



ASX:HWH RELEASE / 28 FEBRUARY 2020

RELEASE OF APPENDIX 4D AND INTERIM FINANCIAL REPORT

**Sydney, Australia: Prescriptive Analytics and AI Company, Houston We Have Limited** ("Houston We Have" or "The Company") (ASX: HWH), attaches the following documents relating to its results for the financial half year ended 31 December 2019.

- Appendix 4D.
- Interim Financial Report.

ENDS

Elizabeth Whitelock  
Managing Director and CEO  
Houston We Have Ltd.

Authorised for release by the Board of Directors of Houston We Have Ltd

For more information, please contact: [investor@HoustonWeHave.ai](mailto:investor@HoustonWeHave.ai)

**ABOUT US:** Houston we have Human-Centred AI. As a team, we set out to enhance decision making: Augmented Intelligence gives humans the ability to predict the future at speed and without bias. Military grade, originally designed and built for the intelligence community, our patented software delivers insights beyond any AI in the universe. Now available for use by all clever humans. [HoustonWeHave.ai](https://HoustonWeHave.ai) problem solved

# APPENDIX 4D

For the half year ended 31 December 2019



## Houston We Have Limited

ABN 48 124 302 932

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### Revenue and Net Profit

		31 December 2019 \$'000	% change from year ended 31 December 2018	31 December 2018 \$'000
Revenue from ordinary activities	up	209,492	749%	24,680
Profit from ordinary activities after tax	down	(1,944,355)	267%	(529,267)
Net profit attributable to members of the parent	down	(1,944,355)	267%	(529,267)

#### Dividend Information

	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-
Total dividends per share for the year	-	-

#### Net Tangible Assets Per Security

	31 December 2019 cents	31 December 2018 cents
Net tangible assets per security (cents)	1.2	(0.8)

Net tangible assets are defined as the Net Assets of the Houston We Have Limited group less any intangible assets. The number of securities used in the calculation reflects the 10:1 share consolidation that took place on 15 August 2019, including the restatement of the prior comparative period.

#### Details of entities over which control has been gained or lost during the period

On 31 October 2019, the Consolidated Entity finalised the acquisition of its wholly owned subsidiary, Prometheus Information Pty Ltd. This occurred due to a strategic decision to invest in product development, marketing and commercialisation of software, products and services in Australia. Further details regarding the acquisition are in Note 10 of the Half Year Financial Statements.

#### Details of associates and joint venture entities

Company Name	Place of Incorporation	% Ownership 31 December 2019	% Ownership 30 June 2019
HWH Software Pty Ltd	Australia	100%	100%
St Nicholas Mines Pty Ltd	Australia	100%	100%
Prometheus Information Pty Ltd	Australia	100%	-
Data Distillery Pty Ltd	Australia	50%	-
Niquaero LLC	Mongolia	100%	100%

Other information requiring disclosure to comply with listing rule 4.3A is contained in, and should be read in conjunction with, the notes to the Half Year Financial Statements and the Directors' Report for the six month period ended 31 December 2019. This report is based on the consolidated Financial Statements and Notes of Houston We Have Limited which have been reviewed by KPMG.



**Houston We Have Limited  
And Controlled Entities**

ABN: 48 142 901 353

**CONSOLIDATED INTERIM FINANCIAL REPORT  
For the Half Year Ended 31 December 2019**

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## Corporate Directory

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### Directors

Andrew Grover	Executive Chairman
Elizabeth Whitelock	Managing Director and Chief Executive Officer
Steven Formica	Non-Executive Director
Antanas Guoga	Non-Executive Director (appointed 25 February 2020)

### Company Secretary

Ben Secrett

### Business Office

Level 3, 33-35 Atchison Street  
St Leonards NSW 2065  
Telephone: +61 9146 4742

### Registered Office

Level 11, London House  
216 St Georges Terrace  
Perth WA 6000  
Telephone: +61 8 9481 0389  
Facsimile: +61 8 9463 6103

### Website & Email

[www.houstonwehave.ai](http://www.houstonwehave.ai)  
[investor@houstonwehave.ai](mailto:investor@houstonwehave.ai)

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 850 505  
Facsimile: +61 3 9473 2500  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

### Auditors

KPMG  
Level 11, Corporate Centre One  
Cnr Bundall Road and Slater Avenue  
Bundall QLD 4217

### Securities Exchange

Australian Securities Exchange [ASX: HWH]

## Directors' Report (Continued)

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The Directors present the financial report of the Consolidated Entity for the six months ended 31 December 2019, together with review report thereon. The Consolidated Entity consists of Houston We Have Limited (the Company, formerly Veriluma Limited) and the entities it controlled at period end or from time to time during the financial period.

### Directors

The names of Directors who held office during or since the end of the period:

Andrew Grover                      Executive Chairman

Andrew has 25 years' experience in management, business development, sales & marketing, administration and technology across a diverse range of industries. As a founder and investor in numerous innovative companies, Andrew's businesses have been featured in BRW Fast 100 and Deloitte's Fast 50 over several years. Andrew has had several successful exits and has consulted to medium and top 100 companies. Andrew was also CEO of an executive recruitment agency which was acquired by an ASX listed company.

Elizabeth Whitelock              Managing Director and Chief Executive Officer

Elizabeth is a co-founder of Houston We Have Software Pty Ltd and is the Consolidated Entity's CEO. Elizabeth started her career in the UK working for the Metropolitan Police Force and has over 25 years' experience in senior management and CEO roles. Elizabeth has worked with organization such as IBM, Information Builders, SAS, Ingres and Microstrategy. These roles have all shared a focus on Information Management Products and Services and have highlighted her strengths in strategic communications, sales, marketing partner programs while cementing customer relationships.

Steven Formica                    Non-Executive Director

Steven brings to the Consolidated Entity practical management and business development experience. He has been a successful businessman and operations manager for over 30 years in several privately held business ventures including manufacturing, construction, landscape contracting, property development and integrated wholesale and retail businesses. More recently he has been a successful investor and non-executive director in mineral resource companies.

Antanas Guoga                    Non-Executive Director (appointed 25 February 2020)

Tony is an entrepreneur, philanthropist and the founder of the Blockchain Centre in Vilnius, Lithuania. He was a member of the European Parliament for Lithuania (2014-2019) including being a member of the European People's Party Group and worked on a range of digital policies in the Internal Market and Consumer Protection Committee. Tony has also held roles as investment advisor to the Mayor of Vilnius and Olympic Attache for the Lithuanian Team at the 2012 London Olympic Games. Tony contributes experience in digital start-ups, business development, management and venture capital.

### Company Secretary

Ben Secrett held office as the Company Secretary during and since the end of the period.

### Review of Results and Operations

#### Results Overview

The Consolidated Entity reported a loss for the half year ended 31 December 2019 of \$1,944,355 (31 December 2018: loss of \$529,267).

Included in the loss for the half year were non-cash Share Based Payments expenses of \$1,118,019, for performance shares and options issued (as outlined in detail in notes 15 and 16 to the financial statements).

## **Directors' Report (Continued)**

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Operating revenue for the half year totalled \$209,492 and operating expenses (excluding Share Based Payments expense) totalled \$1,043,650.

### Key Business Activities

During the half, the Consolidated Entity extended its services with the Australian Department of Defence to provide hardware as a service in support, and delivery, of training courses being conducted at numerous sites across Australia.

The Consolidated Entity also established Data Distillery Pty Ltd (Data Distillery) in conjunction with Potentiate Pty Ltd (Potentiate) as a special purpose joint venture company, with a 50% interest shared by each party. Data Distillery has been established to provide insights around customer behaviour to help industries such as banking, telecommunications, and automotive better interact with their customers. For the six months ended 31 December 2019 there is no material impact on the financial results of the Consolidated Entity.

### Business Acquisition

In October 2019, the Consolidated Entity acquired 100% of the shares in Prometheus Information Pty Ltd, a company that provides professional services and software to the health insurance sector. The consideration paid for Prometheus was \$500,000 in cash, \$100,000 in shares, and there is contingent consideration of \$73,099 payable not before 30 June 2020 subject to certain milestones being achieved (as detailed in the notes to the financial statements).

### **Financial Position and Cash Flow**

The net assets of the Consolidated Entity have increased to \$3,750,104 from a net asset deficit of \$464,694 at 30 June 2019, driven in large part by capital raising activities as noted in the Corporate Activities section below.

The net cash flow for the Consolidated Entity for the half totalled \$2,888,998 (31 December 2018: net cash outflow of \$306,673).

Cash outflows from operations totalled \$1,010,184 compared with outflows \$304,493 for 31 December 2018 (noting that the prior comparative period included a grant receipt of \$241,897 for which there is no equivalent in the current half year period). The capital raising of the Consolidated Entity has allowed for investment in resources to support business growth plans.

Capital expenditure was \$56,113 for the period. A further \$500,000 was paid in cash for the acquisition of Prometheus, and \$1 was paid to establish the Data Distillery joint venture. The total of investing cash outflows was (net of Prometheus cash acquired on acquisition of \$245,740) \$310,374.

Net cash inflows from financing activities totalled \$4,209,556 for the half year period. This includes the inflow of \$5,400,000 from capital raising, less \$407,698 in cash settled capital raising costs, and the repayment of \$782,746 in borrowings.

### **Corporate Activities**

#### Capital Raising and Reinstatement to Official Quotation

In March 2019, the Consolidated Entity received commitments from several sophisticated and professional investors for an aggregate of \$500,000 financing by way of a short-term convertible note facility (Facility) which was entered into on 28 March 2019. As at 30 June 2019 the Facility was drawn to \$430,000. The convertible notes issued are convertible on or before 28 March 2020 at a conversion price of not less than \$0.002 (pre-consolidation price – on 15 August 2019 the Company effected a consolidation of its issued capital on a 10:1 basis). Conversion was subject to obtaining shareholder approval and this was received at the Annual General Meeting on 9 August 2019. The funds were fully repaid during the period.

## **Directors' Report (Continued)**

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On 24 July 2019 the Consolidated Entity resolved to enter into a lead manager and corporate advisory mandate with Taurus Capital Group Pty Ltd for Taurus Capital to act as lead manager of the capital raising. This Company issued a prospectus dated 26 July 2019 (as supplemented by a supplementary prospectus dated 30 August 2018) for the capital raising, and the raising was approved by shareholders at the Annual General Meeting on 9 August 2019. The Company closed the capital raising offer on 3 September 2019 after issuing 180 million shares at 3 cents raising the maximum subscription of \$5,400,000. The Consolidated Entity's securities were reinstated to official quotation and trading on ASX Limited on 9 September 2019.

### **Dividends**

No dividends were paid during the period and no recommendation is made as to payment of dividends.

### **Events Subsequent to Reporting Date**

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

### **Lead Auditor's Independence Declaration**

The auditor's independence declaration for the period ended 31 December 2019 has been received and is included within the financial statements.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3) of the Corporation Act 2001. Signed in accordance on behalf of the Directors.



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Andrew Grover  
Executive Chairman

28 February 2020



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Houston We Have Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Houston We Have Limited for the half-year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Adam Twemlow  
*Partner*

Gold Coast

28 February 2020

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**Half Year Ended 31 December 2019**

	<b>Note</b>	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 31 December 2018 \$</b>
<b>Revenue</b>	4	209,492	24,680
<b>Other income</b>	5	7,708	183
Audit fees		(42,400)	(30,000)
Consulting and professional fees		(142,525)	(90,083)
Employee costs		(545,494)	(307,883)
Finance expenses		(13,512)	(881)
Marketing and public relations expense		(5,124)	-
Non-Executive Directors' fees		(33,823)	(75,000)
Depreciation and amortisation		(30,276)	-
Other expenses		(141,609)	(38,389)
Share based payments expenses – Directors' and consultants' fees	16	(1,118,019)	(10,082)
Share of net profits/(losses) of equity accounted associates and joint ventures		114	1,732
Share registry and listing fees		(77,211)	(3,544)
Acquisition costs	11	(11,676)	-
<b>Loss before tax</b>		<b>(1,944,355)</b>	<b>(529,267)</b>
Income tax benefit/(expense)		-	-
<b>Net loss for the year</b>		<b>(1,944,355)</b>	<b>(529,267)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(1,944,355)</b>	<b>(529,267)</b>
Basic loss per share (cents)	17	(1.01)	(0.74)
Diluted loss per share (cents)	17	(1.01)	(0.74)

The accompanying notes form part of these consolidated financial statements.

**Consolidated Statement of Financial Position  
As At 31 December 2019**

	Note	Consolidated Entity 31 December 2019 \$	Consolidated Entity 30 June 2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	3,603,037	714,039
Trade and other receivables	7	214,166	157,192
Other assets	8	55,074	764
<b>Total Current Assets</b>		3,872,277	871,995
<b>Non-Current Assets</b>			
Investments in associates and joint ventures		4,344	3,961
Plant and equipment	9	51,480	153
Intangible assets and goodwill	10	574,509	-
<b>Total Non-Current Assets</b>		630,333	4,114
<b>Total Assets</b>		4,502,610	876,109
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	300,972	427,265
Borrowings	13	-	782,746
Employee benefits	14	139,489	116,106
Contract liabilities – unearned income	4	297,899	-
<b>Total Current Liabilities</b>		738,360	1,326,117
<b>Non-Current Liabilities</b>			
Employee benefits	14	14,146	14,686
<b>Total Non-Current Liabilities</b>		14,146	14,686
<b>Total Liabilities</b>		752,506	1,340,803
<b>Net Assets</b>		3,750,104	(464,694)
<b>EQUITY</b>			
Contributed equity	15	20,356,670	15,530,264
Reserves	16	1,383,038	63,400
Accumulated losses		(17,989,604)	(16,058,358)
<b>Total Equity</b>		3,750,104	(464,694)

The accompanying notes form part of these financial statements.

**Consolidated Statement of Changes in Equity**  
**Half Year Ended 31 December 2019**

	Note	Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2019</b>		<b>15,530,264</b>	<b>63,400</b>	<b>(16,058,358)</b>	<b>(464,694)</b>
Equity issues	15	5,513,104	-	-	5,513,104
Capital raising costs	15	(686,698)	-	-	(686,698)
Share based payments	16	-	1,319,638	13,109	1,332,747
Loss for the period		-	-	(1,944,355)	(1,944,355)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(1,944,355)	(1,944,355)
<b>Balance at 31 December 2019</b>		<b>20,356,670</b>	<b>1,383,038</b>	<b>(17,989,604)</b>	<b>3,750,104</b>

<b>Consolidated Entity</b>					
		Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2018</b>		<b>15,410,653</b>	<b>25,400</b>	<b>(15,583,442)</b>	<b>(147,389)</b>
Equity issues	15	67,611	-	-	67,611
Loss for the period		-	-	(529,267)	(529,267)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(529,267)	(529,267)
<b>Balance at 31 December 2018</b>		<b>15,478,264</b>	<b>25,400</b>	<b>(16,112,709)</b>	<b>(609,045)</b>

The accompanying notes form part of these consolidated financial statements.

**Consolidated Statement of Cash Flows**  
**Half Year Ended 31 December 2019**

	Note	Consolidated Entity 31 December 2019 \$	Consolidated Entity 31 December 2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		139,426	35,030
Payments to suppliers and employees		(1,141,599)	(580,722)
Interest received		7,709	183
Interest paid		(15,720)	(881)
Receipts from grants		-	241,897
Net cash from / (used in) operating activities		(1,010,184)	(304,493)
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(56,113)	-
Acquisition of subsidiary		(500,000)	-
Acquired cash		245,740	-
Investment in associate		(1)	-
Net cash from / (used in) investing activities		(310,374)	-
<b>Cash flows from financing activities</b>			
Proceeds from equity issues	15	5,400,000	67,611
Payment for costs of equity issues		(407,698)	-
Repayment of convertible notes		(520,300)	-
Repayment of borrowings		(262,446)	(69,791)
Net cash provided from / (used in) financing activities		4,209,556	(2,180)
Net increase/(decrease) in cash held		2,888,998	(306,673)
<b>Cash and cash equivalents at beginning of the period</b>		<b>714,039</b>	<b>473,855</b>
<b>Cash and cash equivalents at period end</b>	<b>6</b>	<b>3,603,037</b>	<b>167,182</b>

The accompanying notes form part of these consolidated financial statements.

## **Notes to the Financial Statements**

### **For the Half Year Ended 31 December 2019**

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The condensed consolidated financial report covers Houston We Have Limited and its controlled entities ('the Consolidated Entity'). Houston We Have Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Consolidated Entity is a for-profit entity primarily involved in product development, marketing and commercialisation of software, products and services. Each of the entities within the Consolidated Entity prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The financial report was authorised for issue by the Directors on 28 February 2020.

#### **1. Basis of preparation**

The interim consolidated financial statements for the half year ended 31 December 2019 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of Houston We Have Limited and its controlled entities as at and for the year ended 30 June 2019, which are available upon request from the Company's registered office at level 3, 33-35 Atchison Street, St Leonards, New South Wales 2065.

#### **Going concern**

The financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated Entity recorded a loss for the period ended 31 December 2019 of \$1,944,355 (2018: loss of \$529,267) and used \$1,010,184 of cash in operations. The Consolidated Entity had cash and cash equivalents of \$3,603,037 (30 June 2019: \$714,039), net assets of \$3,750,104 at 31 December 2019 (30 June 2019: deficiency of \$464,694), and a net current asset position of \$3,133,917.

Management have prepared cash flow projections for the period up to 30 June 2021 that support the Consolidated Entity's ability to continue as a going concern. These cash flows assume the Consolidated Entity will incur net operating cash outflows in the 2021 financial year, as it continues to invest in the research, development and commercialisation of its technology and that the Consolidated Entity maintains expenditures in line with available funding. Sufficient cash reserves are forecast to be maintained during the forecast period.

The directors believe the Consolidated Entity has the ability to meet its debts as and when they fall due for the reasons outlined above.

#### **2. Summary of significant accounting policies**

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Consolidated Entity's last annual financial statements for the year ended 30 June 2019, unless otherwise stated. The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

The Consolidated Entity has adopted the newly effective accounting standard AASB 16 Leases from 1 July 2019. AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended.

The Consolidated Entity has adopted AASB 16 using the modified retrospective approach on transition and accordingly has not restated comparative information. At the transition, the lease liability is measured at present value on the remaining lease payments, discounted at the Consolidated Entity's incremental borrowing rate, being the rate the Consolidated Entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Consolidated Entity entered into a lease agreement for office space which commenced on 13 January 2020 for a period of 2 years. The Consolidated Entity will need to recognise a lease liability and right of use

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

asset in regards to this lease for the year ended 30 June 2020. Furthermore, the Company will need to recognise depreciation and interest costs, instead of operating lease expenses for the year ended 30 June 2020.

The adoption of AASB 16 did not have a material impact on the financial statements for the period ended 31 December 2019.

**3. Critical accounting estimates and judgements**

The Directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are consistent with those made at 30 June 2019, with the exception of Going concern, Revenue (as detailed in note 4), Business Combinations (as detailed in Note 11) and Share Based Payments (as detailed in Note 16).

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 31 December 2018 \$</b>
<b>4. Revenue</b>		
a. Details of revenue		
Software licence and consulting revenue	209,492	24,680
	<b>209,492</b>	<b>24,680</b>
b. Contract balances		

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

	<b>31 December 2019 \$</b>	<b>30 June 2019 \$</b>
Receivables which are included in trade and other receivables	146,770	-
Contract assets	30,000	50,000
Contract liabilities	(297,899)	-

The contract assets relate primarily to the Group's rights to consideration for work completed but not billed at reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities relate to the advance consideration received from customers for licenses or services for which revenue is recognised over time.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

**4. Revenue (continued)**

c. Disaggregation of revenue

The Consolidated Entity has reviewed its revenue streams in a manner consistent with 30 June 2019 and provides the following disaggregated information:

Performance obligation	Timing of revenue recognition	31 December 2019 \$	31 December 2018 \$
Proof of concept revenue	Over time based on proportion of work performed	-	24,680
Provision of software licenses, hardware and installation	Point in time on acceptance by the customer	9,560	-
Software updates, SaaS, technical environment and support services	Over time, over the term of the contracted service period	135,740	-
Integration services	Point in time, on integration of the software	31,300	-
Training services	Over time, as and when services are performed	32,892	-
		<b>209,492</b>	<b>24,680</b>
<b>5. Other Income</b>			
Interest income		7,708	183
		<b>7,708</b>	<b>183</b>

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
<b>6. Cash and Cash Equivalents</b>		
Cash at bank	3,602,938	713,939
Cash on hand	99	100
	<u>3,603,037</u>	<u>714,039</u>

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
<b>7. Trade and Other Receivables</b>		
Trade receivables	146,770	23,430
Provision for impairment of trade receivables (i)	(18,150)	-
Contract assets	30,000	50,000
Government grant receivable	54,810	54,810
GST receivable	-	28,952
Other receivables (ii)	61,753	61,017
Provision for impairment of other receivables (ii)	(61,017)	(61,017)
	<u>214,166</u>	<u>157,192</u>

(i) An amount of debtors has been impaired in accordance with the accounting policy of expected loss provisioning as the likelihood of recovering this amount is unknown.

(ii) Includes \$61,017, being the balance of Toro Mining Pty Ltd share sale proceeds receivable from the purchaser. This amount has previously been fully impaired as it is unlikely to be recovered.

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
<b>8. Other Assets</b>		
Prepaid expenses	55,074	762
	<u>55,074</u>	<u>762</u>

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
<b>9. Plant and Equipment</b>		
<u>Historical Cost</u>		
Balance at beginning of period	-	-
Additions	56,112	-
Disposals	-	-
Balance at end of period	56,112	-
<u>Accumulated Depreciation</u>		
Balance at beginning of period	-	-
Depreciation	(4,632)	-
Disposals	-	-
Balance at end of period	(4,632)	-
<u>Carrying Amounts</u>		
Balance at beginning of period	-	-
Balance at end of period	51,480	-

During the period to 31 December 2019 the Consolidated Entity acquired computer equipment with a cost of \$56,112 (period to 31 December 2018: \$nil).

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
<b>10. Intangibles and Goodwill</b>		
Intellectual property	109	153
Software (i)	435,200	-
Goodwill (ii)	139,200	-
	574,509	153

(i) Fair value on acquisition of \$460,800 (refer note 11) less amortisation of \$25,600.

(ii) Detailed impairment testing will be performed prior to the end of the financial year using cash flow projections, long term business forecasts and market based valuation assumptions, where appropriate.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

**11. Acquisition of Subsidiary**

On 31 October 2019, the Consolidated Entity acquired 100% of the shares in Prometheus Information Pty Ltd (PIPL). Taking control of PIPL is a growth opportunity to solve problems within complex, evolving environments and to extend insights already in place, such as managing fraud risks.

In the 2 months to 31 December 2019, PIPL contributed \$85,379 in revenue and profit of \$2,270 to the Group's results.

a. Consideration Transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	<b>Consideration \$</b>
Cash	500,000
Equity instruments (2,457,002 ordinary shares) (i)	<u>100,000</u>
	<u><u>600,000</u></u>

- (i) The fair value of the ordinary shares issued was based on the listed share price of the Company on 30 October 2019 of \$0.0407.
- (ii) The Group has agreed to pay the selling shareholders \$73,099 on 30 June 2020 provided that:
- a. No more than 3 clients of PIPL have terminated their relationship with the company for the period ending 30 June 2020; and
  - b. The principals of the company have continued their employment until 30 June 2020.

This amount is being expensed over the period from 1 November 2019 to 30 June 2020.

b. Acquisition Costs

The group incurred acquisition costs of \$11,676 relating to legal fees and due diligence costs. These amounts have been included in the condensed consolidated statement of profit or loss and other comprehensive income.

c. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition

	<b>Fair Value \$</b>
Cash	245,740
Trade and other receivables	118,838
Software	460,800
Trade and other payables	(40,531)
Contract liabilities	<u>(324,047)</u>
Total net identifiable assets and liabilities acquired	<u><u>460,800</u></u>

Trade and other receivables comprised gross contractual amounts due of \$59,422, all of which has subsequently been collected.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

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Fair values measured on a provisional basis

The fair value of assets and liabilities acquired has been determined on a provisional basis. The fair value of the software has been determined using an estimated cost-to-redevelop approach. The Group will continue to consider the valuations during the measurement period and make any adjustments deemed appropriate within 12 months of the date of acquisition.

d. Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	\$
Total consideration transferred	600,000
Less: Fair value of identifiable net assets	<u>(460,800)</u>
Goodwill	<u><u>139,200</u></u>

None of the goodwill is expected to be deductible for tax purposes.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
<b>12. Other Payables</b>		
Accrued share based payments – Directors’ fees	40,000	25,104
PAYG and superannuation payable	84,845	72,629
GST payable	32,998	-
Sundry payables and accrued expenses	67,508	221,529
Trade creditors	75,621	108,003
	<b>300,972</b>	<b>427,265</b>
<b>13. Borrowings</b>		
Convertible notes (i)	-	520,300
Related party borrowings:		
Canary Capital Pty Ltd (ii)	-	171,486
Elizabeth Whitelock (ii)	-	90,960
	<b>-</b>	<b>782,746</b>

- (i) The convertible notes at 30 June 2019 were fully repaid during the period after reinstatement of the Consolidated Entity to quotation on the ASX in September 2019.
- (ii) The related party borrowings at 30 June 2019 included \$247,829 payable in accordance with the DOCA. This amount was paid after reinstatement of the Consolidated Entity to quotation on the ASX.

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
<b>14. Employee benefits</b>		
<u>Current</u>		
Annual leave	94,247	84,773
Long service leave	45,242	31,333
	<b>139,489</b>	<b>116,106</b>
<u>Non-Current</u>		
Long service leave	14,146	14,686
	<b>14,146</b>	<b>14,686</b>

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

	Consolidated Entity 31 December 2019		Consolidated Entity 30 June 2019	
	No. of Ordinary Shares	\$	No. of Ordinary Shares	\$
<b>15. Contributed Equity</b>				
At 1 July	741,304,799	15,530,264	359,131,459	15,410,653
Share issue: DOCA	-	-	372,173,333	67,611
Share issue: Performance A shares conversion	-	-	7	-
Share issue: Corporate advisor shares Non-Executive Director shares to be issued	-	-	10,000,000	30,000
Consolidation of capital (i)	(667,174,229)	-	-	22,000
Share issue: reinstatement to quotation on official ASX list (ii)	180,000,000	5,400,000	-	-
Share issue: in lieu of Directors' fees (iii)	1,170,134	13,104	-	-
Share issue: acquisition of Prometheus Information Pty Ltd (iv)	2,457,002	100,000	-	-
Share issue: Performance B shares conversion (v)	7	-	-	-
Capital raising costs (ii)	-	(686,698)	-	-
Contributed equity at end of period	257,757,713	20,356,670	741,304,799	15,530,264

- (i) On 15 August 2019 the Group effected a 10:1 consolidation of its share capital.
- (ii) On 3 September 2019 the Group issued 180,000,000 shares at \$0.03 per share for cash totalling \$5,400,000. There were no amounts unpaid on the shares issued. Costs associated with raising capital and issuing shares totalled \$686,698.
- (iii) On 30 August 2019 1,170,134 shares at \$0.03 per shares were issued to directors in lieu of directors' fees.
- (iv) On 31 October 2019 2,457,002 shares at \$0.0407 per share were issued as part of the consideration for the acquisition of Prometheus Information Pty Ltd (refer note 11).
- (v) On 31 October 2019 7 ordinary shares were issued subsequent to the expiry of Class B Performance Shares.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

	<b>Consolidated Entity 31 December 2019 No.</b>	<b>Consolidated Entity 30 June 2019 No.</b>
<b>15. Contributed Equity (continued)</b>		
<u>Performance shares</u>		
Balance at beginning of period (i)	30,000,000	30,000,000
Consolidation of capital (ii)	(27,000,000)	-
Lapse of performance shares (iii)	(1,500,000)	-
Issue of performance shares (iv)	10,000,000	-
Balance at end of period	<b>11,500,000</b>	<b>30,000,000</b>

- (i) The Performance Shares balance of 30,000,000 at 30 June 2019 comprised (on a pre-consolidation of capital basis):
- a. 15,000,000 B Performance Shares. B Performance Share milestone will be taken to have been satisfied if, on or before the 3<sup>rd</sup> anniversary of the issue of the B Performance Shares, the Houston We Have business achieves annual sale revenues of not less than A\$3 million.
  - b. 15,000,000 C Performance Shares. C Performance Share milestone will be taken to have been satisfied if, on or before the 4<sup>th</sup> anniversary of the issue of the C Performance Shares, the Houston We Have business achieves annual sale revenues of not less than A\$10 million.
- (ii) On 15 August 2019 the Group effected a 10:1 consolidation of its share capital.
- (iii) On 8 September 2019 the B Performance Shares lapsed as the milestone was not met.
- (iv) 10,000,000 Performance Shares were issued on 30 August 2019 as follows:
- a. 5,000,000 D Performance Shares (2,500,000 each to Andrew Grover and Elizabeth Whitelock). D Performance Share milestone will be taken to have been satisfied if the Company's 30 trading day volume weighted average price of Shares as traded on ASX being not less than \$0.08 on or before that date which is 3 years after the date of issue of the Performance Shares. If the relevant Milestone is not achieved by the required date, then all Performance Shares in that class held by each Holder will automatically convert into 1 Share. The grant date fair value of these shares was determined to be \$115,500 using a Monte Carlo simulation model (see Note 16 (ii)).
  - b. 5,000,000 E Performance Shares (2,500,000 each to Andrew Grover and Elizabeth Whitelock). E Performance Share milestone will be taken to have been satisfied if the Company's 30 trading day volume weighted average price of Shares as traded on ASX being not less than \$0.12 on or before that date which is 3 years after the date of issue of the Performance Shares. If the relevant Milestone is not achieved by the required date, then all Performance Shares in that class held by each Holder will automatically convert into 1 Share. The grant date fair value of these shares was determined to be \$98,500 using a Monte Carlo simulation model (see Note 16 (ii)).

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

**15. Contributed Equity (continued)**

	<b>Consolidated Entity 31 December 2019 No.</b>	<b>Consolidated Entity 30 June 2019 No.</b>
<u>Unlisted options</u>		
Balance at beginning of period	21,000,000	1,000,000
Expiry of options (v)	(1,000,000)	-
Consolidation of capital (vi)	(18,000,000)	-
Options granted (note 16)	72,000,000	20,000,000
Balance at end of period	<u>74,000,000</u>	<u>21,000,000</u>

(v) On 13 July 2019 1,000,000 options (pre- 10:1 consolidation) expired with the vesting criteria being unmet.

(vi) On 15 August 2019 the Group effected a 10:1 consolidation of its share capital.

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
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**16. Reserves**

Share based payments reserve

Balance at beginning of period	63,400	25,400
Options granted (i)	1,118,748	38,000
Performance shares granted (ii)	214,000	-
Options lapsed (iii)	(820)	-
Performance shares lapsed (iv)	(12,290)	-
Balance at end of period	<u>1,383,038</u>	<u>63,400</u>

(i) The fair value of options at grant date is determined using the Black-Scholes model. The inputs used in the measurement of the fair values at grant date of the options granted during the period are set out in the table below.

(ii) The fair value of performance shares (per note 14 (iv)) at grant date is determined using a Monte Carlo simulation model. The inputs used in the measurement of the fair values at grant date and vesting dates of the performance shares issued during the period are set out in the table below. They vested immediately on grant date.

(iii) On 13 July 2019 1,000,000 options (pre -10:1 consolidation) expired with the vesting criteria being unmet. The corresponding value of \$820 has been taken to retained losses.

(iv) On 8 September 2019 the B Performance Shares lapsed as the milestone was not met. The corresponding value of \$12,290 has been taken to retained losses.

**Share option program**

Options are granted under the Company's Incentive Option Scheme, and eligible participants can be employees, consultants or advisors. Options issued pursuant to the Scheme are issued free of charge. The ability for a participant to exercise the options is restricted in accordance with the terms and conditions detailed in the Incentive Option Scheme. The exercise period may also be affected by other events as detailed in the terms and conditions of the scheme. Each option entitles the holder to subscribe for and be allotted one share. Shares issued pursuant to the exercise of options, including bonus issues, and new issues, rank equally and carry the same rights and entitlements as other shares on issue.

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

**16. Reserves (continued)**

**Fair value share options**

The fair value of options at grant date is determined using the Black-Scholes model. The inputs used in the measurement of the fair values at grant date of the options granted during the period are set out in the table below.

<b>Inputs</b>	<b>Class A Director Options</b>	<b>Class B Director Options</b>	<b>Class A Supplier &amp; Employee Options</b>	<b>Class B Supplier &amp; Employee Options</b>	<b>Employee Options</b>
<b>Number of options</b>	9,000,000	9,000,000	26,000,000	26,000,000	2,000,000
<b>Exercise price</b>	\$0.04	\$0.08	\$0.04	\$0.08	\$0.04
<b>Expiry date</b>	30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23	01-Nov-24
<b>Grant date</b>	30-Aug-19	30-Aug-19	03-Sep-19	03-Sep-19	31-Oct-19
<b>Share price at grant date</b>	\$0.03	\$0.03	\$0.03	\$0.03	\$0.04
<b>Risk free interest rate</b>	0.67%	0.67%	0.70%	0.70%	0.88%
<b>Volatility</b>	100%	100%	100%	100%	121%
<b>Option value</b>	\$0.0164	\$0.0151	\$0.0163	\$0.0151	\$0.043

**Fair value performance shares**

The fair value of performance shares (per note 14 (iv)) at grant date is determined using a Monte Carlo simulation model. The inputs used in the measurement of the fair values at grant date and vesting dates of the performance shares issued during the period are set out in the table below.

<b>Inputs</b>	<b>D Performance Shares</b>	<b>E Performance Shares</b>
<b>Number of performance shares</b>	5,000,000	5,000,000
<b>Hurdle price</b>	\$0.08	\$0.12
<b>Expiry date</b>	30-Aug-22	30-Aug-22
<b>Grant date</b>	30-Aug-19	30-Aug-19
<b>Share price at grant date</b>	\$0.03	\$0.03
<b>Risk free interest rate</b>	0.67%	0.67%
<b>Volatility</b>	100%	100%
<b>Option value</b>	\$0.0231	\$0.0197

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

**16. Reserves (continued)**

The terms and conditions of the options granted and on issue during the half year were as follows:

	Grant Date	Expiry Date	Vesting Date	Exercise Price	Grant Date Fair Value	Granted/ on Issue	Exercised / Cancelled	Balance at 31 Dec 19
Director Options 3	13-Jul-16	13-Jul-19	13-Jul-16	\$1.093	\$819	100,000	(100,000)	-
Corporate Advisor Options (i)	04-Apr-19	04-Apr-22	04-Apr-19	\$0.03	\$38,000	2,000,000	-	2,000,000
Class A Director Options (i)	30-Aug-19	30-Jun-22	30-Aug-19	\$0.04	\$147,217	9,000,000	-	9,000,000
Class B Director Options (i)	30-Aug-19	30-Jun-23	30-Aug-19	\$0.08	\$135,876	9,000,000	-	9,000,000
Class A Supplier & Employee Options (i)	03-Sep-19	30-Jun-22	03-Sep-19	\$0.04	\$424,614	26,000,000	-	26,000,000
Class B Supplier & Employee Options (i)	03-Sep-19	30-Jun-23	03-Sep-19	\$0.08	\$391,913	26,000,000	-	26,000,000
Employee Options (ii)	31-Oct-19	01-Nov-24	31-Jul-20	\$0.04	\$70,460	2,000,000	-	2,000,000
	Total grant date fair value of options on issue at 31 December 2019				\$1,208,080			

- (i) Vested immediately on grant date  
(ii) These options vest over a 9 month period from grant date to 31 July 2020 on the condition that continued employment is satisfied from grant date to 31 July 2020.

**Share Based Payment Expense**

During the half-year, share based payment expenses of \$839,720 (2018: \$Nil) in relation to options issued, \$214,000 (2018: \$Nil) in relation to performance shares issued (2018: \$Nil) and \$64,299 (2018:\$10,082) in relation to director fees was recorded in profit and loss.

	<b>Consolidated Entity 31 December 2019</b>	<b>Consolidated Entity 31 December 2018</b>
<b>17. Loss per share</b>		
Weighted average number of shares on issue (i)	193,138,258	71,682,437
Loss per share (cents) (ii)	(1.01) cents	(0.74) cents

- (i) The calculation of the weighted average number of shares has taken into consideration the 10:1 consolidation that occurred on 15 August 2019. The comparative figures have also been adjusted on a 10:1 basis (reported in the 31 December 2018 half year report as 716,824,368).  
(ii) The loss per share for the prior comparative period has been restated based on the consolidation of shares note above in (i).

**Notes to the Financial Statements**  
**For the Half Year Ended 31 December 2019**

**18. Operating segments**

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is reviewed by the Directors. The Consolidated Entity has identified it only operates in one business segment, being the product development, marketing and commercialisation of software, products and services in Australia. As all significant assets and liabilities and the financial result relates to the one business segment, no detailed segment analysis has been performed. No seasonality in the business segment has been identified that would have a significant impact on the results of the Consolidated Entity.

**19. Events after the end of the reporting year**

There are no matters or circumstances that have arisen since the end of the year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

**20. Commitments and contingencies**

	<b>Consolidated Entity 31 December 2019 \$</b>	<b>Consolidated Entity 30 June 2019 \$</b>
a. Commitments relating to operating expenditures		
Not longer than 1 year	21,000	-
More than 1 year but not longer than 5 years	25,956	-
More than 5 years	-	-
	46,956	-

During the half year ended 31 December 2019, a lease for office space was entered into with a commencement date of 13 January 2020 for a period of 2 years.

- b. Contingent assets  
There are no contingent assets as at 31 December 2019.
- c. Contingent liabilities  
There are no contingent liabilities as at 31 December 2019.

**21. Interests in Controlled Entities**

Company Name	Place of Incorporation	% Ownership 31 December 2019	% Ownership 30 June 2019
HWH Software Pty Ltd	Australia	100%	100%
St Nicholas Mines Pty Ltd	Australia	100%	100%
Prometheus Information Pty Ltd	Australia	100%	-
Data Distillery Pty Ltd	Australia	50%	-
Niquaero LLC	Mongolia	100%	100%

## Directors' Declaration

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The Directors of the Houston We Have Limited (the Company) declare that:

1. The interim financial statements and notes that are set out on pages 7 to 24 are in accordance with the *Corporations Act 2001*, including:
  - a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the financial period ended on that date; and
  - b. complying with Accounting Standard 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.



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Andrew Grover  
Executive Chairman

28 February 2020



# Independent Auditor's Review Report

To the shareholders of Houston We Have Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Houston We Have Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Houston We Have Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2019
- 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Houston We Have Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Interim Financial Report

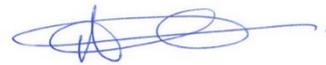
Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Houston We Have Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim 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.

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

KPMG

KPMG



Adam Twemlow  
Partner

Gold Coast

28 February 2020