued 16,000,000 performance rights to Directors under the Company's Performance Rights Plan as approved by Shareholders pursuant to Resolution 4 and 5B of the Company's Notice of General Meeting dated 6 July 2018. On the same day, the Company issued 5,250,000 performance rights to employees where 4,175,000 will vest in December 2018 and the remaining 1,075,000 will vest in June 2019.

Set out below are summaries of options on issue as at 31 December 2018:

31 December  
2018

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
14/12/2016	22/12/2019	-	13,999,720	-	-	-	13,999,720
27/06/2017	27/06/2021	\$0.100	500,000	-	-	-	500,000
08/08/2017	08/08/2021	\$0.100	500,000	-	-	-	500,000
24/08/2017	23/08/2021	\$0.100	500,000	-	-	-	500,000
27/10/2017	27/10/2019	\$0.060	2,000,000	-	-	-	2,000,000
20/11/2017	20/11/2020	\$0.090	1,600,000	-	-	-	1,600,000
20/11/2017	20/11/2019	\$0.060	6,666,667	-	-	-	6,666,667
30/11/2017	30/06/2021	\$0.075	5,000,000	-	-	-	5,000,000
28/08/2018	28/08/2021	\$0.060	-	6,000,000	-	-	6,000,000
			<u>30,766,387</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>36,766,387</u>

31 December  
2017

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
14/12/2016	22/12/2019	-	13,999,720	-	-	-	13,999,720
27/06/2017	27/06/2021	\$0.100	500,000	-	-	-	500,000
08/08/2017	08/08/2021	\$0.100	-	500,000	-	-	500,000
24/08/2017	23/08/2021	\$0.100	-	500,000	-	-	500,000
27/10/2017	27/10/2019	\$0.060	-	2,000,000	-	-	2,000,000
20/11/2017	20/11/2020	\$0.090	-	1,600,000	-	-	1,600,000
20/11/2017	20/11/2019	\$0.060	-	6,666,667	-	-	6,666,667
30/11/2017	30/06/2021	\$0.075	-	5,000,000	-	-	5,000,000
			<u>14,499,720</u>	<u>16,266,667</u>	<u>-</u>	<u>-</u>	<u>30,766,387</u>

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 3 years.

**Note 13. Share-based payments (continued)**

Set out below are summaries of performance rights on issue as at 31 December 2018:

31 December  
2018

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
14/12/2016	22/12/2020	-	4,899,902	-	-	-	4,899,902
14/12/2016	22/12/2020	-	5,599,888	-	-	-	5,599,888
14/12/2016	22/12/2020	-	3,499,930	-	-	-	3,499,930
30/08/2018	N/A	-	-	500,000	-	-	500,000
30/09/2018	N/A	-	-	15,500,000	-	-	15,500,000
30/08/2018	N/A	-	-	4,175,000	-	-	4,175,000
30/08/2018	N/A	-	-	1,075,000	-	-	1,075,000
			<u>13,999,720</u>	<u>21,250,000</u>	-	-	<u>35,249,720</u>

31 December  
2017

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
14/12/2016	22/12/2020	-	4,899,902	-	-	-	4,899,902
14/12/2016	22/12/2020	-	5,599,888	-	-	-	5,599,888
14/12/2016	22/12/2020	-	3,499,930	-	-	-	3,499,930
			<u>13,999,720</u>	-	-	-	<u>13,999,720</u>

Set out below are the performance rights exercisable at the end of the financial half-year:

Grant date	Vesting date	31 December 2018 Number	31 December 2017 Number
30/08/2018	31/12/2018	2,350,000	-
		<u>2,350,000</u>	<u>-</u>

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/08/2018	28/08/2021	\$0.028	\$0.060	91.00%	-	2.05%	\$0.012

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/08/2018	N/A	\$0.028	-	-	-	2.02%	\$0.028
30/09/2018	N/A	\$0.025	-	-	-	2.03%	\$0.025
30/08/2018	N/A	\$0.025	-	-	-	2.02%	\$0.025



**Note 14. Contingent assets and liabilities**

The directors are not aware of any contingent assets or contingent liabilities as at 31 December 2018 (2017: Nil).

**Stemify Limited**  
**(Formerly known as Robo 3D Limited)**  
**Directors' declaration**  
**31 December 2018**



The directors of the Company declare that:

- 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
- In the directors' opinion 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

A handwritten signature in black ink, appearing to be 'Timothy Grice', written over a horizontal line.

Timothy Grice  
Executive Chairman

28 February 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stemify Limited (formerly Robo 3D Limited)

### Report on the Half-Year Financial Report

#### Qualified conclusion

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

Based on our review, which is not an audit, with the exception of the matter described in the *Basis for qualified conclusion* section, 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 the *Corporations Regulations 2001*.

#### Basis for qualified conclusion

On 24 August 2018 the Group completed the acquisition of the MyStemKits business for consideration of \$2,754,657 as set out in note 10. In addition goodwill of \$2,342,569 has been recognised in the statement of financial position at 31 December 2018. At the date of this report, the Group have not undertaken an appropriate process to classify or designate the identifiable assets acquired and liabilities assumed as part of the business combination in order to determine the fair value of net assets acquired in accordance with AASB 3 *Business Combinations* which constitutes a departure from Australian Accounting Standards. We were unable to assess the fair value of the net assets acquired and therefore unable to determine whether any adjustments to these amounts were necessary.

#### Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2 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 East Coast Partnership**

*BDO*



**Wai Aw  
Partner**

Melbourne, 28 February 2019