

31 August 2018

The Companies Announcements Office
The Australian Securities Exchange Limited
Sydney NSW

Appendix 4D – Half Year Report

1. Name of Entity **WhiteHawk Limited**
ABN 97 620 459 823

Half year ended 30 June 2018

Reporting period 1 January 2018 to 30 June 2018

Previous period 1 January 2017 to 30 June 2017

2. Results for announcement to the market

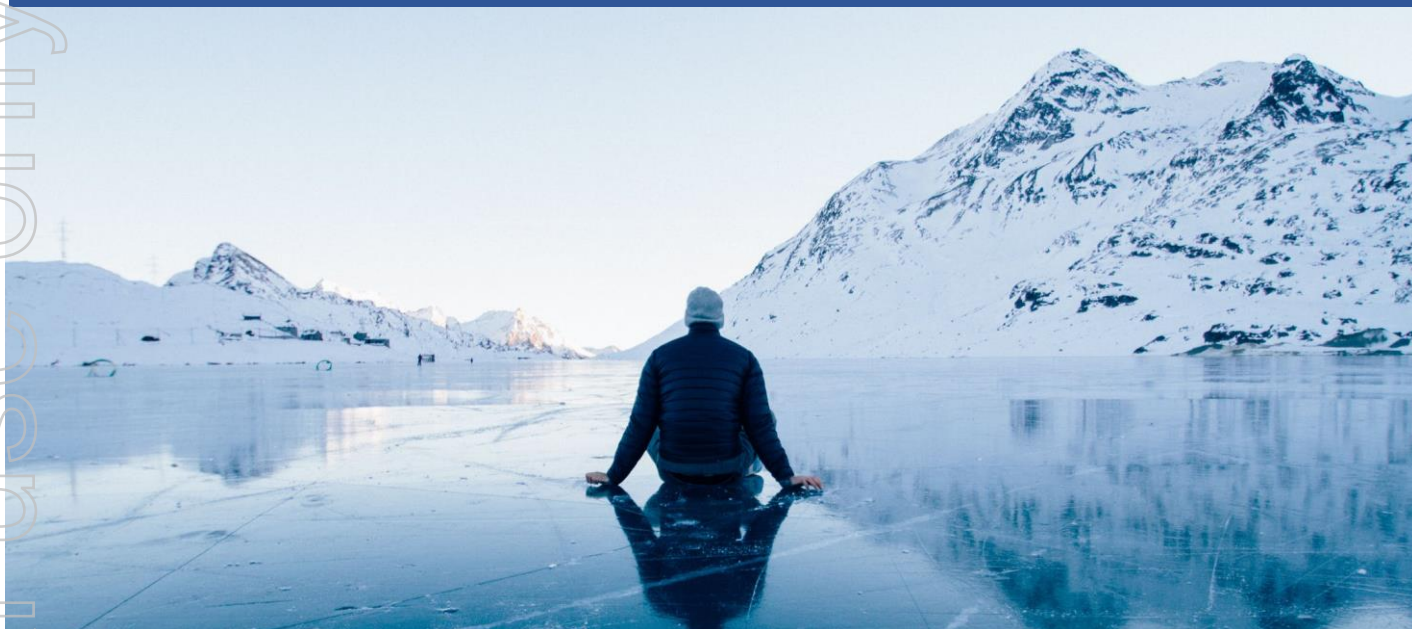
	30 June 2018	30 June 2017	% Change
	US\$	US\$	Up (Down)
2.1 Revenues from continuing operations	240,526	23,163	938%
2.2 Loss from continuing operations after tax attributable to members	(1,633,078)	(1,015,438)	61%
2.3 Net loss attributable to members	(1,633,078)	(1,015,438)	61%
2.4 Proposed dividends	Nil	Nil	-
2.5 Not applicable			
2.6 The Group's key asset, the business to business (B2B) e-commerce cybersecurity exchange, came online in the first half of 2018. This has resulted in an increase in revenue for the same period over last year.			

	30 June 2018 US\$	31 December 2017 US\$	% Change Up (Down)
3. Net tangible asset per security	0.01	0.27	(96.30)
4. There were no entities for which control was gained or lost during the period.			
5. There were no payments of dividends during the reporting period.			
6. There is no dividend reinvestment plan in operation.			
7. There are no associates or joint venture entities.			
8. The Company is not a foreign entity.			
9. The accounts are not subject to any audit dispute or qualification.			

The Group's half year report follows.

Yours sincerely,

Terry Roberts
Chief Executive Officer
WhiteHawk Limited
31 August 2018



Half Year Report for the Period Ended 30 June 2018

WHITEHAWK LIMITED (ASX: WHK OR “THE COMPANY”), THE FIRST GLOBAL ONLINE CYBER SECURITY EXCHANGE ENABLING SMALL AND MIDSIZED BUSINESSES TO ADDRESS THEIR KEY CYBER RISKS VIA AN ONLINE PLATFORM, IS PLEASED TO PROVIDE AN UPDATE ON ITS PROGRESS FOR THE PERIOD END 30 JUNE 2018.

HIGHLIGHTS

- After conducting in-depth market and user research with New York City Mid-Sized business executives, WhiteHawk launched two new initiatives, the 360 Cyber Risk Framework integrated and automated offering and a strategic partnership with the US Cybercrime Support Network and 211 Hotline.
- The company implemented its first 360 Cyber Risk Framework at a Top 10 US Financial Institution (client confidential) leveraging an integrated SaaS risk rating, continuous monitoring, and risk mitigation offering partnership with Interos and BitSight. The 360 Cyber Risk Framework solution provides continuous insight into business and cyber risks across the Financial Institution’s supply chain companies. Fifty supply companies are included in phase 1 and are being referred to the WhiteHawk Exchange to mitigate identified risks and show measured improvement overtime. WhiteHawk online Services, in the form of virtual cyber consultants are providing guidance with purchases to supply chain customers coming to our website as a result of cyber risk scoring from the 360 Cyber Risk Framework.
- In order to effectively engage with the 3,200 US Utilities, a partnership was put in place with the Salmon Ventures Group, allowing WhiteHawk to aggressively market and sell the lite version of the 360 Cyber Risk Framework to the Utility Sector, which is seeking an automated approach to monitor and mitigate cyber risks nationwide.
- Version 2.0 of WhiteHawk’s website and the CyberPath AI tool, to include enhanced functionality and design, was launched (announced to the ASX on 16 April). The website version 2.0 supports an integrated approach allowing customers to seek and receive virtual human cyber assistance, in support of online purchases. Starting in October 2018, Customers who have had a cyber event and have reported via the Cybercrime Support Network (CSN) 211 Hotline website, will receive the benefit of WhiteHawk website services to include the teeing up of response, mitigation and prevention service buying options. Version 2.0 updates WhiteHawk’s chatline to provide easy access to Cyber Consultants for website visitors.
- After fast tracking platform development, deployment and testing, Director of Product Development, Soo Kim, was able to migrate all outsourced development to the inhouse Technical Team, resulting in substantial monthly budget reductions of approximately 25% going forward.

REVENUE

While customer administration of contract execution resulted in 2018 revenue delays, WhiteHawk's revenue for the first six months of 2018 has grown to US\$240K. And all contracted revenue will be delivered by the end of 2018. The 360 Cyber Risk Framework has generated US\$92K of revenue and

Consulting Services generated US\$148K. US\$148K on June 30, 2017 was noted as “other revenue” decreased to US\$9K on June 30, 2018 is strictly as a result of a 2017 year-end accounting adjustment and not as a result of business operations.

Deep SME market research completed in the first quarter of 2018 in New York City, highlighted the marketing and sales imperative to formulate sales channel initiatives that drive customer companies which have either 1) an important contract with a Prime Company which requires comprehensive cyber security practices and solutions be in place or 2) have experienced a cybercrime or fraud event and urgently need response or mitigation services. These two new offerings build on WhiteHawk’s business model of providing cyber security products and services to small and midsize businesses via our online platform.

As a result of 1), the WhiteHawk 360 Cyber Risk Framework was created for large Financial Institutions, Manufacturers, Federal Contractors and Utilities which provides an integrated and automated dashboard for identifying, monitoring, and mitigating cyber risks across their supply chain companies and vendors.

As a result of 2), WhiteHawk has put a strategic partnership in place with the US non-profit lead for reporting all cybercrime and fraud across the US, the Cybercrime Support Network and 211 Hotline. This partnership targets companies who have experienced a disruptive cyber event who then after reporting the incident, need immediate cyber response and mitigation services. The CSN Website kicks off 15 October, 2018.

WhiteHawk also offers traditional cyber security Executive Consulting Services to large government and industry entities. The ASX Appendix 4C cover letter for June 2018 details more information about WhiteHawk’s products and sales channels.

EXPENSES

- Focus has been on building, testing, and advancing the AI Tool and Version 2.0 of the website and online exchange, which includes the online Cyber Risk Questionnaire which utilises proprietary artificial intelligence patent pending technology, in order to provide automated matching to customised solutions that address an entity's cyber risks. Technical R&D and development resulted in the expenditure of US\$301K for internal and external resources.
- Professional expenses were incurred with the lodging of trademark filings in Australia and China, finalizing the patent application for AI Tool in the US and services related to the company listing on the ASX for a total expense for the first six months of US\$170K (in addition to \$67K in ASX affiliated expenses in 2017).
- The WhiteHawk solution architect and CIO team of 5 attended the largest cyber security annual exposition in the United States (RSA Conference), in order to connect with hundreds of cyber security vendors to drive a pipeline of companies, products and services for onboarding onto the WhiteHawk Exchange in 2018 and 2019. And the first WhiteHawk AGM was held in Sydney, Australia on 21 May, along with PR sessions with the AICD, a presentation at Sydney Tech Meet-Up and a keynote speech and over 30 investor meetings at 121 Tech in Hong Kong, and engagement at the National Association of Regulatory Utility Commissioners (NARUC) in Phoenix, AZ, all totaling US\$55K.

- During the six months ending on 30 June 2018, the company continued to implement a consistent PR, marketing, branding, website optimization, and investor communication campaign, using primarily contracted services from San Francisco firm Brass Ideas and Sydney firms of StocksDigital and FTI Consulting, for a total of US\$211K.
- Depreciation expenses increased as amortisation begins for capitalised website and AI Tool development costs.
- General administrative expense includes finance, accounting and advisory service salaries, office space, equipment lease, insurance, and admin software licenses.

Having completed website and AI Tool 2.0, WhiteHawk has instituted cost cutting measures to reduce salary, rent, and other operating expenses to focus the marketing channels to drive sales.

OUTLOOK

In order to scale product and service sales, WhiteHawk is focused on driving sales channel customer transaction activity to the WhiteHawk Exchange. With a vetted sales pipeline being actively worked of over 40 Major Utilities, Federal Contractors, Financial Institutions, and Manufacturers, the Company is positioned to close an additional four sales of the 360 Cyber Risk Framework in 2018 and first quarter 2019.

The October 15, 2018 kick-off of the Cybercrime Support Network 211 Hotline website, will potentially drive an estimated 1/3 of all SMB's who experience a cybercrime event in the US to WhiteHawk Virtual Cyber Analysts and to the online AI Tool and product and service Exchange.

WhiteHawk ends the first half of 2018 with cash and accounts receivables total of US\$1.5M. WhiteHawk will continue to streamline operations achieving projected minimum funding requirements for the remainder of the year of US\$211K per month on average, excluding product and manufacturing costs which are directly dependent on revenue.

Cost reductions through personnel efficiencies include reducing FTEs from 17 to 11 and associates and interns from 6 to 2. Operating expenses have been reduced through minimizing reliance on outside development and professional services, and reduced office space.

Since the start of 2018, WhiteHawk has seen increasing revenue from Executive Consulting Services and the selling of the 360 Cyber Risk Framework. While completing and conducting user testing of the 2.0 release of the online platform, WhiteHawk continues to improve the company customer experience when coming to the website and connecting with the virtual cyber analysts, resulting from the two new sales channels.

DISCLOSURE STATEMENT

The Additional Information to Interim Consolidated Financial Report for the period ended 30 June 2018 ("the Additional Information") is given in summary form and does not purport to be complete. The Additional Information including financial information, should not be considered as a financial projection, advice or a recommendation to any particular or potential investors in relation to subscribing for securities in WhiteHawk. Before acting on any information readers should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, readers should seek independent financial advice. All securities involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. The Additional Information may include statements regarding the Company's intent, belief or current expectations with respect to our businesses and operations, market conditions, revenues, market penetration, and results of operations. Readers are cautioned not to place undue reliance on these statements. WhiteHawk does not undertake any obligation to publicly release the result of any revisions to these statements to reflect events or circumstances after the date hereof to reflect the occurrence of

unanticipated events. While due care has been used in the preparation of the Additional Information, actual results may vary in a materially positive or negative manner and are subject to uncertainty and contingencies outside WhiteHawk's control.

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WHITEHAWK



WhiteHawk Limited

Interim Consolidated Financial Report

For the Six Months End 30 June 2018

ABN: 97 620 459 823

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Corporate Information

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Tiffany Jones

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Company Secretary

Kevin Kye

ASX Code

WHK

Website

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Traverse Accountants
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Australia

Auditor

RSM Australia Partners
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Sydney NSW 2000
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Lawyer

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Australia

Directors' Report

Your directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of WhiteHawk Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the half-year ended 30 June 2018.

DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report:

<u>TERESA ROBERTS</u>	<i>Chief Executive Officer and Chairman, appointed 19 January 2018</i>
<u>PHILIP GEORGE</u>	<i>Non-Executive Director, appointed 14 July 2017</i>
<u>LOUISE MCELVOGUE</u>	<i>Non-Executive Director, appointed 19 January 2018</i>
<u>TIFFANY JONES</u>	<i>Non-Executive Director, appointed 19 January 2018</i>
<u>TOBY HICKS</u>	<i>Non-Executive Director, appointed 14 July 2017, resigned 19 January 2018</i>
<u>KEVIN KYE</u>	<i>Non-Executive Director, appointed 14 July 2017, resigned 19 January 2018</i>

CHIEF EXECUTIVE OFFICER

<u>TERESA ROBERTS</u>	Appointed 19 January 2018
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COMPANY SECRETARY

<u>KEVIN KYE</u>	Appointed 14 July 2017
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PRINCIPAL ACTIVITIES AND STRATEGY

The Group operates a business to business (B2B) e-commerce cybersecurity exchange where vendor cybersecurity products and services can be matched to purchaser's needs (WhiteHawk Exchange) and bought online or via WhiteHawk Cyber Advisor using its patent pending CyberPath Decision Engine the underpinning of the WhiteHawk Exchange.

The Group has developed a machine learning algorithm and artificial intelligence platform under provisional patent application (CyberPath Decision Engine) for the WhiteHawk Exchange that enables buyers to determine and understand their top cyber business risks and which of the myriad vendor products suit their business, sector, budget and security/insurance requirements.

RECENT HIGHLIGHTS

- Commenced execution of executive cyber consulting contract for the Department of Homeland Security (DHS) with BAE Systems.
- Implemented phase one of a 360 Cyber Risk Framework at a Top 10 U.S. Financial Institution (client confidential) in a partnership with SaaS platform companies Interos and BitSight. The Framework

provides an integrated dashboard with continuous risk monitoring and mitigation of a major business's supply chain companies or vendors. Fifty supply chain companies, are being referred to the WhiteHawk online Cybersecurity Exchange to mitigate identified risks with the potential to grow to 500 companies.

- Released version 2.0 of its Decision Engine, with advanced risk profiling based upon business sector and size and scope of the business and matching to product and service bundles that can be purchased.
- Released version 2.0 of website, providing an enhanced look and feel for users.
- Preparing for the website launch of the US Cybercrime Support Network (211 Cyber Fraud Hotline) on October 15th, 2018, to act as the SME response and mitigation strategic partner of choice.
- Made strategic investment in top cyber talent, promoting Antonio Crespo to CIO, hiring Director of Product Development, Soo Kim, Senior Developer, Alex Chapiv and Solution Architect, Israel Villanueva.
- Filed final patent application for the CyberPath Artificial Intelligence Decision Engine on 10 February 2018.
- Launched partnership with Salmon Ventures, to engage across the U.S. Utility Sector's over 3,200 separate entities (Power and Water), to offer and implement tailored versions of the WhiteHawk 360 Cyber Risk Framework.
- Continued growth of WhiteHawk Marketplace with the addition of 294 new products from 15 new vendors, taking the total number of vendor contracts to over 300 and vendor products and services to over 600.
- Announced a partnership with Tesserent, a leading Australian provider of cyber security products and services, to offer enterprise-grade cyber security solution for SMBs "CyberBiz" on the WhiteHawk Exchange.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the Group's state of affairs occurred during the financial period.

MATTERS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- a) The Group's operations in future financial years; or
- b) The results of those operations in future financial years; or
- c) The Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this statement because the directors believe it could potentially result in unreasonable prejudice to the Group.

MATERIAL RISK EXPOSURE

The Board considers that adequate systems are in place to manage the Group's obligations and is not aware of Group's material exposure to economic, environmental and social sustainability risks.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. The Board considers that adequate systems are in place to manage the Group's obligations and is not aware of any breach of environmental requirements as they relate to the Group.

DIVIDENDS

No dividends were paid to members during the financial year (2017: US\$Nil).

INDEMNIFICATION OF OFFICERS

During the financial year the Group paid premiums in respect of a contract insuring Directors and Executives against a liability incurred in the ordinary course of business.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations instrument to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is set out on page 7.

AUDITOR

RSM Australia Partners is the Company's appointed auditor.



Terry Roberts
Chief Executive Officer
31 August 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of WhiteHawk Limited for the half year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM

RSM AUSTRALIA PARTNERS

G N SHERWOOD

G N SHERWOOD
Partner

Sydney, NSW

Dated: 31 August 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	For the Six Months Ended 30 Jun 2018 US\$	For the Six Months Ended 30 Jun 2017 US\$
Revenue from continuing operations		240,526	23,163
Cost of goods sold		(151,148)	-
Gross profit		89,378	23,163
Other income		9,070	148,247
Research and development expenses		(302,314)	(1,374)
Professional expenses		(169,858)	(6,419)
Employee benefits expense		(468,559)	(553,736)
Share based payments expense		(147,983)	-
IT expenditure		(5,697)	(8,676)
Conference and travel expenditure		(54,614)	(48,692)
Marketing expenditure		(211,167)	(55,573)
Office and occupancy expenses		(63,345)	(40,048)
Amortisation and depreciation		(129,386)	(6,037)
Finance costs		(2,508)	(432,967)
Foreign exchange loss		-	(26,335)
General and administration expenses		(176,095)	(6,991)
Loss before income tax		(1,633,078)	(1,015,438)
Income tax expense		-	-
Loss for the year		(1,633,078)	(1,015,438)
Other comprehensive income			
Exchange differences on translation foreign operations		(8,646)	-
Total comprehensive loss for the year		(1,641,724)	(1,015,438)
Loss per share			
<i>From continuing operations</i>			
- Basic/diluted losses per share (US cents)		(2.35)	(12.03)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	As at 30 Jun 2018 US\$	As at 31 Dec 2017 US\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,275,936	3,681,997
Trade and other receivables		270,558	89,774
Total Current Assets		1,546,494	3,771,771
Non-Current Assets			
Property, plant and equipment		19,522	25,559
Intangible assets	3	1,652,878	1,310,680
Total Non-Current Assets		1,672,400	1,336,239
Total Assets		3,218,894	5,108,010
LIABILITIES			
Current Liabilities			
Trade and other payables		294,284	761,319
Financial liabilities		259,324	256,874
Total Current Liabilities		553,608	1,018,193
Total Non-Current Liabilities		-	-
Total Liabilities		553,608	1,018,193
Net Assets		2,665,286	4,089,817
EQUITY			
Contributed equity	4	7,369,170	7,299,960
Reserves	5	4,515	(134,822)
Accumulated losses		(4,708,399)	(3,075,321)
Total Equity		2,665,286	4,089,817

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Contributed equity US\$	Accumulated Losses US\$	Reserves US\$	Total US\$
2017					
At 1 January 2017		314,307	(263,208)	-	51,099
Loss for the year		-	(1,015,438)	-	(1,015,438)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	(1,015,438)	-	(1,015,438)
<i>Transactions with owners in their capacity as owners</i>					
Issued capital net of issue costs		-	-	-	-
At 30 June 2017		314,307	(1,278,646)	-	(964,339)
2018					
At 1 January 2018		7,299,960	(3,075,321)	(134,822)	4,089,817
Loss for the year		-	(1,633,078)	-	(1,633,078)
Other comprehensive loss		-	-	(8,646)	(8,646)
Total comprehensive loss		-	(1,633,078)	(8,646)	(1,641,724)
<i>Transactions with owners in their capacity as owners</i>					
Issued capital net of issue costs	4	69,210	-	-	69,210
Performance rights expense	5	-	-	147,983	147,983
At 30 June 2018		7,369,170	(4,708,399)	4,515	2,665,286

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	For the Six Months Ended 30 Jun 2018 US\$	For the Six Months Ended 30 Jun 2017 US\$
Cash flows from operating activities			
Receipts from customers		71,508	41,356
Payments to suppliers and employees		(1,993,539)	(895,557)
Interest received		6,058	1,421
Net cash outflow from operating activities		(1,915,973)	(852,779)
Cash flows from investing activities			
Payments for plant and equipment		-	(26,996)
Bonds paid		(990)	-
Net cash outflow from investing activities		(990)	(26,996)
Cash flows from financing activities			
Loans to related parties		-	(12,420)
Convertible loan proceeds received		-	1,431,070
Transaction costs related to issues of shares, convertible notes or options		(465,390)	-
Net cash inflow from financing activities		(465,390)	1,418,650
Net increase in cash and cash equivalents		(2,382,353)	538,874
Cash and cash equivalents at the beginning of the financial year		3,681,997	603,755
Foreign exchange adjustment to cash balance		(23,708)	-
Cash and cash equivalents at end of the year		1,275,936	1,142,629

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of the consolidated entity (referred to hereafter as the 'Group') consisting of WhiteHawk Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the six months ended 30 June 2018.

BASIS OF PREPARATION

These general purpose interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

ACCOUNTING POLICIES

A. Reverse acquisition accounting

On 20 December 2017, WhiteHawk Limited wholly acquired WhiteHawk CEC Inc.

Under the accounting standard applicable to business acquisitions, AASB 3 *Business Combinations (FP)*, the acquisition does not meet the definition of a business combination as the net assets of WhiteHawk Limited at the date of acquisition did not represent a business. The transaction has therefore been accounted for as a reverse acquisition of WhiteHawk Limited by WhiteHawk CEC Inc. The transaction has been accounted for by reference to AASB 2 *Share Based Payments* as a deemed issue of shares. Under this scenario, WhiteHawk CEC Inc is deemed to be the acquirer and WhiteHawk Limited is deemed to be the subsidiary. Applying the reverse acquisition method of accounting, following the acquisition, the consolidated financial statements are required to represent the continuation of the financial statements of WhiteHawk CEC Inc from the date of acquisition.

Prior to completion of the acquisition of WhiteHawk CEC Inc, the functional and presentation of WhiteHawk Limited was Australian dollars (AU\$).

The impact of the reverse acquisition on each of the primary statements is as follows:

- **Consolidated Statement of Financial Position:** the 30 June 2018 and 31 December 2017 consolidated statements of financial position represents both WhiteHawk Limited and WhiteHawk CEC Inc.
- **Consolidated Statement of Profit or Loss and Other Comprehensive Income:** the 30 June 2018 consolidated statement of profit or loss and other comprehensive income comprises 6 months activities of WhiteHawk CEC Inc and WhiteHawk Limited. The 30 June 2017 statement of profit or loss and other comprehensive income comprises 6 months of WhiteHawk CEC Inc activity only.
- **Consolidated Statement of Changes in Equity:** The 30 June 2018 consolidated statement of changes in equity comprises of 6 months activities of WhiteHawk CEC Inc and WhiteHawk Limited and transactions with equity holders for the period. The 30 June 2017 statement of changes in equity comprises changes in equity for the 6 month period of WhiteHawk CEC Inc only.
- **Consolidated Statement of Cash Flows:** The 30 June 2018 consolidated statement of cash flows comprises the 6 months cash transactions of WhiteHawk CEC Inc and WhiteHawk Limited. The 30 June 2017 statement of cash flows comprises of 6 months of WhiteHawk CEC Inc cash transactions only.

B. Going concern

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

As disclosed in the half-year interim financial report, the Group incurred a loss after tax of \$1,633,078 (2017: \$1,015,438) and had net cash outflows from operating activities of \$1,915,972 for the half year ended 30 June 2018 (2017: \$852,780). As at that date the Group had net current assets \$992,886 (31 December 2017: \$2,753,578) and net assets of \$2,665,286 (31 December 2017: \$4,089,817).

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001;
- the Group has the ability to further scale back some of its development activities if required.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

C. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 30 June 2018.

The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2. BUSINESS COMBINATIONS

On 20 December 2017, WhiteHawk Limited wholly acquired WhiteHawk CEC Inc. Details of this business combination were disclosed in Note 4 of the Group's annual financial statements for the year ended 31 December 2017.

3. INTANGIBLE ASSETS

	As at 30 Jun 2018 US\$	As at 31 Dec 2017 US\$
Capitalised website development costs	1,776,227	1,310,680
Accumulated amortisation	(123,349)	-
Closing balance	1,652,878	1,310,680
Balance at beginning of the year	1,310,680	-
Additions	465,547	1,310,680
Amortisation	(123,349)	-
Balance at end of year	1,652,878	1,310,680

4. CONTRIBUTED EQUITY

A. SHARE CAPITAL

	As at 30 June 2018		As at 31 December 2017	
	No. of Shares	US\$	No. of Shares	US\$
Ordinary shares				
At the beginning of the year	69,502,498	7,299,960	154	314,307
Issue of shares	509,524	62,942	-	3,035
Shares issued to Founders	-	-	7,165,000	559
Shares redeemed	-	-	(8)	(9,884)
Issue of shares pursuant to public offer	-	-	22,500,000	3,510,000
Shares issued to vendors	-	-	8,437,500	1,316,250
Shares issued on conversion of convertible notes	-	-	31,399,998	2,771,468
Reverse acquisition accounting adjustment	-	-	(146)	(199,070)
Share issue expenses (2018 reversal)	-	6,268	-	(406,705)
	70,012,022	7,369,170	69,502,498	7,299,960

Ordinary shares

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held.

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

B. OPTIONS

As at the date of this report, the following options over unissued ordinary shares were on issue:

1. 10,000,000 unlisted options expiring 24 January 2023, exercisable at AU\$0.20 each;
2. 9,125,000 unlisted options expiring 24 January 2020, exercisable at AU\$0.25 each.

C. PERFORMANCE RIGHTS

As at the date of this report, the following performance rights over unissued ordinary shares were on issue:

1. 13,000,000 unlisted performance rights (the "Milestone Rights") convertible into ordinary shares at 1:1 ratio subject to Milestone completion;
2. 3,000,000 unlisted performance rights convertible into ordinary shares at 1:1 ratio. 600,000 performance rights will vest and convert into the equivalent number of shares for each year of service completed by recipient Directors, up to a period of 5 years.

The Milestone Rights are subject to the following milestones:

- (a) Class A Performance Rights: 4,333,333 convert upon the Company's Share price increasing 100% above the IPO Share price (based on a five (5) consecutive day VWAP), and the Company (either directly or through its subsidiaries, including WhiteHawk US) achieving at least one of the following:
 - (i) consolidated revenues of \$2 million from the WhiteHawk US business; or
 - (ii) 300 customer products; or
 - (iii) 500 online contracts;
- (b) Class B Performance Rights: 4,333,333 convert upon the Company's Share price increasing 200% above the IPO Share price (based on a five (5) consecutive day VWAP), and the Company (either directly or through its subsidiaries, including WhiteHawk US) achieving at least one of the following:
 - (i) consolidated revenues of \$5 million from the WhiteHawk US business; or
 - (ii) 1,000 customer products; or
 - (iii) 2,500 online contracts.
- (c) Class C Performance Rights: 4,333,334 convert upon the Company's Share price increasing 300% above the IPO Share price (based on a five (5) consecutive day VWAP), and the Company (either directly or through its subsidiaries, including WhiteHawk US) achieving at least one of the following:
 - (i) consolidated revenues of \$10 million from the WhiteHawk US business; or
 - (ii) 2,000 customer products; or
 - (iii) 5,000 online contracts.

5. RESERVES

	Performance Rights Reserve	Foreign Currency Translation Reserve	Total Reserves
Balance at 1 January 2018	18,786	(153,608)	(134,822)
Foreign currency translation differences arising during the year	110	(8,756)	(8,646)
Performance rights vesting expense recognised	147,983	-	147,983
Balance at 30 June 2018	166,879	(162,364)	4,515

6. SEGMENT INFORMATION

The Group operates in the retail, consulting and business intelligence segments being a business to business (B2B) e-commerce cybersecurity exchange. WhiteHawk CEC Inc is a Delaware, USA corporation with operations based in Alexandria VA, USA and offices in Alexandria VA, USA and Perth, Australia.

This operating segment is monitored by the Group's chief operating decision makers and strategic decisions are made on the basis of adjusted segment operating results. The chief operating decision makers of the Group are the Chief Executive Officer and Chief Financial Officer.

The following tables present certain asset and liability information regarding geographical segments for the period ended 30 June 2018 and 30 June 2017 and this is the format of the information provided to the chief operating decision maker.

Segment performance

	Australia		USA		Total	
	June 2018	June 2017	June 2018	June 2017	June 2018	June 2017
	US\$	US\$	US\$	US\$	US\$	US\$
External sales	-	-	240,526	23,163	240,526	23,163
Total segment revenue	-	-	240,526	23,163	240,526	23,163
Segment operating result	(415,022)	-	(1,086,162)	(576,434)	(1,501,184)	(576,434)
EBITDA	(415,022)	-	(1,086,162)	(576,434)	(1,501,184)	(576,434)
Depreciation and amortisation	-	-	(129,386)	(6,037)	(129,386)	(6,037)
Finance costs	-	-	(2,508)	(432,967)	(2,508)	(432,967)
Loss before income tax expense	(415,022)	-	(1,218,056)	(1,015,438)	(1,633,078)	(1,015,438)
Income tax expense	-	-	-	-	-	-
Loss after income tax expense	(415,022)	-	(1,218,056)	(1,015,438)	(1,633,078)	(1,015,438)

Assets and liabilities

	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017
	US\$	US\$	US\$	US\$	US\$	US\$
Segment assets	148,747	900,686	3,070,148	4,207,324	3,218,894	5,108,010
Segment liabilities	43,503	588,702	510,105	429,492	553,608	1,018,193

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

DECLARATION BY DIRECTORS

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2018 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date;
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that WhiteHawk Limited 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.

Terry Roberts

Chief Executive Officer and Chairman

31 August 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WHITEHAWK LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WhiteHawk Limited which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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*, 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 company's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of WhiteHawk 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of WhiteHawk Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WhiteHawk Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and

- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicated that the entity incurred a loss after tax of USD1,633,078 and had net cash outflows from operating activities of USD1,915,973 for the half year ended 30 June 2018. As at that date the consolidated entity had net current assets of USD992,883 and net assets of USD2,665,286. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

RSM

RSM AUSTRALIA PARTNERS

G N Sherwood *GNS*

G N Sherwood
Partner

Sydney, NSW
Dated: 31 August 2018