

28 February 2018

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir or Madam,

Release of OpenDNA Limited's financial results for the half-year ended 31 December 2017

In accordance with the ASX Listing Rules, I enclose the following for release:

1. Appendix 4D – half yearly report;
2. Half year financial report for the half year ended 31 December 2017 including the Directors' Report.

Yours faithfully
On behalf of the Board of OpenDNA Limited



Peter Torre
Company Secretary

OpenDNA Limited

Appendix 4D Half-year report for the half-year ended 31 December 2017

| | |
|---------------------------|----------------------------------|
| Name of entity: | OpenDNA Limited |
| ACN: | 613 410 398 |
| Current Reporting Period | Half Year ended 31 December 2017 |
| Previous Reporting Period | Half Year ended 31 December 2016 |

Results for announcement to the market.

Item 1

| | 6 months ending | 6 months ending |
|--|-----------------|-----------------|
| | 31 Dec 2017 | 31 Dec 2016 |
| Operating Performance | \$ | \$ |
| Revenue from continuing activities | 72,447 | 13,169 |
| Loss from continuing activities after income tax | (2,388,604) | (2,605,155) |
| Net loss for the half year attributable to members | (2,388,604) | (2,605,155) |

Item 2

| Dividends |
|---|
| It is not proposed to pay dividends. There are no dividend or distribution reinvestment plans in operation and there has been no dividend or distribution payments during the financial half year ended 31 December 2017. |

Item 3 – Brief Explanation

OpenDNA is an artificial intelligence platform that empowers businesses to better understand their individual customers and in turn use the psychographic profiles developed to better target and personalize their customer's experiences automatically and in real-time.

OpenDNA generates revenue by charging a user license fee for its technology use as well as a secondary component comprising of either data connection charges (each time a business powered by OpenDNA requests information about one of its customers) or a share of the uplift of revenue produced by the use of its technology. Our business model is completely aligned with the success of our clients.

Further details are set out in the Review of Operations section of the Directors' Report and half yearly accounts attached to this Appendix 4D.

Item 4

| | 31 Dec 2017 | 31 Dec 2016 |
|----------------------------------|-------------|-------------|
| Net Tangible Assets | \$ | \$ |
| Net tangible assets per security | \$0.017 | \$0.064 |

Item 5

| Control gained or lost over entities during the period |
|---|
| None. |

Item 6

| | Ownership interest as at | |
|---|--------------------------|-------------|
| | 31 Dec 2017 | 31 Dec 2016 |
| Controlled entities and joint ventures | % | % |
| Parent entity: | | |
| OpenDNA Limited | | |
| Controlled entities: | | |
| OpenDNA (UK) Limited | 100 | 100 |
| OpenDNA (Singapore) Pte Ltd | 100 | 100 |
| OpenDNA Inc | 100 | - |

Item 7

| Accounting Standards |
|--|
| The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. |

Item 8

| Auditor's review report |
|--|
| The half-year report is based on the interim financial report of OpenDNA Limited for the half-year ended 31 December 2017, which has been reviewed by HLB Mann Judd. |
| Refer to the 31 December 2017 half-year financial report for the independent auditor's review report provided to the members of OpenDNA Limited. |

| Appendix 4D Requirements | Reference |
|---|--|
| 1. Reporting period and the previous corresponding period. | Refer to page 1 of this report. |
| 2. Results for announcement to the market. | Refer to page 1 of this report "Results for announcement to the market" and Items 1, 2 and 3 of this report. |
| 3. Net tangible assets per security. | Refer to Item 4 of this report. |
| 4. Details of entities where control has been gained or lost during the period. | Refer to Item 5 of this report. |
| 5. Details of individual and total dividends or distributions and dividend or distribution payments. | Refer to Item 2 of this report. |
| 6. Details of dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in a dividend or distribution reinvestment plan. | Refer to Item 2 of this report. |
| 7. Details of joint venture and associated entities. | Refer to Item 6 of this report. |
| 8. For foreign entities, accounting standards used in compiling reports. | Not applicable. |
| 9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification. | Refer to Item 8 of this report. |

OpenDNA Limited

ABN 14 613 410 398

Interim Report

31 December 2017

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Directors' report

Your Directors submit their Interim Report on the consolidated entity (referred to hereafter as the 'Group'), consisting of OpenDNA Limited ('OpenDNA' or the 'Company') and entities it controlled at the end of, or during, the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

| | |
|-----------|--|
| G Pestell | Non-Executive Chairman |
| J Shah | Managing Director and Chief Executive Officer |
| E Cross | Non-Executive Director |
| L Sciambi | Non-Executive Director (<i>retired 30 November 2017</i>) |

Review of Operations

Key focuses: Global expansion of customer base and leveraging of key partnerships; expansion of product offering; scaling of the team and technology to support new client implementation; strengthening of business development pipeline.

Key developments

The half-year ended 31 December 2017 was a build out period for OpenDNA, transitioning from pure development to revenue generation. This was highlighted by the successful on-boarding of a number of customers across Publishing, E-commerce, Media, Mobile and Gaming sectors. This includes major US Publisher Epoch Times, which supports over 20 million users per month and 105 million page-views and Endeavour Drinks Group, the largest drinks retailer in Australia, operated by Woolworths Limited.

In the period, relationships were also advanced and solidified with Future More Technology ("FMT"), the manufacturer and provider of the "Netsurfer" range of mobile devices. As announced on 31 January 2018, FMT aims to sell over 500,000 Netsurfer phones onto the market by end of 2018, with each phone pre-loaded with OpenDNA's Jottr App – a personalized content App available on Google's Play Store hosting over 2,000 sources of rich content. In addition to providing potential additional revenues streams in the form of advertising revenue for both FMT and OpenDNA, it is also viewed by the Company as an opportunity to leverage its Artificial Intelligence ("AI") driven personalization into the lucrative mobile hardware sector.

From a technological perspective, the period was used to build out the Application Programming Interface ("API") and Software Development Kits ("SDK") to allow easier integration of OpenDNA's technology into businesses existing platforms. The development has allowed OpenDNA to be deployed onto websites, mobile applications and also to enable server to server integrations.

The Company also launched its proprietary data visualisation system, Synapse, an easy to use dashboard that draws in complex data and converts it to display very clear and efficient information in a more intuitive way. The information being displayed helps businesses better understand their individual users as the user's interests, behavioral and personality profiles are mapped. This in turn allows any business to view their customers as individuals rather than as a group or category, as is traditionally done. OpenDNA's technology provides any business with a true Single Customer View as the reporting functionality within Synapse provides powerful insights into an individual and how they engage with information presented to them, including products, content and videos etc. Such insights can eliminate redundant data, allow a business to make more intelligent and informed decisions and ultimately enable a business to provide its customers with more relevant and personalized experiences.

In addition to expanding its product offerings with the launch of Synapse, the Company also provides data connectors into existing Business Intelligence ("BI") and Customer Relationship Management ("CRM") platforms often used by customers to ensure the seamless integration into business processes, lowering any barriers to adoption.

The evolution of the Company's AI technology continued to progress with the completion of the IRIS Computer vision software, which further improves the accuracy of content analysis and user profiling to extend OpenDNA's unique product offering. IRIS is a proprietary technology developed by OpenDNA that accurately extracts the core content of a web page that is then used for further analysis by the AI engine.

With the transition from pure development to revenue generation, efforts were also focused on scaling the team to support the successful integration of OpenDNA's technology with customer's existing platforms, with a view to generating meaningful revenue for the business in 2018.

Directors' report (continued)

Review of Operations *(continued)*

Technology platform overview

OpenDNA's technology has the capacity to revolutionise the way in which brands and organisations interact with targeted individuals on a global scale. This has been demonstrated through the Company's AI and machine-learning platform, which enables the real-time tracking and profiling of individuals to gauge their interests, opinions, behavior, personality as well as their propensity to engage. This psychographic profile of an individual drives much deeper, informed relationships between businesses and their customers, delivering in turn better business outcomes by enabling them to deliver highly personalised experiences for their users in turn helping to reducing churn and increasing engagement while delivering detailed customer segmentation.

As noted above, part of OpenDNA's suite of services includes a data visualisation tool called Synapse, which provides clear transparency and depth across the insights and performance of its technology, allowing businesses to confidently track the Return of Investment ("ROI") generated through the use of AI. The technology is highly scalable and can deliver significant benefits to any organisation, brand or movement that demands next-generation end-user engagement.

The Company's technology is industry agnostic and has been designed in such a way that it can be easily integrated into a multitude of environments both mobile and web based, to overcome barriers of entry and support the rapid on-boarding of new clients into its expanding ecosystem.

OpenDNA's technology can be used to optimise internal business processes, optimize marketing processes and decision-making scenarios related to a business's customer base. When a technology allows a business to better understand their customers and a powerful single customer view, the possibilities become endless.

Near-term catalysts

OpenDNA's existing customers provides an opportunity to begin significant revenue generation and the opportunity to leverage on their success to further expand its global customer base. With the heightened appetite within the market for AI technologies that offer such significant ROI opportunities, OpenDNA is positioning itself and building a strong pipeline to take advantage of these trends and become a market leader in providing personalisation technologies to industries.

The Company continues to expand its channel partnerships, which include Looker, BBDO, Columbus Agency and Pugh Morgan, each of whom continue to offer a pool of potential customers for OpenDNA's services across a multitude of sectors.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this Directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Jay Shah

Director

28 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of OpenDNA Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
28 February 2018



L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

| | | 6-months to 31 December 2017 | 6-months to 31 December 2016 |
|---|-------|---|------------------------------------|
| | Notes | \$ | \$ |
| Continuing operations | | | |
| Revenue | | 72,447 | 13,169 |
| Interest income | | 8,779 | 6,614 |
| Depreciation and amortisation expense | | (152,921) | (6,418) |
| Share based payments expense | | (45,430) | (580,660) |
| Consulting fees | | (303,653) | (609,697) |
| Employee costs | | (1,386,384) | (689,555) |
| Legal fees | | (97,459) | (151,664) |
| Travel and accommodation costs | | (81,764) | (239,970) |
| Other expenses | | (403,009) | (340,791) |
| Loss before income tax | | (2,389,394) | (2,598,972) |
| Income tax benefit / (expense) | | 790 | (6,183) |
| Net loss for the period | | (2,388,604) | (2,605,155) |
| Other comprehensive loss, net of income tax | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | (8,267) | (63,026) |
| Other comprehensive loss for the period, net of income tax | | (8,267) | (63,026) |
| Total comprehensive loss for the period | | (2,396,871) | (2,668,181) |
| | | | |
| Basic loss per share (cents per share) | 3 | (2.27) | (4.42) |
| Diluted loss per share (cents per share) | 3 | (2.27) | (4.42) |

The accompanying notes form part of these financial statements

Condensed consolidated statement of financial position
As at 31 December 2017

| | Notes | 31 December 2017 \$ | 30 June 2017 \$ |
|--------------------------------------|-------|---------------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,937,089 | 3,747,988 |
| Trade and other receivables | | 42,900 | 359,851 |
| Other | | 203,477 | 199,218 |
| Total current assets | | 2,183,466 | 4,307,057 |
| Non-current assets | | | |
| Property, plant and equipment | | 74,109 | 81,859 |
| Deferred tax asset | | 273,838 | 273,838 |
| Intangible assets | 5 | 2,438,423 | 2,574,522 |
| Total non-current assets | | 2,786,370 | 2,930,219 |
| Total assets | | 4,969,836 | 7,237,276 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 292,073 | 207,501 |
| Total current liabilities | | 292,073 | 207,501 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 498,142 | 498,713 |
| Total non-current liabilities | | 498,142 | 498,713 |
| Total liabilities | | 790,215 | 706,214 |
| Net assets | | 4,179,621 | 6,531,062 |
| Equity | | | |
| Issued capital | 6 | 13,646,581 | 13,646,581 |
| Reserves | | 634,880 | 597,717 |
| Accumulated losses | | (10,101,840) | (7,713,236) |
| Total equity | | 4,179,621 | 6,531,062 |

The accompanying notes form part of these financial statements

Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2017

| | Issued capital | Share- based payment reserve | Foreign currency translation reserve | Accumulated losses | Total equity |
|---|-------------------|---------------------------------------|---|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | 13,646,581 | 721,506 | (123,789) | (7,713,236) | 6,531,062 |
| Loss for the period | - | - | - | (2,388,604) | (2,388,604) |
| Other comprehensive loss for the period, net of income tax | - | - | (8,267) | - | (8,267) |
| Total comprehensive loss for the period | - | - | (8,267) | (2,388,604) | (2,396,871) |
| Share-based payments | - | 45,430 | - | - | 45,430 |
| Balance at 31 December 2017 | 13,646,581 | 766,936 | (132,056) | (10,101,840) | 4,179,621 |

For the half-year ended 31 December 2016

| | Notes | Issued capital | Share- based payment reserve | Foreign currency translation reserve | Accumulated losses | Total equity |
|---|-------|-------------------|---------------------------------------|---|-----------------------|--------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Issue of incorporation shares | 6 | 10 | - | - | - | 10 |
| Balance at 1 July 2016 | | 10 | - | - | - | 10 |
| Loss for the period | | - | - | - | (2,605,155) | (2,605,155) |
| Other comprehensive loss for the period, net of income tax | | - | - | (63,026) | - | (63,026) |
| Total comprehensive loss for the period | | - | - | (63,026) | (2,605,155) | (2,668,181) |
| Shares issued | 6 | 14,608,354 | - | - | - | 14,608,354 |
| Share issue costs | 6 | (961,783) | - | - | - | (961,783) |
| Share-based payments | | - | 493,199 | - | - | 493,199 |
| Balance at 31 December 2016 | | 13,646,581 | 493,199 | (63,026) | (2,605,155) | 11,471,599 |

The accompanying notes form part of these financial statements

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2017

| | 6-months to 31 December 2017 | 6-months to 31 December 2016 |
|---|------------------------------------|------------------------------------|
| Notes | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 39,959 | 13,169 |
| Payments to suppliers and employees | (2,219,596) | (1,942,022) |
| Interest received | 8,584 | 6,614 |
| Other – Research and Development cash rebate received | 342,729 | 76,254 |
| Net cash outflow from operating activities | (1,828,324) | (1,845,985) |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (7,647) | (38,418) |
| Cash assumed on acquisition of subsidiary | - | 266,635 |
| Net cash inflow from investing activities | (7,647) | 228,217 |
| Cash flows from financing activities | | |
| Proceeds from the issue of shares | - | 9,340,000 |
| Payments for share issue costs | - | (903,882) |
| Net cash inflow from financing activities | - | 8,436,118 |
| Net increase in cash held | (1,835,971) | 6,818,350 |
| Cash and cash equivalents at the beginning of the period | 3,747,988 | - |
| Effects of exchange rate fluctuations on cash held | 25,072 | (8,799) |
| Cash and cash equivalents at the end of the period | 1,937,089 | 6,809,551 |

The accompanying notes form part of these financial statements

Notes to the condensed consolidated financial statements For the half-year ended 31 December 2017

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2017 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

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

The interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets.

The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the period ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The interim financial statements were authorised for issue on 28 February 2018.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2017

Note 1: Statement of significant accounting policies *(continued)*

(d) Significant accounting estimates and judgements

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

(e) Going concern

Directors are of the opinion that the Group is a going concern for the following reasons:

- As at the reporting date the Group had cash on hand amounting to \$1.9m and net assets amounting to \$4.2m; and
- The Directors also anticipate that a further equity raising will be required and the funds raised will be used to meet the ongoing working capital requirements of the Group.

Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and whether it will be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Note 2: Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Board of Directors for the half-year ended 31 December 2017.

| | Australia | United Kingdom | Singapore | USA | Consolidation eliminations | Total |
|---------------------------------|------------|----------------|-------------|-----------|----------------------------|-------------|
| 31 December 2017 | \$ | \$ | \$ | \$ | \$ | \$ |
| Segment revenue | 72,447 | - | - | - | - | 72,447 |
| Intersegment revenue | - | - | - | - | - | - |
| Revenue from external customers | 72,447 | - | - | - | - | 72,447 |
| Segment result | (652,182) | (770,849) | (474,076) | (266,895) | (224,602) | (2,388,604) |
| Segment assets | 11,671,433 | 481,720 | 323,839 | 32,588 | (7,539,744) | 4,969,836 |
| Segment liabilities | (115,829) | (2,626,933) | (2,611,094) | (298,908) | 4,862,549 | (790,215) |

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2017

Note 2: Segment reporting *(continued)*

| | Australia | United Kingdom | Singapore | USA | Consolidation eliminations | Total |
|---------------------------------|-------------|----------------|-----------|-----|----------------------------|-------------|
| 31 December 2016 | \$ | \$ | \$ | \$ | \$ | \$ |
| Segment revenue | 13,169 | - | - | - | - | 13,169 |
| Intersegment revenue | - | - | - | - | - | - |
| Revenue from external customers | 13,169 | - | - | - | - | 13,169 |
| Segment result | (1,301,050) | (880,227) | (478,614) | - | 54,736 | (2,605,155) |
| Segment assets | 12,945,320 | 97,076 | 96,863 | - | (1,325,274) | 11,813,985 |
| Segment liabilities | (106,590) | (832,571) | (573,141) | - | 1,169,916 | (342,386) |

Note 3: Loss per share

(a) Basic and diluted loss per share

| | 6-months to 31 December 2017 | 6-months to 31 December 2016 |
|---|------------------------------------|------------------------------------|
| | \$ | \$ |
| Total basic and diluted loss per share attributable to the ordinary equity holders of the Company | (2.27) | (4.42) |

(b) Reconciliation of loss used in calculating loss per share

| | \$ | \$ |
|---|-------------|-------------|
| Loss attributable to the ordinary equity holders of the Company used in the calculation of basic and diluted loss per share | (2,388,604) | (2,605,155) |

(c) Weighted average number of shares used as the denominator

| | Number | Number |
|--|-------------|------------|
| Weighted average number of ordinary shares used in the denominator in calculating loss per share | 105,083,541 | 58,991,070 |

(d) Information concerning classification of securities

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive (the options are not considered to be dilutive). The options have not been included in the determination of basic earnings per share.

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2017

Note 4: Dividends

There were no dividends paid or declared to equity holders during the six months ended 31 December 2017.

Note 5: Intangible assets

| Reconciliation | Technology | Website development | Goodwill | Total |
|----------------------------------|------------------|------------------------|----------|------------------|
| | \$ | \$ | \$ | \$ |
| 31 December 2017 | | | | |
| Carrying value as at 1 July 2017 | 2,563,036 | 11,486 | - | 2,574,522 |
| Foreign currency differences | - | 201 | - | 201 |
| Amortisation expense | (134,897) | (1,403) | - | (136,300) |
| | <u>2,428,139</u> | <u>10,284</u> | <u>-</u> | <u>2,438,423</u> |

| Reconciliation | Technology | Website development | Goodwill | Total |
|---|------------------|------------------------|-------------|------------------|
| | \$ | \$ | \$ | \$ |
| 30 June 2017 | | | | |
| Carrying value as at 1 July 2016 | - | - | - | - |
| Foreign currency differences | - | (104) | - | (104) |
| Additions | - | 8,340 | - | 8,340 |
| Acquisitions through business combinations (note 9) | 2,697,933 | 4,371 | 2,016,181 | 4,718,485 |
| Deferred tax liability recognised on business combination | 512,607 | - | - | 512,607 |
| Amortisation expense | (134,897) | (1,121) | - | (136,018) |
| Impairment loss charged to profit and loss | (512,607) | - | (2,016,181) | (2,528,788) |
| | <u>2,563,036</u> | <u>11,486</u> | <u>-</u> | <u>2,574,522</u> |

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2017

Note 6: Issued capital

(a) Share capital

| | 31 December 2017 | 30 June 2017 |
|---|---------------------|-----------------|
| | \$ | \$ |
| 105,083,541 (30 June 2017: 105,083,540) Ordinary shares issued and fully paid | 13,646,581 | 13,646,581 |

(b) Movement in ordinary share capital

Year to 30 June 2017

| Date | Details | Number of shares | Issue price | \$ |
|-------------------|--|---------------------|-------------|-------------------|
| 1 July 2016 | Opening balance | - | - | - |
| 1 July 2016 | Issue of incorporation shares | 10 | \$1.00 | 10 |
| 9 September 2016 | Shares issued on acquisition of OpenDNA (UK) Limited | 48,483,530 | \$0.10 | 4,848,354 |
| 9 September 2016 | Shares issued to seed capital investors | 15,600,000 | \$0.10 | 1,560,000 |
| 20 September 2016 | Shares issued to Chief Operating Officer | 1,000,000 | \$0.20 | 200,000 |
| 16 November 2016 | Shares issued on Initial Public Offering | 40,000,000 | \$0.20 | 8,000,000 |
| | | <u>105,083,540</u> | | <u>14,608,364</u> |
| | Less: Transaction costs arising on share issue | - | - | (961,783) |
| 30 June 2017 | | <u>105,083,540</u> | | <u>13,646,581</u> |

Six months to 31 December 2017

| Date | Details | Number of shares | Issue price | \$ |
|------------------|---|---------------------|-------------|-------------------|
| 1 July 2017 | Opening balance | 105,083,540 | - | 13,646,581 |
| 8 September 2017 | Issue of ordinary share on cancellation of performance shares | 1 | - | - |
| 31 December 2017 | | <u>105,083,541</u> | | <u>13,646,581</u> |

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2017

Note 6: Issued capital (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 7: Share-based payments

The following share-based payment arrangements were approved at the Company's 2017 Annual General Meeting:

(a) Options

3,000,000 options were granted to the Chief Operating Officer, Mr Jason Loia. These options were to vest at various dates from 1 January 2018, were to expire at various dates from 30 June 2020 and were exercisable at various prices from \$0.30 to \$0.40.

(b) Performance shares

1,750,000 performance shares were issued to each of Mr Loia and the Chief Financial Officer, Mr Richard Jarvis as follows:

| Class | Number | Date of expiry |
|-------|---------|------------------|
| A | 600,000 | 8 September 2022 |
| B | 600,000 | 8 September 2022 |
| C | 550,000 | 8 September 2022 |

The milestones for conversion to ordinary shares for each class of performance shares are equivalent to those that apply to the Company's other performance shares on issue (refer to the Company's 2017 Annual Report).

The performance shares have been valued at \$0.13 per share, being the Company's share price on the date the performance shares were granted, namely the date of the Company's 2017 annual general meeting, 30 November 2017, however no expense has been recorded as at 31 December 2017 due to the Directors being unable to resolve with any certainty whether it would be considered probable that any of the performance milestones will be achieved.

Cancellation of options and performance rights during the half-year

The options and performance rights issued to Mr Jason Loia above were cancelled on Mr Loia's cessation of employment with the Company during the half-year. As the options and performance rights had not yet vested, no expense for these share-based payments has been recorded in this half-year.

In addition, 2,500,000 options previously issued to a Director, Mr Lonnie Sciambi, were cancelled on Mr Sciambi's retirement as a Director on 30 November 2017. The share-based payment expense previously recorded relating to a portion of these options that had not yet vested, has been reversed in the current half-year.

Share options exercised during the half-year

No share options were exercised during the half-year.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2017

Note 8: Financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The carrying amounts of the current receivables, other current assets and current payables are considered to be a reasonable approximation of their fair value.

Note 9: Business combination

Summary of acquisition

During the previous half-year (on 5 August 2016), the Company entered into individual Share Sale Deeds with each of the shareholders of OpenDNA (UK) Limited, a UK registered company, to acquire 100% of the issued share capital of that company. As a result, OpenDNA (UK) Limited became a wholly-owned subsidiary of the Company at that date.

Details of the purchase acquisition and net assets acquired are as follows:

| | \$ |
|---|------------------|
| 40,656,903 fully paid shares in the capital of the Company issued to the shareholders of OpenDNA (UK) Limited, valued at 10 cents per share | 4,065,690 |
| 7,826,627 fully paid shares in the capital of the Company issued to advisors of OpenDNA (UK) Limited, valued at 10 cents per share | 782,663 |
| Treasury shares | 17,163 |
| | <u>4,865,516</u> |

The assets and liabilities recognised as a result of the acquisition are as follows:

| | As at 5 August 2016 \$ |
|--|------------------------------|
| Cash | 266,635 |
| Other receivables | 11,088 |
| Tax receivable (R&D rebate receivable) | 78,886 |
| Property, plant and equipment | 8,043 |
| Website development | 4,373 |
| Other creditors and accruals | (215,141) |
| Deferred tax liability | (2,482) |
| | <u>151,402</u> |
| Excess consideration paid over net assets acquired | 4,714,114 |
| | <u>4,865,516</u> |

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2017

Note 9: Business combination *(continued)*

During the period ended 30 June 2017, an independent valuation was obtained to provide an opinion on the fair market value of OpenDNA (UK) Limited's Intangible Assets. The valuation report specifically complies with the Australian Accounting Standard AASB 3 Business Combinations. Based on the valuation of the identifiable intangible assets, the Purchase Price Allocation per the valuation report is summarised in the table below:

| | \$ |
|---|------------------|
| Purchase consideration | 4,865,516 |
| <i>Comprised of:</i> | |
| Net tangible assets acquired | 147,031 |
| Website development (note 5) | 4,371 |
| Identifiable intangible assets acquired (note 5) | 2,697,933 |
| Residual goodwill (note 5) | 2,016,181 |
| | <u>4,865,516</u> |
| <i>Net cash inflow arising on acquisition</i> | |
| Cash consideration | - |
| Less: Net cash acquired with subsidiary | 266,635 |
| Net cash inflow – investing activities | <u>266,635</u> |

Impact of acquisition on the results of the Group

If the combination had taken place at the beginning of the previous half-year, the loss and revenue of the Group would not have been materially different to the reported loss and revenue for the half-year.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2017

Note 10: Contingent liabilities

There Group has no contingent liabilities as at the reporting date.

Note 11: Related party transactions

The following transactions occurred with related parties during the period:

| | 6-months to 31 December 2017 \$ | 6-months to 31 December 2016 \$ |
|--|--|--|
| <i>The following payments were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell:</i> | | |
| - provision of legal services in relation to the company listing on the ASX | - | 277,979 |
| - provision of general legal services | 72,355 | 104,419 |
| - rent for the provision of serviced office space | 3,000 | 4,719 |
| <i>The following payment was paid to Artemis Corporate Limited, a company related to Mr. Grant Pestell:</i> | | |
| - provision of business development and advisory services | - | 70,000 |
| <i>The following payments were paid to The Small Business Force, LLC, a company related to Mr. Lonnie Sciambi:</i> | | |
| - provision of business development and general advisory services | - | 57,153 |
| <i>The following payments were paid to Sante Holdings Pty Ltd, a company related to Mr. Evan Cross:</i> | | |
| - provision of financial and corporate advisory services | - | 22,000 |

Note 12: Events subsequent to reporting date

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

Directors' declaration

1. In the opinion of the Directors of OpenDNA Limited (the 'Company'):
 - a. the accompanying interim financial statements and notes are 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 2017 and of its performance for the half- year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the Corporations Act 2001 for the half-year ended 31 December 2017.

This declaration is signed in accordance with a resolution of the board of Directors.



Jay Shah
Director

28 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of OpenDNA Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of OpenDNA Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 OpenDNA Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 1 (e) in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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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 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an 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*.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
28 February 2018**



**L Di Giallonardo
Partner**