

27 February 2019

Manager Announcements
Company Announcements Office
Australian Securities 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 2018

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

1. Appendix 4D – half-year report;
2. Half-year financial report for the half-year ended 31 December 2018 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 2018

Name of entity:	OpenDNA Limited
ACN:	613 410 398
Current Reporting Period	Half-Year ended 31 December 2018
Previous Reporting Period	Half-Year ended 31 December 2017

Results for announcement to the market.

Item 1

	6 months ended	6 months ended
	31 Dec 2018	31 Dec 2017
Operating Performance	\$	\$
Revenue from continuing activities	20,710	72,447
Loss from continuing activities after income tax	(1,627,911)	(2,388,604)
Net loss for the half year attributable to members	(1,627,911)	(2,388,604)

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 2018.

Item 3 – Brief Explanation

OpenDNA's core technology 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.

Following strategic acquisitions concluded in December 2018, the expanded OpenDNA Group of companies provides fully integrated digital marketing and customer acquisition services focusing on driving online sales for its clients. Powered by the OpenDNA hyper personalisation and profiling Artificial Intelligence System, OpenDNA provides personalised real-time, targeted marketing. With a key focus on driving sales in Australia and China the Company's Roolife online e-Commerce marketplace will assist businesses to sell directly to Chinese consumers and accept payment via the Wechat and Alipay mobile payments platforms. Roolife's key positioning is about knowing and remaining connected with Chinese consumers, allowing brands to continually sell products to Chinese Consumers based on their profiles and purchasing behaviours.

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

Item 4

	31 Dec 2018	31 Dec 2017
Net Tangible Assets	\$	\$
Net tangible assets per security	\$0.008	\$0.017

Item 5

Control gained or lost over entities during the period
As announced by the Company on 21 December 2018, OpenDNA Limited completed the acquisition of two synergistic businesses, being: <ol style="list-style-type: none"> 1. CHOOSE Digital Pty Ltd; and 2. RooLife Limited. <p>Refer to note 9 of the Interim Report for further information in respect to the entities acquired during the half-year.</p>

Item 6

	Ownership interest as at	
	31 Dec 2018	31 Dec 2017
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	100
CHOOSE Digital Pty Ltd	100	-
RooLife Limited	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 2018, which has been reviewed by HLB Mann Judd.
Refer to the 31 December 2018 half-year financial report for the independent auditor's review report provided to the members of OpenDNA Limited.

OpenDNA Limited

ABN 14 613 410 398

Interim Report

31 December 2018

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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 2018. 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.

Grant Pestell	Non-Executive Chairman
Jay Shah	Non-Executive Director ¹
Evan Cross	Non-Executive Director
Warren Barry	Executive Director ²

¹ Jay Shah resigned as Managing Director and Chief Executive Officer on 20 December 2018

² Warren Barry was appointed as Executive Director on 20 December 2018

Review of Operations

During the half-year ended 31 December 2018, OpenDNA significantly advanced its move towards revenue generation and expansion of the customer base for its Artificial Intelligence System ("AIS") and Machine Learning platform through strategic acquisitions.

The Company finalised the acquisition of CHOOSE Digital Pty Ltd ("CHOOSE Digital") and RooLife Limited ("RooLife") and development work to integrate OpenDNA's AIS commenced into the services provided by CHOOSE Digital and RooLife.

With the integration of the CHOOSE Digital and the RooLife companies, OpenDNA expanded its commercial services and capability to work with businesses to market their products online and grow brand awareness in Australia and in China, facilitating online sales with provision to provide access to the large and rapidly-growing Chinese market for high-quality Australian consumer goods.

CHOOSE Digital is a fully-integrated digital marketing business that focusses on the development and implementation of customer acquisition strategies. Its Performance Marketing arm helps businesses make the most of their online presence.

RooLife focuses on working with Australian businesses, to build and service sales channels for their products to address the demand from Chinese consumers for high- quality, clean, safe and aspirational products from countries such as Australia.

The Company's newly acquired capability will provide Australian businesses with access to Mandarin-language mobile shopping platforms with integrated China-specific mobile payment processing via WeChat or AliPay; with enhanced customer intelligence provided by OpenDNA's AIS and machine-learning platform.

With the integration of OpenDNA's AIS, RooLife's e-Commerce platforms will continuously assess and refine the products offered to customers and gather intelligence about its customers' preferences and buying habits.

In line with the completion of the acquisitions, Mr Warren Barry joined the OpenDNA Board as Executive Sales Director and Mr Bryan Carr was appointed as Chief Executive Officer following the resignation of Mr Jay Shah, who moved to a Non-Executive Director role.

With the integration of OpenDNA's AIS the Company expects to gain unrivalled customer intelligence and access to new customer opportunities across multiple industry sectors, driving revenue growth.

During the period, the Company successfully completed an equity placement raising \$2.5m. At 31 December 2018 the Company held \$1.82m in cash to be applied to the Company's expansion.

Directors' report (continued)

Review of Operations *(continued)*

Expanded Group Technology Overview

The OpenDNA Group of companies provides fully integrated digital marketing and customer acquisition services focusing on driving online sales for its clients. Powered by the OpenDNA hyper personalisation and profiling AIS, OpenDNA provides personalised real-time, targeted marketing. With a key focus on driving sales in Australia and China the Company's RooLife online e-Commerce marketplace assists businesses to sell directly to Chinese consumers and accept payment via the Wechat and Alipay mobile payments platforms. Roolife's key positioning is about knowing and remaining connected with Chinese consumers, allowing brands to continually sell products to Chinese Consumers based on their profiles and purchasing behaviours.

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 2018.

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.



Grant Pestell
Non-Executive Chairman
27 February 2019



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 2018, 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.

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

Perth, Western Australia
27 February 2019

L Di Giallonardo
Partner

hlb.com.au

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

		6 months to 31 December 2018	6 months to 31 December 2017
	Notes	\$	\$
Continuing operations			
Revenue		20,710	72,447
Interest income		2,158	8,779
Depreciation and amortisation expense		(151,040)	(152,921)
Share based payments expense		(30,286)	(45,430)
Consulting fees		(159,946)	(303,653)
Employee costs		(929,469)	(1,386,384)
Legal fees		(165,655)	(97,459)
Travel and accommodation costs		(69,390)	(81,764)
Other expenses		(361,923)	(403,009)
Loss before income tax		(1,844,841)	(2,389,394)
Income tax benefit	4	216,930	790
Net loss for the period		(1,627,911)	(2,388,604)
Other comprehensive loss, net of income tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(17,563)	(8,267)
Other comprehensive loss for the period, net of income tax		(17,563)	(8,267)
Total comprehensive loss for the period		(1,645,474)	(2,396,871)
Basic loss per share (cents per share)	3	(1.34)	(2.27)
Diluted loss per share (cents per share)	3	(1.34)	(2.27)

The accompanying notes form part of these financial statements

Condensed consolidated statement of financial position
As at 31 December 2018

	Notes	31 December 2018 \$	30 June 2018 \$
Assets			
Current assets			
Cash and cash equivalents		1,820,448	669,840
Trade and other receivables		130,353	303,564
Other		36,689	147,598
Total current assets		1,987,490	1,121,002
Non-current assets			
Property, plant and equipment		20,669	56,755
Deferred tax asset		410,085	222,577
Intangible assets	5	3,432,546	2,302,351
Total non-current assets		3,863,300	2,581,683
Total assets		5,850,790	3,702,685
Liabilities			
Current liabilities			
Trade and other payables		443,346	592,960
Total current liabilities		443,346	592,960
Non-current liabilities			
Deferred tax liabilities		414,010	443,357
Total non-current liabilities		414,010	443,357
Total liabilities		857,356	1,036,317
Net assets		4,993,434	2,666,368
Equity			
Issued capital	6	16,687,649	13,646,581
Reserves		1,614,786	700,877
Accumulated losses		(13,309,001)	(11,681,090)
Total equity		4,993,434	2,666,368

The accompanying notes form part of these financial statements

Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2018

	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2018	13,646,581	831,105	(130,228)	(11,681,090)	2,666,368
Loss for the period	-	-	-	(1,627,911)	(1,627,911)
Other comprehensive loss for the period, net of income tax	-	-	(17,563)	-	(17,563)
Total comprehensive loss for the period	-	-	(17,563)	(1,627,911)	(1,645,474)
Shares issued	3,562,670	-	-	-	3,562,670
Share issue costs	(521,602)	-	-	-	(521,602)
Value of performance shares issued as consideration for acquisition of subsidiaries	-	533,334	-	-	533,334
Share-based payments	-	398,138	-	-	398,138
Balance at 31 December 2018	16,687,649	1,762,577	(147,791)	(13,309,001)	4,993,434

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

The accompanying notes form part of these financial statements

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2018

	6 months to 31 December 2018	6 months to 31 December 2017
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	52,160	39,959
Payments to suppliers and employees	(1,361,121)	(2,219,596)
Interest received	3,201	8,584
Other – Research and Development cash rebate received	289,102	342,729
Net cash outflow from operating activities	(1,016,658)	(1,828,324)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(7,647)
Proceeds from the disposal of property, plant and equipment	5,341	-
Payments for intangible assets	9 (50,000)	-
Payments to acquire subsidiaries, net of cash acquired	9 (139,678)	-
Net cash outflow from investing activities	(184,337)	(7,647)
Cash flows from financing activities		
Proceeds from the issue of shares	2,500,000	-
Payments for share issue costs	(165,000)	-
Net cash inflow from financing activities	2,335,000	-
Net increase/(decrease) in cash held	1,134,005	(1,835,971)
Cash and cash equivalents at the beginning of the period	669,840	3,747,988
Effects of exchange rate fluctuations on cash held	16,603	25,072
Cash and cash equivalents at the end of the period	1,820,448	1,937,089

The accompanying notes form part of these financial statements

Notes to the condensed consolidated financial statements For the half-year ended 31 December 2018

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 2018 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 2018

In the period ended 31 December 2018, 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 reporting period beginning on or after 1 July 2018. As a result of this review, the Group has initially applied AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 July 2018. There is no material impact to profit or loss or net assets on the adoption of these new accounting standards in the current or comparative periods.

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 2018. As a result of this review the Directors have determined that AASB 16 *Leases* may have a material effect on the application in future periods.

AASB 16 replaces AASB 117 *Leases* and related interpretations. AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of low-value assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019. The Standard will primarily affect the accounting for the Group's operating lease commitments predominantly relating to its leases on premises. The Group has commenced the process of evaluating the impact of the new Standard.

Notes to the condensed consolidated financial statements

For the half-year ended 31 December 2018

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

(c) Statement of compliance

The interim financial statements were authorised for issue on 27 February 2019.

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).

(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 2018.

(e) Going concern

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

- As at the reporting date the Company had cash on hand amounting to \$1.8m and net assets amounting to \$5.0m; and
- The Directors anticipate that a further equity raising may be required in the future, with funds raised being used to meet the ongoing working capital requirements of the Group, and the Directors are confident that the Company will be successful in raising the required equity.

Should this equity raising not be completed successfully, 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 2018 and for the half-year ended 31 December 2017.

	Australia	United Kingdom	Singapore	USA	Consolidation eliminations	Total
31 December 2018	\$	\$	\$	\$	\$	\$
Segment revenue ¹	20,710	-	-	-	-	20,710
Segment result	(942,362)	(183,419)	(355,370)	7,517	(154,277)	(1,627,911)
Segment assets	14,507,879	63,097	140,133	283	(8,860,602)	5,850,790
Segment liabilities	(333,851)	(2,928,746)	(3,445,857)	(280,818)	6,131,916	(857,356)

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2018

Note 2: Segment reporting *(continued)*

	Australia	United Kingdom	Singapore	USA	Consolidation eliminations	Total
31 December 2017	\$	\$	\$	\$	\$	\$
Segment revenue ¹	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)

¹ No further disclosures as required by AASB 15 have been made as the Group's revenue for the current and comparative reporting periods is not material.

Note 3: Loss per share

(a) Basic and diluted loss per share

	6-months to 31 December 2018	6-months to 31 December 2017
	\$	\$
Total basic and diluted loss per share attributable to the ordinary equity holders of the Company	(1.34)	(2.27)

(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	(1,627,911)	(2,388,604)

(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	121,742,859	105,083,541

(d) Information concerning classification of securities

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted loss 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 loss per share.

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2018

Note 4: Income tax

The current period income tax benefit of \$216,930 comprises the benefit of income tax losses incurred by the UK subsidiary which has been recorded due to the existence of a deferred tax liability related to the Technology asset.

Note 5: Intangible assets

6 months to 31 December 2018

	Provisionally accounted intangibles	Website development	Technology	Customer contracts	Total
	\$	\$	\$	\$	\$
Carrying value as at 1 July 2018	-	9,108	2,293,243	-	2,302,351
Foreign currency differences	-	108	-	-	108
Additions (note 9)	-	-	-	50,000	50,000
Acquisitions through business combinations - RooLife (note 9)	558,234	-	-	-	558,234
Acquisitions through business combinations - CHOOSE Digital (note 9)	658,233	-	-	-	658,233
Amortisation expense	-	(1,483)	(134,897)	-	(136,380)
	1,216,467	7,733	2,158,346	50,000	3,432,546

Year to 30 June 2018

	Website development	Technology	Total
	\$	\$	\$
Carrying value as at 1 July 2017	11,486	2,563,036	2,574,522
Foreign currency differences	503	-	503
Amortisation expense	(2,881)	(269,793)	(272,674)
	9,108	2,293,243	2,302,351

**Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2018**

Note 6: Issued capital

(a) Share capital

	31 December 2018	30 June 2018
	\$	\$
206,874,139 (30 June 2018: 105,083,541) Ordinary shares issued and fully paid	16,687,649	13,646,581

(b) Movement in ordinary share capital

Year to 30 June 2018

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	-	-
30 June 2018		<u>105,083,541</u>		<u>13,646,581</u>

Six months to 31 December 2018

Date	Details	Number of shares	Issue price	\$
1 July 2018	Opening balance	105,083,541	-	13,646,581
28 September 2018	Issue of ordinary share on cancellation of performance shares	1	-	-
28 September 2018	Shares issued to settle debts	6,783,935	\$0.035	237,438
28 September 2018	Placement ¹	11,428,571	\$0.035	400,000
12 December 2018	Shares issued to settle debts	2,636,071	\$0.035	92,262
12 December 2018	Placement ¹	60,000,000	\$0.035	2,100,000
24 December 2018	Shares issued to settle debts	5,703,925	\$0.035	199,637
24 December 2018	Shares issued to acquire Choose Digital and RooLife Limited	15,238,095	\$0.035	533,333
		<u>206,874,139</u>		<u>17,209,251</u>
	Less: Transaction costs arising on share issue ²	-	-	(521,602)
31 December 2018		<u>206,874,139</u>		<u>16,687,649</u>

Notes to the condensed consolidated financial statements For the half-year ended 31 December 2018

Note 6: Issued capital *(continued)*

(b) Movement in ordinary share capital *(continued)*

- ¹ As announced by the Company on 12 September 2018, the Company received firm commitments to place a total of 71,428,571 new fully paid ordinary shares ("Shares") to sophisticated and professional investors at \$0.035 per Share, together with one free attaching option for every two Shares ("Options"), to raise a total of up to \$2.5 million before costs ("Placement"). The 35,714,307 Options have an exercise price of \$0.05 per Share and an expiry date of 31 October 2021.

The Placement was undertaken in two tranches, the first of which utilised the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A. Under the first tranche, which was not subject to shareholder approval, 11,428,571 Shares and 5,714,307 associated Options were issued on 28 September 2018 raising \$400,000 before costs.

The second tranche of the Placement was approved by shareholders at the Company's Annual General Meeting ("AGM") on 23 November 2018. Subsequent to the AGM, 60.0 million Shares and 30.0 million associated Options were issued on 12 December 2018, raising \$2.1 million before costs.

- ² Triple C Consulting Pty Ltd ("Triple C") acted as Lead Manager to the Placement. As part of the Company's arrangement, the Company agreed to issue 20 million Options to Triple C, which was subject to at least \$2.5 million (before costs) being raised under the Placement.

The Company has also agreed to issue 3.5 million Options to Storm Enterprises Pty Ltd ("Storm") for its assistance in relation to the Placement.

The Options issued to Triple C and Storm were approved by shareholders at the Company's AGM. The share-based payment expense of \$367,851 related to the Options (refer to note 7 below) has been capitalised and included within the transaction costs arising on share issue.

(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 2018 Annual General Meeting:

(a) Options

- 1.5 million Options were issued to the Company's Chief Financial Officer, Richard Jarvis, in connection with the Company's cash preservation strategy (as announced by the Company on 31 July 2018);
- 20 million Options were issued to Triple C in connection with its role as lead manager to the Placement and in consideration for the provision of ongoing corporate advisory services; and
- 3.5 million Options were issued to Storm in consideration for services provided to the Company,

The Options were issued on the same terms in all respects as those issued under the Placement.

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2018

Note 7: Share-based payments (continued)

(a) Options (continued)

The fair value of the Options are estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

	Richard Jarvis	Triple C	Storm
Expected volatility (%) ¹	89.92%	92.59%	92.59%
Risk-free interest rate (%)	2.145%	2.145%	2.145%
Expected life of option (days) ²	1,138	1,073	1,073
Exercise price (cents)	5.0	5.0	5.0
Grant date share price (cents)	3.5	3.2	3.2

¹ The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

² The expected life of the options is not based on historical data and is not necessarily indicative of exercise patterns that may occur. The number of days is calculated by the number of days between the grant date and expiry date of the option.

No other features of options granted were incorporated into the measurement of fair value.

The value brought to account as a share-based payment expense in the half year ended 31 December 2018 was \$394,618 of which \$26,766 relating to the fair value of Listed Options granted to Richard Jarvis was expensed to the Profit and Loss. The fair value of Options granted to Triple C and Storm amounting to \$313,065 and \$54,786 respectively, has been capitalised and included in the transaction costs arising on share issue within equity.

(b) Performance shares

As announced by the Company on 12 September 2018, the Company entered into a binding Heads of Agreement (“HOA”) to acquire two Australian-based businesses, CHOOSE Digital and RooLife. Under the HOA, OpenDNA agreed to purchase all of the issued shares in each of CHOOSE Digital and RooLife as a single transaction, which was subsequently approved at the Company’s AGM. The consideration for the Acquisition consists of both upfront and “at risk” components, with the majority of that consideration being non-cash and based on the achievement of revenue milestones. Details of the consideration are as follows:

- On completion of the Acquisition (“Completion”), which occurred on 24 December 2018, OpenDNA paid the Acquisition vendors a total aggregate cash amount of \$150,000. A total of approximately 15.24 million OpenDNA shares were also issued to the Acquisition vendors, based on an agreed price of \$0.035 per share, which will be subject to voluntary escrow for a period of 12 months.
- At Completion, the Acquisition vendors were also issued with approximately 30.5 million performance shares, which will be split equally into two tranches and will be subject to conversion into fully paid ordinary shares in the capital of OpenDNA upon achievement of the following milestones:
 - the Tranche 1 performance shares will convert into shares in OpenDNA on a one-to-one basis upon the CHOOSE Digital and RooLife businesses first achieving aggregate revenue of \$1.8 million in a rolling 12-month period (as confirmed by audited financial statements); and
 - the Tranche 2 performance shares will convert into shares in OpenDNA on a one-to-one basis upon the CHOOSE Digital and RooLife businesses first achieving aggregate revenue of \$3 million in a rolling 12-month period (as confirmed by audited financial statements),

provided that, should either of the above revenue milestones not be achieved within 5 years of Completion, the corresponding tranche of performance shares to which that milestone relates will lapse automatically.

The Directors are of the opinion that at balance date, it is probable that the Tranche 1 milestone will be achieved. As a result, the value of the 15,238,095 Tranche 1 performance shares, being \$533,334, has been recorded as part of the acquisition consideration, with a corresponding amount recorded in the Share Based Payment Reserve. This value is based on a share price of \$0.035, being the value of the Company’s shares at the date of Completion. Full terms of the performance shares proposed to be issued to the Acquisition vendors are set out in the Company’s Notice of Annual General Meeting, dated 23 October 2018.

**Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2018**

Note 7: Share-based payments *(continued)*

Share options exercised during the half-year

No share options were exercised during the half-year.

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

As detailed in note 7 (b) above, on 12 September 2018, the Company entered into a binding HOA to acquire two Australian-based businesses, CHOOSE Digital and RooLife. Under the HOA, OpenDNA agreed to purchase all of the issued shares in each of CHOOSE Digital and RooLife as a single transaction, which was subsequently approved at the Company's AGM on 23 November 2018.

As announced by the Company on 21 December 2018, the Acquisition was completed and as a result, both CHOOSE Digital and RooLife became wholly-owned subsidiaries of the Company.

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

RooLife Limited

	\$
Cash consideration paid to Acquisition vendors	75,000
6,904,762 fully paid shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	241,667
6,904,762 Tranche 1 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	241,667
6,904,762 Tranche 2 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	- 1
	<u>558,334</u>

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

	As at 19 December 2018
	\$
Other receivables	<u>100</u>
	100
Excess consideration paid over net assets acquired ²	<u>558,234</u>
	<u>558,334</u>

**Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2018**

Note 9: Business combination (continued)

CHOOSE Digital Pty Ltd

	\$
Cash consideration paid to Acquisition vendors	75,000
8,333,333 fully paid shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	291,666
8,333,333 Tranche 1 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	291,667
8,333,334 Tranche 2 performance shares in the capital of the Company issued to the shareholders of RooLife Limited, valued at 3.5 cents per share	- 1
	<u>658,333</u>

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

	As at 19 December 2018 \$
Cash	10,322
Other receivables	100
Accounts receivable	108,352
Intangible asset – customer contracts (note 5) ³	50,000
Accounts payable	(44,658)
Accruals	(756)
Unearned revenue	(27,588)
GST payable	(8,733)
Directors loan account	(28,024)
Deferred payment obligation ³	(50,000)
Annual leave provision	(8,915)
	<u>100</u>
Excess consideration paid over net assets acquired ²	<u>658,233</u>
	<u>658,333</u>

¹ The Tranche 2 Performance Shares have been valued at \$0.035 each, based on the share price of the Company's shares at date of acquisition. The Company will be required to record the value of these shares in its accounting records over the vesting period, however, this will only commence when the directors believe it is probable that the performance milestone will be achieved. At the date of this report, the directors cannot resolve with any certainty whether it would be considered probable that the performance milestone will be achieved. As a result, no value has been recorded in the accounting records.

² At balance date, the initial accounting for the business combination is incomplete as the Company is currently finalising the allocation of the initial excess consideration noted above. This allocation will be finalised when the 30 June 2019 annual financial report is produced and the provisional amounts noted above will be adjusted accordingly.

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2018

Note 9: Business combination *(continued)*

³ On 3 August 2018, CHOOSE Digital entered into a binding asset sale agreement with Velpic Limited and Dash Digital Pty Ltd ("Dash Digital"), whereby Choose Digital agreed to acquire key Customer Contracts from Dash Digital for a cash consideration of \$50,000.

Subsequently, OpenDNA and Choose Digital entered into a HOA (refer to note 7(b)), whereby OpenDNA agreed to provide \$50,000 in cash to Dash Digital to satisfy CHOOSE Digital's deferred payment obligation.

Impact of acquisition on the results of the Group

If the combination had taken place at the beginning of the half-year, additional revenue of \$286,978 would have been recognised from CHOOSE Digital for the period to 19 December 2018, with an immaterial impact on the loss for the period due to the private company structure of the entity.

Net cash outflow from acquisitions

	\$
Cash paid	150,000
Less: Cash acquired on acquisition of CHOOSE Digital	(10,322)
Net cash outflow	139,678

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 2018	6-months to 31 December 2017
	\$	\$

The following payments were paid to Murcia Pestell Hillard Pty Ltd, a company related to Mr. Grant Pestell:

- provision of general legal services	150,040	72,355
- rent for the provision of serviced office space	-	3,000
-		

The following payment was paid to Storm Enterprises Pty Ltd, a company related to Mr. Grant Pestell:

- provision of advisory services in relation to Placement ¹	54,786	-
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¹ Refer to note 6 (b) and note 7 (a). Mr Pestell has a 24% interest in Storm. The entity is not controlled by Mr Pestell, nor does he have the capacity to determine the entity's ability to dispose of securities it holds.

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 2018 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 2018.

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



Grant Pestell
Non-Executive Chairman

27 February 2019



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 2018, 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 2018 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.

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 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.

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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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
27 February 2019**

L Di Giallonardo

**L Di Giallonardo
Partner**