

## 1. Company details

Name of entity:	Stemify Limited
ABN:	20 009 256 535
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

## 2. Results for announcement to the market

		<b>2019</b>	<b>2018</b>
Revenues from continuing operations		-	-
Revenues from discontinued operations		900,074	1,197,735
<b>Total revenue</b>	<b>down 24.9% to</b>	<b>900,074</b>	<b>1,197,735</b>
Loss from continuing operation after tax attributable to owners	down 56.1% to	(384,363)	(876,492)
Loss from discontinuing operation after tax attributable to owners		(165,760)	(2,763,004)
<b>Net loss for the half-year attributable to the owners</b>	<b>down 84.8% to</b>	<b>(550,123)</b>	<b>(3,639,496)</b>

### *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 \$550,123 (31 December 2018: \$3,639,496).

## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	0.57	(0.32)

## 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.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

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

Not applicable.

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**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 Report.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Stemify Limited for the half-year ended 31 December 2019 is attached.

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**12. Signed**



Signed \_\_\_\_\_

Date: 28 February 2020

Timothy Grice  
Executive Chairman

# **Stemify Limited**

**ABN 20 009 256 535**

## **Interim Report - 31 December 2019**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of 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 2019.

### **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  
Ryan Legudi  
Jonathan Pearce (appointed 16 August 2019)  
Braydon Moreno (resigned 16 August 2019)

### **Principal activities**

During the financial half-year the principal continuing activity of the consolidated entity consisted of the delivery of integrated STEM solutions combining the use of 3D printers and MyStemKits curriculum.

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$550,123 (31 December 2018: \$3,639,496).

Operating expenses for the financial year (including both continuing operations and discontinued operations) were \$1,085,122 (31 December 2018: \$3,873,183). The major items included general and administrative expenses \$496,711 and payroll expenses \$351,726.

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

On 12 August 2019, the company announced it had completed the consolidation of its issued capital on a forty-five to one basis.

On 16 August 2019, the company completed the following:

(A) An oversubscribed placement, issuing 112,500,000 new shares and raising a total of \$2,250,000 (before costs).

(B) The lead manager to the Placement was Forrest Capital Limited who received a fee of 6% on fund raised and an allotment of unlisted options. The company allotted 30,000,000 unlisted options (post consolidation) exercisable at 2.5 cents per option, with each option expiring on 31 December 2022.

(C) The conversion of up to \$50,000 owed to various creditors of the company into shares at 2 cents per share (post consolidation) in settlement of historical creditor positions. The company allotted 2,000,000 shares (\$40,000 owed to creditors) (post consolidation).

(D) The company converted total debt of \$1,401,997 owing to Denlin Nominees Pty Ltd (Denlin) and its related parties comprising of \$1,028,994 in principal, interest and fees under the company's Secured Loan facility, an additional \$243,800 in unsecured loans under the Bridge Loan Facility and \$129,203 owed under other unsecured creditor positions into 25,000,000 shares in the company (post consolidation).

(E) In addition, Denlin was allotted the following unlisted options (post consolidation):

- 12,500,000 unlisted vested options with an exercise price of 5 cents and expiry on or before 30 June 2023;
- 12,500,000 unlisted options, vesting upon the Company's share price reaching a 5-day Volume Weighted Price (VWAP) of 7.5 cents with an exercise price of 5 cents and expiry on or before 30 June 2023; and
- 12,500,000 unlisted options, vesting upon the Company's share price reaching a 5-day Volume Weighted Price (VWAP) of 10 cents with an exercise price of 5 cents and expiry on or before 30 June 2023.

(F) All security interests held by Denlin and its related parties over the company were released.

On 16 August 2019, Mr Braydon Moreno resigned as a director, and Mr Jonathan Pearce was appointed a director.

On 13 September 2019, the company issued 51,475 fully paid ordinary shares to Jonathan Pearce in lieu of directors' fees owing, pursuant to the conditions set out in the ASX waiver granted on 8 July 2019.

On 30 October 2019, the company announced a share sale facility for holders of unmarketable parcels.

On 3 December 2019, the company issued 7,500,000 unlisted options as part of Directors' remuneration as approved by the shareholders pursuant to resolutions 6 and 7 of the company's Notice of Meeting dated 29 November 2019.

On 27 December 2019, 5,000,000 shares were issued to Jonathan Pearce at \$0.02 a share, raising \$100,000 of capital.

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**

On 6 February 2020, the company announced that it had entered into an asset purchase agreement with Boxlight Corporation ('Boxlight') to dispose of the company's 3D printing hardware and the MyStemKits k-12 curriculum business to Boxlight. Subject to the shareholder approval, Boxlight will acquire the business for US\$600,000. The funds received from the proposed transaction will provide capital to the company which will be used to contribute to the funding required to sourcing and acquiring a suitable new business opportunity including conducting due diligence and ASX re-compliance costs.

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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



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Timothy Grice  
Executive Chairman

28 February 2020

## DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF STEMIFY LIMITED

As lead auditor for the review of Stemify Limited for the half-year ended 31 December 2019, 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  
Director

**BDO Audit Pty Ltd**

Melbourne, 28 February 2020

**Stemify Limited**  
**Contents**  
**31 December 2019**



Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	18
Independent auditor's review report to the members of Stemify Limited	19

**Stemify Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**



	Note	Consolidated 31 December 2019 \$	31 December 2018 \$
<b>Revenue</b>			
Other income	4	142,738	2,015
<b>Expenses</b>			
Finance costs		(9,401)	(61,231)
General and administrative		(309,272)	(346,962)
Employee benefit expense		(71,539)	(92,157)
Depreciation and amortisation expense		(4,412)	(1,228)
Share-based payments		(132,477)	(376,929)
<b>Loss before income tax expense from continuing operations</b>		(384,363)	(876,492)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(384,363)	(876,492)
Loss after income tax expense from discontinued operations	5	(165,760)	(2,763,004)
<b>Loss after income tax expense for the half-year attributable to the owners of Stemify Limited</b>		(550,123)	(3,639,496)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(2,057)	(50,904)
Other comprehensive income for the half-year, net of tax		(2,057)	(50,904)
<b>Total comprehensive income for the half-year attributable to the owners of Stemify Limited</b>		<u>(552,180)</u>	<u>(3,690,400)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(386,420)	(927,396)
Discontinued operations		(165,760)	(2,763,004)
		<u>(552,180)</u>	<u>(3,690,400)</u>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss from continuing operations attributable to the owners of Stemify Limited</b>			
Basic earnings per share	14	(0.33)	(7.84)
Diluted earnings per share	14	(0.33)	(7.84)
<b>Earnings per share for loss from discontinued operations attributable to the owners of Stemify Limited</b>			
Basic earnings per share	14	(0.14)	(24.72)
Diluted earnings per share	14	(0.14)	(24.72)
<b>Earnings per share for loss attributable to the owners of Stemify Limited</b>			
Basic earnings per share	14	(0.47)	(32.56)
Diluted earnings per share	14	(0.47)	(32.56)

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



**Stemify Limited**  
**Statement of financial position**  
**As at 31 December 2019**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2019</b>
		<b>2019</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,423,272	11,691
Trade and other receivables		232,297	127,678
Inventories		-	216,378
Other		21,095	69,304
		<u>1,676,664</u>	<u>425,051</u>
Assets classified as held for sale	6	192,295	-
Total current assets		<u>1,868,959</u>	<u>425,051</u>
<b>Non-current assets</b>			
Property, plant and equipment		2,038	38,374
Intangibles		-	3,164
Total non-current assets		<u>2,038</u>	<u>41,538</u>
<b>Total assets</b>		<u>1,870,997</u>	<u>466,589</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	571,922	1,251,794
Contract liabilities		-	119,297
Borrowings	8	112,409	727,257
Employee benefits		40,359	68,706
Provisions		-	16,677
Contingent consideration		-	55,279
		<u>724,690</u>	<u>2,239,010</u>
Liabilities directly associated with assets classified as held for sale	9	249,479	-
Total current liabilities		<u>974,169</u>	<u>2,239,010</u>
<b>Total liabilities</b>		<u>974,169</u>	<u>2,239,010</u>
<b>Net assets/(liabilities)</b>		<u>896,828</u>	<u>(1,772,421)</u>
<b>Equity</b>			
Issued capital	10	29,353,296	26,930,183
Reserves	11	1,368,218	1,618,939
Accumulated losses		<u>(29,824,686)</u>	<u>(30,321,543)</u>
<b>Total equity/(deficiency)</b>		<u>896,828</u>	<u>(1,772,421)</u>

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

**Stemify Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2019**



<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Foreign currency reserve</b> \$	<b>Share-based payments reserves</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 (note 15)	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>

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Foreign currency reserves</b> \$	<b>Share-based payments reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2019	26,930,183	(38,711)	1,657,650	(30,321,543)	(1,772,421)
Loss after income tax expense for the half-year	-	-	-	(550,123)	(550,123)
Other comprehensive income for the half-year, net of tax	-	(2,057)	-	-	(2,057)
Total comprehensive income for the half-year	-	(2,057)	-	(550,123)	(552,180)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 10)	1,781,904	-	300,000	-	2,081,904
Issue of shares to directors in lieu of directors' fees owing	1,209	-	-	-	1,209
Shares issued for loan repayment and loan extension fees	540,000	-	367,049	-	907,049
Shares issued to Director as approved by shareholders	100,000	-	-	-	100,000
Share options expired during the period	-	-	(1,046,980)	1,046,980	-
Share based payments	-	-	131,267	-	131,267
Balance at 31 December 2019	<u>29,353,296</u>	<u>(40,768)</u>	<u>1,408,986</u>	<u>(29,824,686)</u>	<u>896,828</u>

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

**Stemify Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2019**



Note	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	930,129	1,507,310
Payments to suppliers and employees (inclusive of GST)	(1,785,529)	(3,272,104)
	<u>(855,400)</u>	<u>(1,764,794)</u>
Interest received	2,433	2,015
Interest and other finance costs paid	(22,205)	-
Net cash used in operating activities	<u>(875,172)</u>	<u>(1,762,779)</u>
<b>Cash flows from investing activities</b>		
Net consideration to acquire business, net of cash acquired	-	(1,238,816)
Net cash used in investing activities	<u>-</u>	<u>(1,238,816)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	10 2,350,000	3,250,000
Proceeds from borrowings	129,909	-
Share issue transaction costs	(168,096)	(215,000)
Repayment of borrowings	(21,910)	-
Net cash from financing activities	<u>2,289,903</u>	<u>3,035,000</u>
Net increase in cash and cash equivalents	1,414,731	33,405
Cash and cash equivalents at the beginning of the financial half-year	11,691	351,083
Effects of exchange rate changes on cash and cash equivalents	(3,150)	-
Cash and cash equivalents at the end of the financial half-year	<u><u>1,423,272</u></u>	<u><u>384,488</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 5, 126 Phillip Street  
Sydney NSW 2000

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 2020.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

### **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.

### **Impact on the adoption of AASB 16 Leases**

The consolidated entity has adopted AASB 16 *Leases* ("AASB 16") using the modified retrospective approach where the cumulative effect of adopting the standard is recognised in accumulated losses at 1 July 2019, with no restatement of prior year comparative information. As a result of adopting AASB 16, the consolidated entity has changed its accounting policy. As the consolidated entity has no leases defined under AASB 16, the adoption of AASB 16 has no impact to the financial statements.

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

### **Going concern**

The consolidated entity has reported a loss after tax of \$550,123 (31 December 2018: \$3,639,496) and net cash outflows from operating and financing activities of \$875,172 (December 2018: \$1,762,779) for the half-year ended 31 December 2019. In addition on 6 February 2020 the company announced that it had entered into an asset purchase agreement with Boxlight Corporation (“Boxlight”) to dispose of the consolidated entity’s remaining business of 3D printing hardware and the MyStemkits K-12 curriculum to Boxlight (“Transaction”). The Transaction is expected to be completed within the next 12 months from the date of this half-year financial report subject to shareholder approval scheduled for 19 March 2020.

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:

- Cash and cash equivalents as at 31 December 2019 of \$1,423,272;
- Net current asset position as at 31 December 2019 of \$894,790;
- The consideration for the Transaction is USD600,000 of which USD250,000 is payable upon completion with the remaining balance repayable in 4 quarterly instalments;
- The consolidated entity has a successful track record in raising capital and hence 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 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 half-year financial report.

## **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 the below business segment:

- 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.

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.

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

*Operating segment information*

	MSK Inc. (Discontinued) \$	Robo 3D Inc. (Discontinued) \$	Other segments \$	Inter-segment eliminations \$	Total \$
<b>Consolidated - 31 December 2019</b>					
<b>EBITDA</b>	(130,111)	-	(370,550)	-	(500,661)
Depreciation and amortisation	(14,674)	-	(4,412)	-	(19,086)
Finance costs	(20,975)	-	(9,401)	-	(30,376)
<b>Loss before income tax expense</b>	<u>(165,760)</u>	<u>-</u>	<u>(384,363)</u>	<u>-</u>	<u>(550,123)</u>
Income tax expense					-
<b>Loss after income tax expense</b>					<u>(550,123)</u>
<b>Assets</b>					
Segment assets	417,594	-	20,450,948	(18,997,545)	1,870,997
<b>Total assets</b>					<u>1,870,997</u>
<b>Liabilities</b>					
Segment liabilities	759,358	-	4,482,138	(4,267,327)	974,169
<b>Total liabilities</b>					<u>974,169</u>
<b>Consolidated - 31 December 2018</b>					
	MSK Inc. (Discontinued) \$	Robo 3D Inc. (Discontinued) \$	Other segment \$	Inter-segment eliminations \$	Total \$
<b>Revenue</b>					
Sales to external customers	19,798	1,197,735	-	(19,798)	1,197,735
<b>Total revenue</b>	<u>19,798</u>	<u>1,197,735</u>	<u>-</u>	<u>(19,798)</u>	<u>1,197,735</u>
<b>EBITDA</b>	7,144	(2,312,800)	(789,430)	(44,400)	(3,139,486)
Depreciation and amortisation	-	(414,906)	(1,228)	-	(416,134)
Finance costs	-	(22,645)	(61,231)	-	(83,876)
<b>Profit/(loss) before income tax expense</b>	<u>7,144</u>	<u>(2,750,351)</u>	<u>(851,889)</u>	<u>(44,400)</u>	<u>(3,639,496)</u>
Income tax expense					-
<b>Loss after income tax expense</b>					<u>(3,639,496)</u>
<b>Consolidated - 30 June 2019</b>					
<b>Assets</b>					
Segment assets	408,900	-	18,915,069	(18,857,380)	466,589
<b>Total assets</b>					<u>466,589</u>
<b>Liabilities</b>					
Segment liabilities	672,397	-	5,783,325	(4,216,712)	2,239,010
<b>Total liabilities</b>					<u>2,239,010</u>

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
Gain on modification of financial liabilities	140,305	-
Finance income	2,433	2,015
	<u>142,738</u>	<u>2,015</u>
Other income	<u>142,738</u>	<u>2,015</u>

On 4 November 2019, the company entered into an agreement with Ryan Legudi, a director of the company, to settle the amount owing to both Ryan and his associated entities. This settlement resulted in a gain of \$114,633 on modification of liabilities. The remaining gain on modification of financial liability of \$25,672 resulted from the conversion of debt owing to Denlin Nominees Pty Ltd and its related parties as disclosed in note 8.

**Note 5. Discontinued operations**

On 3 June 2019, the group has appointed Robo 3D (ABC), LLC as Assignee for the Benefit of Creditors (ABC) to sell all the assets of Robo 3D Inc. and distribute the proceeds to the creditors of Robo 3D Inc. Robo 3D Inc was subsequently dissolved and ceased operations. As a result, the financial results of Robo 3D Inc have been presented as discontinued operations for the 6 months ended 31 December 2018.

On 6 February 2020, the company announced that it had entered into an asset purchase agreement with Boxlight Corporation ('Boxlight') to dispose of the company's 3D printing hardware and the MyStemKits ("MSK") k-12 curriculum business to Boxlight. Upon completion of this transaction, MSK will cease operations. As a result, the financial results of MSK have been presented as discontinued operations for the 6 months ended 31 December 2019 as well as 31 December 2018 for comparative purposes.

*Financial performance information*

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
Revenue	900,074	1,197,735
Cost of sales	(507,813)	(968,125)
Other income	-	2,062
Marketing and advertising	(44,958)	(154,748)
Research and development	(9,788)	(7,704)
Inventory write down	-	(267,281)
General and administrative	(187,439)	(492,298)
Payroll expense	(280,187)	(1,635,094)
Depreciation and amortisation	(14,674)	(414,906)
Finance costs	(20,975)	(22,645)
Total expenses	<u>(558,021)</u>	<u>(2,994,676)</u>
Loss before income tax expense	(165,760)	(2,763,004)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(165,760)</u>	<u>(2,763,004)</u>

**Note 5. Discontinued operations (continued)**

*Cash flow information*

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	\$	\$
Net cash used in operating activities	(255,477)	(1,217,590)
Net cash used in investing activities	-	(55,700)
Net cash from financing activities	251,705	1,065,773
	<u>          </u>	<u>          </u>
Net decrease in cash and cash equivalents from discontinued operations	<u>(3,772)</u>	<u>(207,517)</u>

**Note 6. Current assets - Assets classified as held for sale**

On 6 February 2020, the company announced that it had entered into an asset purchase agreement with Boxlight Corporation ('Boxlight') to dispose of the company's 3D printing hardware and the MyStemKits k-12 curriculum business to Boxlight. The sale is deemed highly probable at 31 December 2019 and consequently, all assets and liabilities in relation to this transaction is presented as assets and liabilities held for sale.

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	\$	\$
Plant and equipment	21,505	-
Inventories	156,431	-
Prepayment	14,359	-
	<u>          </u>	<u>          </u>
Total assets held for sale	<u>192,295</u>	<u>-</u>

Details of liabilities associated to the assets held for sale are disclosed in note 9.

**Note 7. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
	\$	\$
Trade payables	417,718	744,239
Accrued expenses	152,797	507,555
Sales tax payable	1,407	-
	<u>          </u>	<u>          </u>
	<u>571,922</u>	<u>1,251,794</u>



**Note 8. Current liabilities - borrowings**

	Consolidated	
	31 December 2019 \$	30 June 2019 \$
Trade finance loan	112,409*	479,047**
Bridging loan	-	226,300**
Insurance premium funding loan	-	21,910
	<u>112,409</u>	<u>727,257</u>

\* Trade finance loan at 31 December 2019 represents short-term factoring loan subject to factoring fees for working capital purpose.

\*\* Both the trade finance loan and bridging loan at 30 June 2019 represent loan provided to the consolidated entity by Denlin Nominees Pty Ltd (Denlin), an entity associated with ex-Chairman, Mr Anthony Grist. On 16 August 2019, the company converted total debt of \$1,401,997 owing to Denlin and its related parties via the issuance of 25,000,000 shares at 2 cents and 37,500,000 unlisted shares with a fair value of \$367,049, resulted in a gain of modification of liabilities of \$534,948, of which \$509,276 was recognised at 30 June 2019. The remaining gain of \$25,672 represents additional loan drawdown between 1 July 2019 and 16 August 2019 which has been recognised as gain on modification liabilities during the financial period.

**Note 9. Current liabilities - Liabilities directly associated with assets classified as held for sale**

	Consolidated	
	31 December 2019 \$	30 June 2019 \$
Employee benefits	35,695	-
Contract liabilities	163,965	-
Contingent consideration	3,425	-
Trade and other payable	46,394	-
	<u>249,479</u>	<u>-</u>

**Note 10. Equity - issued capital**

	Consolidated			
	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 \$	30 June 2019 \$
Ordinary shares - fully paid	<u>156,972,435</u>	<u>558,868,914</u>	<u>29,353,296</u>	<u>26,930,183</u>

**Note 10. Equity - issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	558,868,914		26,930,183
Capital consolidation	12 August 2019	(546,447,954)	\$0.00	-
Issue of shares	16 August 2019	112,500,000	\$0.02	2,250,000
Conversion of trade liability into share capital	16 August 2019	27,000,000	\$0.02	540,000
Issue of shares to directors in lieu of directors' fees owing	13 September 2019	51,475	\$0.02	1,209
Shares issued to Director as approved by shareholders	27 December 2019	5,000,000	\$0.02	100,000
Cost of capital raising		-	\$0.00	(468,096)
Balance	31 December 2019	<u>156,972,435</u>		<u>29,353,296</u>

**Note 11. Equity - reserves**

	Consolidated	
	31 December 2019	30 June 2019
	\$	\$
Foreign currency reserve	(40,768)	(38,711)
Share-based payments reserve	1,408,986	1,657,650
	<u>1,368,218</u>	<u>1,618,939</u>

**Note 12. Equity - dividends**

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

**Note 13. Events after the reporting period**

On 6 February 2020, the company announced that it had entered into an asset purchase agreement with Boxlight Corporation ('Boxlight') to dispose of the company's 3D printing hardware and the MyStemKits k-12 curriculum business to Boxlight. Subject to the shareholder approval, Boxlight will acquire the business for US\$600,000. The funds received from the proposed transaction will provide capital to the company which will be used to contribute to the funding required to sourcing and acquiring a suitable new business opportunity including conducting due diligence and ASX re-compliance costs.

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

**Note 14. Earnings per share**

	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Stemify Limited	<u>(384,363)</u>	<u>(876,492)</u>

**Note 14. Earnings per share (continued)**

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	117,212,603	11,178,434
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>117,212,603</u>	<u>11,178,434</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.33)	(7.84)
Diluted earnings per share	(0.33)	(7.84)

<b>Consolidated</b>	
<b>31 December</b>	<b>31 December</b>
<b>2019</b>	<b>2018</b>
<b>\$</b>	<b>\$</b>

<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Stemify Limited	<u>(165,760)</u>	<u>(2,763,004)</u>

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	117,212,603	11,178,434
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>117,212,603</u>	<u>11,178,434</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.14)	(24.72)
Diluted earnings per share	(0.14)	(24.72)

<b>Consolidated</b>	
<b>31 December</b>	<b>31 December</b>
<b>2019</b>	<b>2018</b>
<b>\$</b>	<b>\$</b>

<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Stemify Limited	<u>(550,123)</u>	<u>(3,639,496)</u>

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	117,212,603	11,178,434
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>117,212,603</u>	<u>11,178,434</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.47)	(32.56)
Diluted earnings per share	(0.47)	(32.56)

**Note 15. Share-based payments**

On 16 August 2019, the company issued 30,000,000 unlisted options exercisable at 2.5 cents per option to the lead manager of the Placement, Forrest Capital Limited. Based on the Black Scholes valuation model, these options are valued at \$0.01 and a total of \$300,000 has been recognised in the equity as capital raising costs.

**Note 15. Share-based payments (continued)**

On 16 August 2019, the company allotted 37,500,000 unlisted options to Denlin for the repayment of loan owing to Denlin. Based on the Black Scholes valuation model, these options are valued between \$0.009 and \$0.010, giving rise to a total share-based payment of \$367,049.

On 19 November 2019, the company issued 7,500,000 unlisted options to Mr. Jonathan Pearce and Mr. Tim Grice as approved by Shareholders pursuant to Resolution 6 and Resolution 7 respectively of the company's Notice of Meeting dated 30 October 2019. Based on the Black Scholes valuation model, these options are valued at \$0.011, giving rise to a share-based payments of \$81,492 recognised in the statement of profit or loss and other comprehensive income.

In addition, there is an amortisation of existing performance rights of key management personnel during the period of \$49,775 recognised in the statement of profit or loss and other comprehensive income.

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 3.29 years (31 December 2018: 3 years).

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 2019 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



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Timothy Grice  
Executive Chairman

28 February 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stemify Limited

### Report on the Half-Year Financial Report

#### 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 2019, 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, 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 2019 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*.

#### 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 2019 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 Pty Ltd**

BDO  


**Wai Aw**  
**Director**

Melbourne, 28 February 2020