APPENDIX 4D

MANALTO LIMITED
ABN 88 098 640 352
HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

Based on accounts that have been reviewed

Results for announcement to the market

1. Key Information

				$AUD
Revenue from ordinary activities	UP	25%	to	83,372
Loss from ordinary activities after tax attributable to members	DOWN	43%	to	(1,563,710)

Revenue from ordinary activities is derived from enterprise services and has increased 25% from $66,962 in the corresponding period last year to $83,372 in the current period. The loss from ordinary activities has decreased 43% from $2,724,080 in the corresponding period last year to $1,563,710 as of December 2017. Further commentary on the Group's performance and results from operations are set out in the attached half year report.

2. NTA Backing

	Current period $AUD	Previous corresponding period $AUD
Net tangible asset (liability) backing per security	(0.0042)	(0.0114)

3. Dividends

No dividends are proposed and no dividends were declared or paid during the current or prior year.

This report is based on the consolidated 2018 half year financial statements which have been reviewed by Grant Thornton Australia.

Manalto Limited Half Year Report for 6 months ended 31 December 2017

MTL.ASX

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DIRECTORS' REPORT

The Directors' of Manalto Limited ("the Company") present their report together with the interim financial statements of the Manalto Group ("the Group"), being the Company and its controlled entities, for the six months ended 31 December 2017.

DIRECTORS

The names of Directors who held office during or since the end of the half year are as follows:

James Ellingford (appointed 15 September 2017)
Terence Clee (appointed 15 September 2017)
Time Wilson (appointed 15 September 2017)
James Mckerlie (resigned 15 September 2017)
Paul Gardner (resigned 15 September 2017)
Michael Quinert (resigned 15 September 2017)
Gary Cox (resigned 22 August 2017)

REVIEW OF OPERATIONS

During the half year, Manalto made the following developments.

CORPORATE UPDATE

New Board Appointed

On 15 September 2017, the Company advised the retirement of Jim McKerlie, Paul Gardner and Michael Quinert as directors and the appointment of Dr James Ellingford, Mr Terence Clee and Mr Tim Wilson as new directors.

Bambu Transaction

On 15 September 2017, the Company announced that the shareholders of Bambu and the Company have reached mutual agreement not to proceed with the Company's acquisition of Bambu.

The Board of Manalto has completed the strategic review of the Manalto business and core product.

PRODUCT UPDATE

Development Milestones

The development team in South Africa has rolled out several technological improvements to the core Manalto platform. Historically, the stability and speed of the Manalto platform have been a key criticism from Manalto clients.

In addition to the above achievements, the development team handled troubleshooting, testing and implementation of a number of development backlog customer issues as well as the evaluation and testing of numerous newer APIs from the top social networks. Manalto's developers were able to enhance the posting template functionality to deliver further ease of use and to address a number of customer feature requests.

The development has also performed pre-work analysis and evaluation on the product development roadmap for 2018. This work is scheduled to begin promptly in 2018 utilising the new funding which has come in to Manalto.

<u>Operations</u>

Existing Manalto product

The Directors confirm that the existing business is the core strategy now and in the future for Manalto. Manalto affirms the statements about future plans and ongoing core product development it has made in its Annual Report and subsequent announcements.

In recent months, the development team in South Africa has rolled out several technological improvements to the core Manalto platform including troubleshooting, testing and implementation of a number of development backlog customer issues as well as the evaluation and testing of numerous newer APIs from the top social networks.
Manalto's developers were able to enhance the posting template functionality to deliver further ease of use and to address a number of customer feature requests. The company plans to continue developing its software in accordance with best practices to ensure the product is positioned correctly and remains relevant in the ever-changing technology landscape.

Development pipeline

As per the Annual Report, the Company remains committed to ongoing improvement of functional enhancements to the product, including:

- Artificial intelligence via integration with IBM Watson;
- Data analysis and reporting from Microsoft Power BI;
- Posting and social media management by integrating with Microsoft Outlook Calendar; and
- Ongoing efforts to improve the stability and UX for existing Manalto users.

Manalto will continue to focus on assisting clients to ensure brand consistency; solving both scalability and distributed challenges. With Manalto's unique targeting capabilities; franchise/SME managers can ensure posts/profile & cover updates are published to the right social media franchise/SME pages at scale. With clients having up to 1,500 pages of different network types (primarily Facebook), Manalto provides a solution for clients to organise their business structure into Business Units within Manalto to reflect how the organization is structured “in real life”. Not only can the businesses distribution be reflected in Manalto, but with Manalto's highly granular and customizable permission structure, Franchisees/SMEs and Franchisors can co-exist with applicable permissions for corporate to push down Franchise level campaigns and for Franchisees to decide whether they wish to opt in to these initiatives; providing the transparency required by these types of business structures.

Clients using Manalto have been able to take back control of their brand and, more easily and efficiently manage their brand consistency; as well as reach far higher volumes of advertising volume. The Board's intention is to ensure that adequate funding is available to maintain and continue product development over the coming twelve months to ensure our Enterprise Solution: multi-location/multi-brand distributed organizations across a wide range of industries are properly serviced.

To maintain the momentum and to increase Manalto's sales effectiveness and product offering the company plans to increase its headcount by at least five new staff members in the IT development area within the first half of this year with two to three new members to be appointed to the IT development team in the next ten to twelve weeks.

One area in particular that requires attention is Manalto's database, where the Board believes that this cost can be reduced significantly with the considerations of other hosting service providers other than ObjectRocket who is currently used. Like most other enterprise software platforms, it utilises significant infrastructure to perform optimally on a global scale. It is imperative that we are able to maintain platform reliability so that all platform features are available at all times. The new IT staff will be tasked with ensuring that API development within the social platforms is managed and programmed effectively and in a timely manner such that we do not see negative effects in our own platforms performance.

Furthermore the company expects to add an additional senior sales executives to manage the sales pipeline and increase sales leads in the USA by mid-calendar 2018. Currently the company has four major US leads that need senior management to bring about a successful result. Sales focus, training and the ability to work with our development team is required for product success and as such the additional resource is a priority.
During the second half of 2018 the company will look at hiring a marketing executive to help ensure our brand image and message remains faithful to our core product offering.

FINANCIAL RESULTS

The Group recorded a net loss after tax of $1,563,710 for the six months ended 31 December 2017 (2016: $2,724,080). The Group earned revenue of $83,404 (2016: $66,995) majorly related to sales generated from the Company's Enterprise Solution. The Group had operating cash outflows of $1,375,101 for the six months ended 31 December 2017 (2016: $1,840,114).

The accompanying Half Year Financial Statements have been signed in accordance with a resolution of the Board of Directors:

Mr Terence Clee
Chairman

Dated 28 February 2018

Grant Thornton

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Auditor's Independence Declaration to the Directors of Manalto Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Manalto Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner - Audit & Assurance

Perth, 28 February 2018

manalto
SOCIAL MEDIA MANAGEMENT TOOL

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2017

	Note	Consolidated 31 December 2017 $AUD	Consolidated 31 December 2016 $AUD
Revenue		83,372	66,962
Other income		32	33
Total revenue and other income		**83,404**	**66,995**
Payroll and employees expense		393,073	1,246,517
Share based payment expense	15 (a)	48,395	354,675
Travel and accommodation		85,030	312,822
Consulting and professional fees		660,277	356,346
General administration and compliance costs		127,516	211,735
IT and web costs		87,435	120,592
Advertising and marketing		42,009	77,053
Depreciation and amortisation		20,979	188,216
Other expenses		64,376	32,976
Finance expense		119,773	23,837
Loss before income tax		**(1,565,459)**	**(2,857,774)**
Income tax benefit	8	-	133,694
Loss from continuing operations		**(1,565,459)**	**(2,724,080)**
Profit/(loss) from discontinued operations		**1,749**	**-**
Loss for the period		**(1,563,710)**	**(2,724,080)**
Other comprehensive income			
Foreign currency translation reserve movement		(36,032)	61,357
Total comprehensive (loss) for the period		**(1,599,742)**	**(2,662,723)**
Basic and diluted loss per share (cents per share)			
Basic earnings per share from continuing operations	12	(0.005)	(0.016)
Basic earnings per share from discontinued operations	12	0.001	-
Diluted earnings per share from continuing operations	12	(0.005)	(0.016)
Diluted earnings per share from discontinued operations	12	0.001	-

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Consolidated 31 December 2017 $AUD	 30 June 2017 $AUD
ASSETS			
Current assets			
Cash and cash equivalents		613,923	496,629
Trade and other receivables		187,177	546,090
Prepaid expenses		89,107	10,716
Total current assets		890,207	1,053,435
Non-current assets			
Deferred tax asset		-	-
Property, plant and equipment		8,799	90,320
Intangible assets	9	-	-
Total non-current assets		8,799	90,320
TOTAL ASSETS		899,006	1,143,755
LIABILITIES			
Current liabilities			
Trade and other payables		1,411,862	1,467,139
Short-term borrowings	10	1,446,713	1,500,185
Short-term provisions		102,412	203,836
Total current liabilities		2,960,987	3,171,160
TOTAL LIABILITIES		2,960,987	3,171,160
NET LIABILITIES		(2,061,981)	(2,027,405)
EQUITY			
Equity attributable to owners of the parent:			
Contributed equity	13	17,754,459	16,237,688
Share option reserve	14	1,429,604	1,381,209
Foreign currency translation reserve		(156,968)	(120,936)
Accumulated losses		(21,089,076)	(19,525,366)
TOTAL EQUITY		(2,061,981)	(2,027,405)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2017

31 December 2017	Note	Contributed Equity $AUD	Other Contributed equity	Foreign currency reserve $AUD	Accumulated Losses $AUD	Share option reserve $AUD	Total $AUD
				Consolidated			
Balance at 1 July 2017		**16,178,155**	**59,533**	**(120,936)**	**(19,525,366)**	**1,381,209**	**(2,027,405)**
Losses for the year		-	-	-	(1,563,710)	-	(1,563,710)
Foreign currency translation reserve movement		-	-	(36,032)	-	-	**(36,032)**
Share based payment	15	-	-	-	-	48,395	48,395
Issue of Convertible Notes – Equity component	13	-	113,511	-	-	-	113,511
Contributions of equity	13	1,403,260	-	-	-	-	1,403,260
Balance at 31 December 2017		**17,581,415**	**173,044**	**(156,968)**	**(21,089,076)**	**1,429,604**	**(2,061,981)**

For the Half-Year Ended 31 December 2016

31 December 2016	Note	Contributed Equity $AUD	Other contributed equity	Foreign currency reserve $AUD	Accumulated Losses $AUD	Share option reserve $AUD	Total $AUD
				Consolidated			
Balance at 1 July 2016		**14,122,790**	**-**	**(22,716)**	**(10,613,913)**	**811,173**	**4,297,334**
Losses for the year		-	-	-	(2,724,080)	-	(2,724,080)
Foreign currency translation reserve movement		-	-	61,357	-	-	61,357
Share based payment	15	-	-	-	-	354,675	354,675
Issue of Convertible Notes – Equity component	13	-	41,434	-	-	-	41,434
Contributions of equity	*13*	145,000	-	-	-	-	145,000
Balance at 31 December 2016		**14,267,790**	**41,434**	**38,641**	**(13,337,993)**	**1,165,848**	**2,175,720**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2017

	Consolidated	
	31 December 2017 $AUD	31 December 2016 $AUD
Cash flows from operating activities:		
Receipts from customers	92,313	99,928
Payments to suppliers and employees	(1,469,195)	(1,940,075)
Interest received	32	33
Net cash from continuing operations	(1,376,850)	(1,840,114)
Net cash from discontinued operations	1,749	-
Net cash (used in) operating activities	**(1,375,101)**	**(1,840,114)**
Cash flows from investing activities:		
Payments for plant and equipment	3,149	(40,491)
Payments for intangibles	-	(475,096)
Net cash (used in) investing activities	**3,149**	**(515,587)**
Cash flows from financing activities:		
Proceeds from issue of share capital	-	100,000
Share issue costs	(116,105)	-
Proceeds from shareholder borrowings	1,641,383	676,766
Net cash provided by financing activities	**1,525,278**	**776,766**
Net (decrease) in cash held	153,326	(1,578,935)
Effects of currency translation on cash and cash equivalents	(36,032)	61,360
Cash at beginning of financial year	496,629	1,758,160
Cash at end of financial year	**613,923**	**240,585**

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Pursuant to changes to the *Corporations Act 2001*, the financial statements presented are only for the consolidated entity consisting of Manalto Limited and its subsidiaries.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2017. The functional currency of the Manalto Limited and Australian subsidiary Soshlr Pty Ltd is Australian Dollars ($AUD), while the subsidiary in the United States has a functional currency of US Dollars ($USD), the subsidiary in South Africa has a functional currency of South African Rand (ZAR), the subsidiary in Ireland has a functional currency of Euro (€EUR), and the subsidiary in the Netherlands has a functional currency of Euro (€EUR). As the Company has transitioned the corporate function back to Australia, with the majority of management and operating cashflows to be focused in Australia going forward, the directors have elected to present the financial information in Australian dollars. As such the comparatives have been converted to $AUD to reflect this change.

These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2017 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*. The comparative information for the 6 months ended 31 December 2016 presented in the consolidated statement of profit or loss and other comprehensive income have been further divulged to provide a greater level of detail.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2018.

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9 : Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

– AASB 15 : Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018,).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Based on preliminary analysis the directors anticipate that the adoption of AASB 15 is unlikely to have a material impact on the Group's revenue recognition.

– AASB 16 : Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 : Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116 : Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

3. Going Concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business

The Group has experienced operating losses of $1,563,710 and net cash outflows from operating activities of $1,375,101 for the six months to 31 December 2017, and has net asset deficiency of $2,061,981 as at 31 December 2017.

Subsequent to 31 December 2017, Manlto completed a placement to raise $1,060,000. This raise is in addition to the $540,000 raised in the form of convertible loans announced 20 December 2017 bringing the total amount raised to $1.6M.

In addition, Manalto has received an undertaking from EverBlu Capital that, in addition to the funds raised to date, EverBlu will use its best endeavours to raise additional placement funds utilising the placement capacity approved by shareholders at the AGM. EverBlu has indicated the raising of a further $1M.

To further improve the financial position of the Group, Manalto has received its creditor balance significantly via:

- Deeds of Settlement and Release with creditors, resulting in a total creditor reduction of $263,684 (at an agreed settlement value totalling $12,500);
- Discount arrangements with creditors (totalling $16,500);
- Derecognition of historical creditors (totalling $342,149);
- Progressed liquidation of the Ireland and Netherlands entities (resulting in creditor write offs totalling AUD$71,800); and
- Commenced liquidation of the USA and South Africa entities (resulting in creditor write offs totalling AUD$380,000).

On the basis of the developments above, the Directors believe that it is reasonably foreseeable that the Company and consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in preparation of the interim financial report.

4. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2017.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

5. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

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. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

6. Segment reporting

The Group determines and presents operating segments based on the information that is internally provided to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are regularly reviewed by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include revenue and expense items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Assets and liabilities are not allocated to operating segments. Other unallocated items comprise mainly head office and Group-wide expenses, and income tax amounts.

Under AASB 8 *Operating Segments*, segment information is presented using a 'management approach'; that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). The Group has operations in South Africa, Ireland, the Netherlands, Australia and the USA. As such, the Directors have opted to report its operations by geographical segments. Refer to Note 16 for further information.

7. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except for differences arising on the re-translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Foreign currency gains and losses are reported on a net basis.

8. Intangible assets

	Consolidated		
Half-year ended 31 December 2017	**Capitalised Development Costs $AUD**	**Customer Contracts $AUD**	**Total $AUD**
Opening balance 1 July 2017 [1]	-	-	-
Additions	-	-	-
Amortisation	-	-	-
Balance at 31 December 2017	-	-	-
Half-year ended 31 December 2016			
Opening balance 1 July 2016	1,469,993	99,020	1,569,013
Additions	954,710	-	954,710
Amortisation	(158,213)	(8,247)	(166,460)
Balance at 31 December 2016	2,266,490	90,773	2,357,263

[1] The intangible asset related to capitalised development costs associated with the Soshlr social media management product. The asset was being amortised over a 5-year useful life beginning from the time the product was technically completed and commercialised, which occurred on 1 September 2016.

At 30 June 2017 an impairment loss of AUD $2,545,761 (2016: $Nil) was recognised for this product. The recoverable amount of the asset, determined to be its value-in-use, was deemed nil, based on management's decision to discontinue the product, which was technically completed but had not achieved commercial success in the market. The time and investment required to achieve success was considered too great for the revenue that would be generated.

An impairment loss of AUD $90,773 (2016: $Nil) was also recognised for Customer Contracts. Management have determined that the recoverable amount of this asset is its value-in-use, which has been determined to be nil on the basis of a revised estimate of the future revenue likely to be obtained from the contracts.

9. Short-term borrowings

	Consolidated	
	31 December 2017 $AUD	**30 June 2017 $AUD**
Convertible Notes	1,515,000	1,509,037
Adjustment for equity component	(190,958)	(26,020)
Accrued interest thereon	122,671	17,168
Total Short-term borrowings	**1,446,713**	**1,500,185**

(a) Convertible Notes

On 11th October 2017, the Company successfully placed 550,000 unsecured convertible loan notes (CLN) each with a face value of $1.00 to raise a total of $550,000 under the company's placement capacity. The CLNs issued to date are unsecured, interest free, have a term of 12 weeks and are convertible at the option of the holder in Manalto shares at 1.1c per share.

On 1st December 2017, the Company successfully placed 540,000 unsecured convertible loan notes (CLN) each with a face value of $1.00 to raise a total of $540,000 under the company's placement capacity. The CLNs issued to date are unsecured, interest free, have a term of 12 months and are convertible at the option of the holder in Manalto shares at 0.1c per share.

10. Discontinued operations and non-current assets held for sale

The amounts presented in the statement of Profit or Loss and Other Comprehensive Income under discontinued operations relate to the operations in Ireland and the Netherlands following the reduction in international headcount and the merger of Soshlr operations into the core Manalto product.

11. Earnings Per Share

(a) Reconciliation of Earnings to Profit or Loss

	Consolidated	
	6 months to 31 December 2017 $AUD	**6 months to 31 December 2016 $AUD**
Loss for the year	(1,563,710)	(2,724,080)
Earnings used in calculation of basic and diluted EPS from continuing operations	(1,565,459)	(2,724,080)
Earnings used in calculation of basic and diluted EPS from discontinued operations	**1,749**	**-**

(b) Weighted average number of ordinary shares (diluted):

	Consolidated	
	31 December 2017	**31 December 2016**
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	328,224,964	166,769,186
Weighted average number of ordinary shares outstanding during the period used in calculating diluted EPS	**328,224,964**	166,789,186

As diluted EPS is calculated as a lower loss per share than basic EPS, diluted EPS is taken to be the same as basic EPS.

12. Contributed Equity

	Consolidated	
	6 months to 31 December 2017 No. of shares	**Year to 30 June 2017 No. of shares**
Opening contributed equity	239,173,632	165,783,161
Shares issued during the year upon conversion of convertible notes	127,215,000	37,681,250
Shares issued during the year for consideration	6,000,000	2,991,176
Shares issued during the year for cash	-	31,928,571
Shares issued as consideration for the acquisition of the business known as Hearis		789,474
Total	**372,388,632**	**239,173,632**

Reconciliation:	**Consolidated**	
	6 months to 31 December 2017 $AUD	**Year to 30 June 2017 $AUD**
Balance at 1 July	16,237,688	14,122,790
Shares issued during the year for cash	-	797,000
Share issue expenses	(116,105)	(87,000)
Net cash flow from share issue	(116,105)	710,000
Issue of convertible note – equity component	113,511	77,448
Deemed consideration on acquisition of Hearis assets	-	45,000
Share based payments	120,000	115,200
Contributions of equity	-	947,648
Conversion of convertible notes	1,399,365	1,167,250
Total	**17,754,459**	**16,237,688**

Six months ended 31 December 2017:

- On 30 August 2017, 127,215,000 shares were issued following the conversion of 1,399,365 unsecured convertible notes with a face value of $1.00 each and convertible at 1.1 cents per share.
- On 30 August 2017, 6,000,000 shares were issued to Everblu Capital as consideration for corporate advisory and capital raising services provided.

13. Share Option Reserve

Fair value of options granted

Grant Date	Expiry Date	Exercise Price cents	No. of options as at 01/07/17 '000	Balance 01/07/17 $	No. Granted As Remun '000	Value recognised in reserve $	Exercised	Forfeited	No. of options as at 31/12/17 '000	Balance 31/12/17 $	Vested & Exercisable
11 March 2015	11 March 2020	25	4,550	478,923	-	31,775	-	-	4,550	510,698	4,550
11 March 2015	11 March 2018	25	2,250	202,500	-	-	-	-	2,250	202,500	2,250
16 December 2015	15 December 2020	30	1,600	42,119	-	(4,322)	-	(332)	1,268	37,797	1,268
29 February 2016	29 February 2020	20	13,766	482,113	-	23,874	-	(1,416)	12,349	505,988	9,072
1 December 2015	29 February 2020	25	2,415	86,304	-	(2,932)	-	(410)	2,005	83,371	1,476
9 January 2017	16 December 2020	7	5,250	89,250		-	-	-	5,250	89,250	5,250
	Total		**29,831**	**1,381,209**	**-**	**48,395**	**-**	**(2,158)**	**27,672**	**1,429,604**	**23,866**

14. Share Option Reserve

(a) Expenses arising from share - based payment transactions

Total expenses arising from share - based payment transactions recognised during the period:

	Consolidated	
	6 months to 31 December 2017 $AUD	**6 months to 31 December 2016 $AUD**
Current period expense of existing share options	48,395	354,675
Options issued during the period	-	-
Total	**48,395**	**354,675**

15. Segment Reporting

The following details information related to the geographical segment reporting for the half-year ended 31 December 2017. The Group only operates in one business segment, being the development and commercialisation of social media management technology. The geographical segments are monitored by the Group's chief operating decision maker. The information presented here has been prepared using consistent accounting policies as presented in Note 6.

Half-year ended 31 December 2017	**Australia $AUD**	**USA $AUD**	**Ireland $AUD**	**South Africa $AUD**	**Netherlands $AUD**	**Total $AUD**
Total segment external income from continuing operations	30,989	52,383	-	-	-	83,372
Total segment external income from discontinued operations	-	-	-	-	-	1,749
Total segment interest	-	32	-	-	-	32
Total segment expenses	(1,068,819)	(358,077)	-	(221,967)	1,749	(1,647,114)
Total segment loss	(1,037,830)	(305,662)	-	(221,967)	1,749	(1,563,710)
Total deferred tax assets	-	-	-	-	-	-
Total segment assets	616,587	187,476	848	94,012	83	899,006

15. Segment Reporting (continued)

The following details information related to the geographical segment reporting for the half-year ended 31 December 2016.

Half-year ended 31 December 2016	Australia $AUD	USA $AUD	Ireland $AUD	South Africa $AUD	Netherlands $AUD	Total $AUD
Total segment external income from continuing operations	14,860	52,102	-	-	-	66,962
Total segment external income from discontinued operations	-	-	-	-	-	-
Total segment interest	-	33	-	-	-	33
Total segment expenses	(648,559)	(1,590,226)	(90,580)	(518,592)	(76,813)	(2,924,770)
Total segment loss	(633,700)	(1,538,090)	(90,580)	(518,592)	(76,812)	(2,857,774)
Total deferred tax assets	391,293	242,441	-	-	-	633,734
Total segment assets	591,642	2,276,041	4,082	669,581	74	3,541,420

16. Contingent Liabilities and Contingent Assets

The Group has no contingent assets or liabilities as at balance date or as at the date of this report.

17. Events Subsequent to Reporting Date

Subsequent to 31 December 2017, Manalto completed a placement to raise $1,060,000. This raise is in addition to the $540,000 raised in the form of convertible loans announced 20 December 2017 bringing the total amount raised to $1.6M.

No other significant matters have arisen between balance date and the date of this report.

DIRECTOR DECLARATION

In the Directors' opinion:

1. The condensed consolidated financial statements and notes set out on Pages 7 to 18 are in accordance with the *Corporations Act 2001,* including:

(a) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the six months 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;

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

Mr Terence Clee
Chairman
Perth

28 February 2018

Grant Thornton

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Independent Auditor's Review Report to the Members of Manalto Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Manalto Limited (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Manalto Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss of $1,563,710 during the half year ended 31 December 2017, net cash outflows from operating activities of $1,375,101 and, as of that date, the Group's net asset deficiency by 2,061,981. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists 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.

Grant Thornton

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 Manalto Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner - Audit & Assurance

Perth, 28 February 2018

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DIRECTORS

James Ellingford
Terence Clee
Tim Wilson

COMPANY SECRETARY

Elizabeth Hunt

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