



AQUAINT CAPITAL HOLDINGS LIMITED

(Subject to Deed of Company Arrangement)

ACN 164 440 859

INTERIM FINANCIAL REPORT for the half-year ended 30 June 2017

The information contained in this condensed report is to be read in conjunction with Aquaint Capital Limited's 2016 annual report and announcements to the market made by Aquaint Capital Limited

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Subject to Deed of Company Arrangement)

ACN 164 440 859

INTERIM FINANCIAL REPORT 30 JUNE 2017

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CORPORATE DIRECTORY

Directors

Mr Jeremy King

Ms Sara Kelly

Ms Kyla Garic

Company Secretary

Ms Kyla Garic

Registered office

108 Outram Street

West Perth WA 6005

Telephone: +61 8 9486 7244

Facsimile: +61 8 9463 6373

Auditor

BDO Audit (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

Share Registry

Link Market Services Limited

QV1 Building, Level 12

250 Georges Terrace

Perth WA 6000

Securities Exchange Listing

ASX Limited

Level 40, Central Park 152-158 St Georges Terrace

Perth, WA, 6000

ASX Code – AQU

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Subject to Deed of Company Arrangement)

ACN 164 440 859

INTERIM FINANCIAL REPORT 30 JUNE 2017

DIRECTORS' REPORT

Your Directors present their report, together with the interim financial statements of Aquaint Capital Holdings Limited (**ACHL or the Company**) and controlled entities (**the Group**) for the half-year ended 30 June 2017.

Directors

The names and the particulars of the Directors of the Company since the end of the half year ended 30 June 2017:

Name	Status	Appointed
Ms Sara Kelly	Non-Executive Director	Appointed 1 December 2016
Mr Jeremy King	Non-Executive Director	Appointed 1 December 2016
Ms Kyla Garic	Non-Executive Director	Appointed 1 December 2016

Company secretary

The below named Company Secretary held office since the Appointment date until the date of this report.

Name	Status	Appointed
Ms Kyla Garic	Company secretary	Appointed 1 December 2016

Incomplete records

The financial report has been prepared by Directors who were not in office for the periods presented in this report, nor were they parties involved with the Company and did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. The directors have not been able to source books and records of Aquaint Capital limited (a subsidiary of the Company) ("ACL") and have determined to deconsolidate the financial information of ACL from 01 January 2015. The Directors who prepared this financial report were appointed on 1 December 2016. Reasonable effort has been made by the Directors to ascertain the true position of the Company as at 30 June 2017.

Refer below to Significant Events after Balance Sheet Date – Recapitalisation Proposal, for further information.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Group's accounting system. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 30 June 2016 and 30 June 2017.

For the half year ended 30 June 2017, the auditors of the Company have issued a disclaimer of review opinion. For further information, refer to Independent Auditors review Report on page 17.

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DIRECTORS' REPORT

Significant changes in state of affairs

Recapitalisation of the Company

On 14 June 2016, the Company announced that the Company's then board had resolved to appoint Samuel John Freeman, Clint Peter Joseph and Adam Paul Nikitins as joint and several voluntary administrators of the Company. On 15 November 2016 Clint Peter Joseph resigned as one of the Joint and Several Deed Administrators for the Company.

Following a creditors' meeting on 22 August 2016, the Company entered into a Deed of Company Arrangement (**DOCA**) with CPS Capital Group Limited (as proponent) on 9 September 2016. The DOCA embodied a proposal for the recapitalisation of the Company (**Recapitalisation Proposal**).

A summary of the material terms of the Recapitalisation Proposal is set out below, the Company is currently subject to DOCA.

- a) On Shareholder approval of the DOCA the Company and the Deed Administrator establish a Creditors' Trust, with the Deed Administrators acting as trustees;
- b) All existing assets of the Company will be transferred to the Creditors' Trust, including an amount of \$400,000 comprising of:
 - i. \$30,000 (**Deposit**), paid by CPS as follows;
 - a. A non-refundable deposit of \$10,000 upon the administrator recommending the proposal, the deposit was paid on 9 September 2016 and
 - b. A non-refundable deposit of \$20,000 upon creditors' approving the proposal, the deposit was paid on 9 September 2016.
 - ii. \$370,000 (**Recapitalisation Payment**), to be payable by CPS upon Shareholder approval of the Recapitalisation Resolutions. The Deposit and Recapitalisation Payments are to be repaid to CPS upon reinstatement of the Company's securities to the Official List;
- c) all creditors will be required to prove debts against the Trustee of the Creditors' Trust as if they were claimed in a liquidation of the Company and payments in respect of admitted claims of the Creditors will be made in accordance with the DOCA and the Creditors' Trust Deed;
- d) upon completion of the DOCA, the Trustees shall distribute the Trust Fund pursuant to the Trust Deed in the following priority:
 - i. first, to the extent that the Administrators' Costs, Expenses and Remuneration have not been paid to the Administrators at Completion, to pay the Administrators Costs, Expenses and Remuneration;
 - ii. second, to pay the Trustees' Costs, Expenses and Remuneration;
 - iii. third, to pay the admitted claims of KPCL¹
 - iv. fourth, to pay the admitted claims of priority creditors;
 - v. fifth, to pay any further admitted claims of KPCL¹
 - vi. sixth, to pay the admitted claims of unsecured creditors; and
 - vii. finally, to the Company
- e) the Deed Administrator cause the then Company Secretary and Directors of the Company to be removed and appoint nominees of CPS as Company Secretary and Directors of the Company; the nominee directors and Company Secretary were appointed on 1 December 2016;
- f) on all security over the Company's assets will be discharged and released;

On completion of the DOCA the Company will be debt free and no security will exist over it or any of its assets.

¹ To the extent that the Admitted Claim of KPCL are liable to paid from assets of the Trust Fund that were at the Commencement Date circulating assets of the Company under section 340 of the PPSA 2009.

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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DIRECTORS' REPORT

Significant changes in state of affairs (continued)

On 23 February 2017, BDO Audit (WA) Pty Ltd has been appointed as auditor of the Company.

On 9 June 2017, the Company signed a conditional agreement to acquire 100% of Schrole Group Ltd ("Schrole"), a software and services company which provide schools with innovative, technology based recruitment platforms and consulting service solutions that enable schools to address staffing and recruitment challenges.

As consideration for 100% of the issued capital of Schrole, the Company has agreed to issue:

- 150 million fully paid ordinary shares (on a post-consolidation basis) (**Consideration Shares**)
- 290 million performance shares to current management of Schrole (on a post-consolidation basis) (**Performance Shares**) will convert upon satisfaction of any one of the following milestones:
 - 40 million performance shares will convert to fully paid ordinary shares in the Company on Schrole obtaining 215 schools with a subscription for the Schrole Connect product or 198 licences with a subscription for the Schrole Cover product prior to the date is within 18 months of re-listing (**Series A Performance Shares**);
 - 100 million performance shares will convert into fully paid ordinary shares in the Company on Schrole achieving total annual sales revenue of \$7 million over any twelve-month period to the date that is within 36 months of re-listing (**Series B Performance Shares**); and
 - 15 million performance shares will convert into fully paid ordinary shares in the Company on Schrole achieving accumulated earnings before interest, taxes, depreciation and amortisation of \$3 million over 12-month period prior to date that is within 48 months of re-listing (**Series C Performance Shares**)

The acquisition agreement is subject to conditions precedent including (but not limited to):

- the Company receiving conditional approval from ASX to reinstate the securities of the Company to trading;
- the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the transaction including approval for:
 - the consolidation of the Company's securities on a ratio of 60:1;
 - the issue of consideration shares to Schrole shareholders under the acquisition agreement;
 - the issue of share and options pursuant to the capital raisings;
 - conversion of the Convertible Notes into 25 million Purchaser Shares (Convertible Note Shares) and 25 million free attaching options;
 - the purposes of re-compliance with Chapters 1 and 2 of the ASX Listing Rules; and
 - the change of the Company's name to "Schrole Group Limited" or such other name as agreed;
- the Company completing the capital raising to raise a minimum of \$5,500,000 by way of an offer of shares;
- the effectuation of the deed of company arrangement;
- Execution and completion of share sale agreements in respect of the Schrole minority shareholders;
- Schrole nominees to be appointed to the Company's board; and
- the Company and Schrole obtaining any other necessary shareholder and regulatory approvals pursuant to the ASX Listing Rules and the Corporations Act 2001 (Cth) or any other applicable law or regulations to lawfully complete the Transaction.
- A waiver from ASX in respect of Listing Rule 2.1 (Condition 2) to undertake the Capital raising at an issue price of \$0.02 per share (including a waiver in respect of any options) and approval from ASX that the terms of the Performance Shares satisfy ASX Listing Rule 6.1.
- the Company obtaining all necessary Schrole shareholder approvals in relation to the transaction including approval for:
 - change of company name

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DIRECTORS' REPORT

Significant changes in state of affairs (continued)

- cancellation of existing Series B, C and D performance shares; and
- conversion of existing Series A performance shares into ordinary shares in Schrole.

Upon completion of the transaction, Mr Robert Graham will lead the Board as Managing Director.

No other significant changes in the nature of the Company's activities have occurred during the period.

Significant events after balance date

On 18 August 2017, the Company lodged a Prospectus with ASIC for its offer to the public of up to 300 million shares at an issue price of \$0.02 each to raise up to \$6 million (before costs). The offer is expected to close on or around the 15 September 2017.

Except for the matters noted above no other significant events after balance date have occurred.

Financial Performance

The loss for the six months ended 30 June 2017 was \$6,086 (30 June 2016: loss \$428,526).

Auditor independence and non-audit services

The auditor's independence declaration is included on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



Ms Sara Kelly

Non-Executive Director

Dated 31 August 2017

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AQUAINT CAPITAL HOLDINGS LIMITED

As lead auditor for the review of Aquaint Capital Holdings Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aquaint Capital Holdings Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2017

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**(Subject to Deed of Company Arrangement)**

ACN 164 440 859

INTERIM FINANCIAL REPORT 30 JUNE 2017**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2017**

	30 June 2017	30 June 2016
	\$	\$
Other income	2,161	4,582
Administrative expenses	(6,886)	(430,644)
Finance costs	(1,361)	(2,464)
Results from operating activities	(6,086)	(428,526)
Loss before income tax	(6,086)	(428,526)
Income tax expense	-	-
Loss for the period	(6,086)	(428,526)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the period	(6,086)	(428,526)
Loss attributable to:		
Members of the parent entity	(6,086)	(428,526)
	(6,086)	(428,526)
Total comprehensive loss attributable to:		
Members of the parent entity	(6,086)	(428,526)
	(6,086)	(428,526)
Basic earnings/ (loss) per share (cents per share)	(0.005)	(0.38)
Diluted earnings per share (cents per share)	(0.005)	(0.38)

The accompanying notes form part of these financial statements.

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	30 June 2017 \$	31 December 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		432,600	437,325
Trade and other receivables		582,290	582,290
Non-current assets to be transferred to the Creditor Trust	3	36,916,358	36,916,358
TOTAL CURRENT ASSETS		37,931,248	37,935,973
TOTAL ASSETS			
		37,931,248	37,935,973
CURRENT LIABILITIES			
Trade and other payables		4,550,225	4,550,225
Financial liabilities		841,405	840,044
TOTAL CURRENT LIABILITIES		5,391,630	5,390,269
NON-CURRENT LIABILITIES			
Financial liabilities		568,499	568,499
Deferred tax liabilities		1,440,975	1,440,975
TOTAL NON-CURRENT LIABILITIES		2,009,474	2,009,474
TOTAL LIABILITIES			
		7,401,104	7,399,743
NET ASSETS/ (LIABILITIES)			
		30,530,144	30,536,230
SHAREHOLDERS' EQUITY / (DEFICIT)			
Issued capital	4	39,104,161	39,104,161
Merger reserves		(495,000)	(495,000)
Foreign currency translation reserve		103,644	103,644
Accumulated losses		(8,182,661)	(8,176,575)
SHAREHOLDERS' EQUITY / (DEFICIT)		30,530,144	30,536,230

The accompanying notes form part of these financial statements.

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT 30 JUNE 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2017

	Issued Capital	Merger reserve	Foreign currency translation reserve	Accumulated losses	Total
Note	\$	\$	\$	\$	\$
Balance at 1 January 2016	38,010,963	(495,000)	103,644	(7,737,989)	29,881,618
Loss for the period	-	-	-	(428,526)	(428,526)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(428,526)	(428,526)
Transactions with owns recognised directly in equity					
Issue of shares	1,093,198	-	-	-	1,093,198
Balance at 30 June 2016	39,104,161	(495,000)	103,644	(8,166,515)	30,546,290
Balance at 1 January 2017	39,104,161	(495,000)	103,644	(8,176,575)	30,536,230
Loss for the period	-	-	-	(6,086)	(6,086)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,086)	(6,086)
Balance at 30 June 2017	39,104,161	(495,000)	103,644	(8,182,661)	30,530,144

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2017

	30 June 2017	30 June 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	(6,086)	(428,526)
Interest on convertible notes	1,361	2,465
Net changes in working capital	(4,725)	(426,061)
Change in trade and other receivables	-	-
Change in trade and other payables	-	-
Cash used in operations	(4,725)	(426,061)
Income tax paid	-	-
Net cash used in operating activities	(4,725)	(426,061)
Net increase/(decrease) in cash and cash equivalents	(4,725)	(426,061)
Cash and cash equivalents at beginning of period	437,325	871,242
Cash and cash equivalents at 30 June¹	432,600	445,181

The accompanying notes form part of these financial statements.

¹ Cash is held by AIF a Managed Investment Scheme (MIS); the cash is for the benefit of MIS unit holders and settlement of creditors related to the MIS only.

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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INTERIM FINANCIAL REPORT 30 JUNE 2017

CONSOLIDATED NOTES FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements for the half year ended 30 June 2017 cover Aquaint Capital Holdings Limited (“the Company”) and its subsidiaries (the “Group”). Aquaint Capital Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The interim financial report was issued on 31 August 2017 by the directors of the Company.

This interim financial report does not include the full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this interim financial report is read in conjunction with the annual financial report for the year ended 31 December 2016 and any public announcements made by Aquaint Capital Holdings Limited during and since the end of the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

a) Statement of Compliance

The interim financial report is a condensed financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting where possible (refer to note 1(b)).

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value convertible notes.

The Accounting policies adopted in the preparation of this half-year financial report are consistent with those followed in preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2016. However, the adoption of these new Standards and Interpretations has had no material impact.

b) Incomplete records

On 14 June 2016, the Company announced that the Company's then board had resolved to appoint Samuel John Freeman, Clint Peter Joseph and Adam Paul Nikitins as joint and several voluntary administrators of the Company. On 15 November 2016 Clint Peter Joseph resigned as one of the Joint and Several Deed Administrators for the Company.

Following a creditors' meeting on 22 August 2016, the Company entered into a Deed of Company Arrangement (DOCA) with CPS Capital Group Limited (as proponent) on 9 September 2016. The DOCA embodied a proposal for the recapitalisation of the Company (**Recapitalisation Proposal**).

- The financial report for the half-year ended 30 June 2017 has been prepared by Directors who were appointed on 1 December 2016. The Directors do not have control of the company until control is transferred to them on the effectuation of the deed of company arrangement.
- The current Directors do not have oversight or control over the Company’s financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. To prepare the financial report for the half year ended 30 June 2017, the Directors have reconstructed the financial records of the company for the period using data extracted from the Company’s accounting system. However, there may be information that the current Directors were not able to obtain, the impact of which may or may not have been material on the financial performance for the half year ended 30 June 2017.

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED NOTES FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Incomplete records (continued)

- The current Directors have not been able to source books and records of the Company's subsidiaries up to the date of this report. Ownership of the subsidiaries will be transferred to the creditors' trust on the effectuation of the deed of company arrangement. Accordingly, the financial information of the group's subsidiaries has been deconsolidated effective 01 January 2015 (refer to note 3).
- These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report for the half year-ended 30 June 2017 to the best of their knowledge based on the information available to them, they are of the opinion that it is not possible to state that these financial reports had been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001. Furthermore, the Directors are of the opinion that it is not possible to state this financial report gives a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the half-year ended on that date and cannot form a view as to whether the financial statements comply with AASB 134: Interim Financial Reporting.

c) Going concern

At 30 June 2017, the Company has net assets of \$30,530,144 (31 December 2016, net assets of \$30,536,230), current liabilities of \$5,391,630 (31 December 2016, current liabilities of \$5,390,269), a net decrease in cash and cash equivalents of \$4,725 and a net loss after income tax of \$6,086 for the six months ended 30 June 2017 (six months ended 30 June 2016, loss of \$428,526).

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern on the basis that the DOCA will be fully effectuated.

The DOCA proposes for the compromise of creditors' claims, recapitalisation of the Company and (subject to regulatory approval) re-quotations of its securities on the ASX.

A summary of the material terms of the Recapitalisation Proposal is set out below, the Company is currently subject to DOCA.

- a) On Shareholder approval of the DOCA the Company and the Deed Administrator establish a Creditors' Trust, with the Deed Administrators acting as trustees;
- b) All existing assets of the Company will be transferred to the Creditors' Trust, including an amount of \$400,000 comprising of:
 - i. \$30,000 (**Deposit**), paid by CPS as follows;
 - a. A non-refundable deposit of \$10,000 upon the administrator recommending the proposal, the deposit was paid on 9 September 2016 and
 - b. A non-refundable deposit of \$20,000 upon creditors' approving the proposal, the deposit was paid on 9 September 2016.
 - ii. \$370,000 (**Recapitalisation Payment**), to be payable by CPS upon Shareholder approval of the Recapitalisation Resolutions. The Deposit and Recapitalisation Payments are to be repaid to CPS upon reinstatement of the Company's securities to the Official List;

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CONSOLIDATED NOTES FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Going concern (continued)

- c) all creditors will be required to prove debts against the Trustee of the Creditors' Trust as if they were claimed in a liquidation of the Company and payments in respect of admitted claims of the Creditors will be made in accordance with the DOCA and the Creditors' Trust Deed;
- d) upon completion of the DOCA, the Trustees shall distribute the Trust Fund pursuant to the Trust Deed in the following priority:
 - i. first, to the extent that the Administrators' Costs, Expenses and Remuneration have not been paid to the Administrators at Completion, to pay the Administrators Costs, Expenses and Remuneration;
 - ii. second, to pay the Trustees' Costs, Expenses and Remuneration;
 - iii. third, to pay the admitted claims of KPCL¹
 - iv. fourth, to pay the admitted claims of priority creditors;
 - v. fifth, to pay any further admitted claims of KPCL¹
 - vi. sixth, to pay the admitted claims of unsecured creditors; and
 - vii. finally, to the Company
- e) the Deed Administrator cause the then Company Secretary and Directors of the Company to be removed and appoint nominees of CPS as Company Secretary and Directors of the Company; the nominee directors and Company Secretary were appointed on 1 December 2016;
- f) on all security over the Company's assets will be discharged and released;

On completion of the DOCA the Company will be debt free and no security will exist over it or any of its assets.

The Company expects to recapitalise following completion of the DOCA with sufficient funds to continue as a going concern. It is proposed that the capital raising will be up to 1,900,000,000 shares at not less than \$0.02 to raise \$3,800,000.

The proposed capital structure and reconstruction (including consolidation, share/option issues and share/option prices) may be varied at the proponents' sole discretion, but subject to both ASX and shareholder approval.

It is for these reasons that the Directors consider the Group to be a going concern. Notwithstanding the material uncertainties of future events inherent in the above, the Directors consider it is appropriate to prepare financial information on a going concern basis and hence no adjustments have been made to the financial information relating to the recoverability and classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary if the entity does not continue as a going concern.

d) Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements for the year ended 31 December 2016 and half year ended 30 June 2017 are presented in Australian dollars (\$) which is the Company's functional and presentation currency.

¹ To the extent that the Admitted Claim of KPCL are liable to paid from assets of the Trust Fund that were at the Commencement Date circulating assets of the Company under section 340 of the PPSA 2009.

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED NOTES FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 2: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments were previously identified by management based on the nature of the activities and the country of origin. As detailed in Note 1(b), the financial information of the Group's subsidiaries is unknown effective 30 June 2015 and accordingly, the financial information presented to the chief operating decision makers is consistent with that presented in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows.

NOTE 3: NON-CURRENT ASSETS TO BE TRANSFERRED TO THE CREDITORS TRUST

	30 June 2017	31 December 2016
	\$	\$
Non-current assets to be transferred to the Creditor Trust	36,916,358	36,916,358
	36,916,358	36,916,358

NOTE 4: ISSUED CAPITAL

(a) Share Capital

	30 June 2017	30 June 2016
123,000,392 (30 June 2016: 123,000,392) fully paid ordinary shares	39,104,161	39,104,161

(b) Movements in fully paid Ordinary Capital

	Date	Number	\$
Balance at beginning of the reporting period	1 January 2016	109,335,426	38,010,963
Shares issued	30 March 2016	13,664,966	1,093,198
Balance at end of the reporting period	30 June 2016	123,000,392	39,104,161
Balance at end of the reporting period	30 June 2017	123,000,392	39,104,161

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Shares have no par value.

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CONSOLIDATED NOTES FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 5: CONTINGENT ASSETS, LIABILITIES, AND COMMITMENTS

There have been no known changes in contingent assets or liabilities since 31 December 2016.

Commitments

There have been no known changes in commitments since 31 December 2016.

NOTE 6: FAIR VALUES

The fair value of financial assets and financial liabilities of the Group approximated to their carrying amount.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

On 18 August 2017, the Company lodged a Prospectus with ASIC for its offer to the public of up to 300 million shares at an issue price of \$0.02 each to raise up to \$6 million (before costs). The offer is expected to close on or around 15 September 2017.

Except for the matters noted above no other significant events after balance date have occurred.

AQUAINT CAPITAL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

(Subject to Deed of Company Arrangement)

ACN 164 440 859

INTERIM FINANCIAL REPORT 30 JUNE 2017

DIRECTORS' DECLARATION

In the opinion of the Directors of Aquaint Capital Holdings Limited:

1. a) As set out in note 1(b), although the Directors have prepared the financial statements and notes thereto to the best of their knowledge based on the information made available to them, they are of the opinion that it **is not possible** to state that the half-year financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the half-year ending on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

2. As set out in Note 1 (c) 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 Board of Directors and is signed for and on behalf of the Directors by:



Ms Sara Kelly
Non-Executive Director

Dated 31 August 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aquaint Capital Holdings Limited (Subject to Deed of Company Arrangement)

Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of Aquaint Capital Holdings Limited (subject to Deed of Company Arrangement), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for expressing a conclusion on the half-year financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aquaint Capital Holdings Limited (subject to Deed of Company Arrangement), would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Disclaimer of Conclusion

- (i) On 14 June 2016, Aquaint Capital Holdings Limited (subject to Deed of Company Arrangement) was placed into Administration. As stated in Note 1(b) of the financial report, the duties and responsibilities of the Directors were suspended from the date the Company entered into Administration. For the period in which the Company was in Administration the Directors did not have oversight or control over the Group's financial reporting systems, including (but not limited to) being able to obtain access to complete accounting records. The Directors have not provided a representation letter on this basis.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows. We were unable to obtain explanations from management and Directors in relation to our review procedures.

- (ii) As disclosed in Note 1(c) to the financial report, the Directors state that the consolidated financial report has been prepared on a going concern basis. In assessing the going concern basis of preparation, the Directors have made a number of assumptions including the assumption that once the DOCA is effectuated it will extinguish all liabilities associated with the previous operations of the company. A condition precedent to the effectuation of the DOCA, among others, is the Company receiving Shareholder approval to raise \$370,000 as Recapitalisation Payment. These assumptions also include the proposed capital raising of \$3,800,000 and capital reconstruction, which will enable the Company to be reinstated to trading on the ASX.

We have been unable to obtain alternative evidence which would provide sufficient appropriate evidence as to whether the Company may be able to raise such capital, and hence remove significant doubt of its ability to continue as a going concern for a period of 12 months from the date of this auditor's review report.

Disclaimer of Conclusion

Due to the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying financial statements of Aquaint Capital Holdings Limited (subject to Deed of Company Arrangement). Accordingly, we do not express a conclusion on these financial statements.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 31 August 2017