

28 February 2019

Australian Securities Exchange (**ASX**)
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

APPENDIX 4D AND FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Please find attached the Company's Appendix 4D and half-year financial report for the period ended 31 December 2018.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and accordingly the financial report should be read in conjunction with the annual financial report for the year ended 30 June 2018.

The financial report for the half-year ended 31 December 2018 incorporates a review of operations during the period.

- ENDS -

By Order of the Board:



Quinton Meyers
Company Secretary

Family Insights Group Limited
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info@familyinsightsgroup.com

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APPENDIX 4D

for the half-year ended 31 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from Ordinary Activities:	683,697
Previous Corresponding Period:	547,073
Percentage Change:	24.97%

Net Loss Attributed to Members:	855,012
Previous Corresponding Period:	3,772,940
Percentage Change:	-77.34%

Net Comprehensive Loss Attributed to Members:	855,012
Previous Corresponding Period:	3,772,940
Percentage Change:	-77.34%

There is no proposal to pay a dividend.

Please refer to Operating Results and Review of Operations within the Directors Report for an explanation of the results.

Net Tangible Assets/Liabilities Per Security:	\$0.006
Previous Corresponding Period:	\$0.004

The Independent Auditor's Review Report included an unmodified opinion drawing attention Note 2 in the financial report, which notes matters that indicate a material uncertainty exists that may cast material uncertainty about the Group's ability to continue as a going concern.

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FAMILY INSIGHTS
— GROUP LIMITED —

ACN 096 870 978
(Formerly Wangle Technologies Limited)

CONDENSED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

WWW.FAMILYINSIGHTSGROUP.COM

TABLE OF CONTENTS

CORPORATE DIRECTORY	3
DIRECTORS' REPORT.....	4
AUDITOR'S INDEPENDENCE DECLARATION	8
INDEPENDENT AUDITOR'S REVIEW REPORT	9
DIRECTORS' DECLARATION.....	11
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	12
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	13
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	15
NOTES TO THE FINANCIAL STATEMENTS	16

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Jonathon Wild
Mr Sean Smith
Mr Mathew Walker

Non-Executive Chairman
Managing Director and Chief Executive Officer
Non-Executive Director

REGISTERED OFFICE

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Subiaco WA 6008
AUSTRALIA

PRINCIPAL PLACE OF BUSINESS

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EXCHANGE

Australian Securities Exchange (ASX)

Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Codes: FAM (Shares), FAMO (Options)

AUDITORS

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AUSTRALIA

LAWYERS

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DIRECTORS' REPORT

The directors of Family Insights Group Limited (**ASX: FAM**) (**Company** or **Family Insights**) and its controlled entities (**Group**), for the half-year ended 31 December 2018 and the auditor's review report thereon. This report has been prepared in accordance with AASB 134 Interim Financial Reporting.

DIRECTORS

The names and particulars of the directors of the Company in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

The directors of the Company during the half-year and up to the date of this report are:

- Mr Jonathon Wild (Non-Executive Chairman)
- Mr Sean Smith (Managing Director and Chief Executive Officer)
- Mr Mathew Walker (Non-Executive Director) *Appointed 9 July 2018*
- Mr James Robinson (Non-Executive Director) *Resigned 9 July 2018*

OPERATING RESULTS

The Group has incurred a net loss after tax for the half-year ended 31 December 2018 of \$855,012 (31 December 2017: \$3,772,940).

REVIEW OF OPERATIONS

In July the Company announced it had entered into an Affiliate Heads of Agreement with **SkoolBag**, Australia's leading school communication platform, to provide embedded educational content including affiliate links to the Family Insights platform to over 1 million parents currently using the platform.

The Company developed bespoke educational content for the SkoolBag platform which is currently being rolled out to Australian schools as part of a staged SkoolBag upgrade to its platform.

On 9 July 2018, the Company announced the appointment of Mr Mathew Walker to the Board as Corporate Director to focus on shareholder engagement, capital raising and business development. Non-executive Director Mr James Robinson announced his resignation from the Board.

Post the initial launch and successful marketing of Wangle Family Insights, the Company undertook a comprehensive review of initial customer interaction to identify areas requiring further improvement and development.

In line with feedback gathered from parents, teachers and children, the Company actioned each area of improvement in parallel to enable a full re-launch of the App in October 2018. Key features developed included; configuration review and general UX improvements, updated dashboard information, inclusion of new merchandising space within the App, the inclusion of a new child-state dashboard and a new optional feature allowing children to view and track the location of their parent's device using GPS.

Following feedback from customers, the family cyber security platform dropped the 'Wangle' prefix and updated the product name and logo to **Family Insights** which was announced on 1 November 2018.

After the October 2018 relaunch of Family Insights, the Company concentrated on actioning early feedback as well as final bug fixes across three staged releases in November and December, with the final version released across iOS and Android platforms in readiness for a ramp up in marketing activity.

The updated release completes the scope of work for 2018, delivering a cyber safety and digital wellbeing platform that the Company is proud to provide to families.

Family Insights is available to families via the iOS and Android appstores for \$7.99 a month after an initial 30-day free trial period.

The Company also successfully released its ground-breaking educational book for parents in support of its cyber safety software platform Family Insights. Written by the Company's cyber-safety expert Robyn Treyvaud, the book, "**The Parents Survival Guide to Children, Technology & The Internet**", offers crucial guidance to families for the digital safety and wellbeing of their children as they become further immersed in the internet.

The release of the cyber safety book has provided an additional self-funded marketing and PR vehicle to market the Family Insights product, with interest being generated particularly within schools, charity bodies and organisations with strong Corporate Responsibility agendas. This additional support for the commercial team has increased discussions with potential distribution partners who are looking for both technical and content driven solutions. Global sales of the book via ebook channels such as Apple iBookstore and Amazon Kindle will provide further support for international expansion later in the year.

At the Company's Annual General Meeting held on 30 November 2018, the Company received Shareholder approval to change the Company Name from Wangle Technologies Limited to Family Insights Group Limited.

FINANCIAL UPDATE

The Company's tax adviser Maxim Private Advisory Pty Ltd assisted Wangle in identifying circa \$2.8 Million in eligible expenditure within the 2017/2018 Financial Year under the Federal Government's Research and Development Tax Incentive Scheme (**R&D Scheme**). 43.5% of this eligible expenditure was claimed as refunds, with \$1,215,315 being paid back to the Company on 22 October 2018 as cash. \$542,080 has been offset against the development asset, resulting in a reversal of \$542,080 of impairment for the period.

CHANGES TO SECURITIES

The placement of the remaining shortfall securities (**Shortfall**) from the 11 March 2018 Entitlement Offer was managed by the broker and lead manager of the Entitlement Issue, CPS Capital Group Pty Ltd (**CPS**). The Company announced the closure of the Shortfall on 26 July 2018 with the successful placement of all 725,650,970 shares to raise gross proceeds of \$2,176,953. In addition, the Shortfall includes the issue of 725,650,970 free attaching one for one unlisted options (**Options**) exercisable at \$0.01 and expiring on 30 June 2021.

The following unlisted options expired, unexercised on 31 August 2018:

- 138,034,867 options exercisable at \$0.025;
- 5,000,000 options exercisable at \$0.075; and
- 26,000,000 options exercisable at \$0.10.

On 10 December 2018, the Company issued 175,000,000 Options to Directors. There is no vesting conditions and this expires on 30 June 2021.

In late December the Company arranged for the quotation of its Options. Accordingly, 1,152,444,168 Options were listed on the ASX with the ticker code FAMO.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' reports and in the financial report have been rounded to the nearest dollar.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Company confirmed the settlement of the acquisition of Frugl Group Limited (**Frugl**) on 22 January 2019.

At settlement, the Company ultimately acquired 95.71% of the issued capital of Frugl in deferred consideration for the issue of 1,914,200,000 Shares.

In addition, as a result of its due diligence investigations, the Company identified a legal dispute between Frugl and an ex-employee. Both Frugl and the ex-employee have lodged claims against one another. To protect the Group's position, it has agreed with Frugl to vary the first revenue milestone payable to all Frugl shareholders as follows:

- if the Settlement Sum is equal to or less than \$100,000 in favour of the ex-employee – the Revenue Milestone shall be \$1,000,000;
- if the Settlement Sum is greater than \$100,000 and less than \$250,000 in favour of the ex-employee – the Revenue Milestone shall be the Settlement Sum plus \$1,000,000; and
- if the Settlement Sum is greater than \$250,000 in favour of the ex-employee – the Revenue Milestone shall be \$1,250,000.

Discussions remain ongoing with the single Frugl shareholder who holds 4.29% of Frugl and who has not yet transferred his shares to the Company. The Company is considering all of its options in relation to acquiring this minority shareholding. Whilst the Company has acquired less than 100% of Frugl, its obligation to pay the revenue milestones have been proportionately reduced.

On 8 February 2019, the Company announced that Mr. Quinton Meyers had taken over the role of Company Secretary, replacing Mrs. Loren King.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated half-year report and in the accounts and notes attached thereto.

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AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 8 of this report.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Mr Jonathon Wild

Chairman

Perth, Western Australia this 28th day of February 2019.

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FAMILY INSIGHTS GROUP LIMITED**

In relation to the independent auditor's review for the half-year ended 31 December 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD



JOANNE PALMER
Executive Director
Perth, 28 February 2019

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**FAMILY INSIGHTS GROUP LIMITED
ABN 80 096 870 978**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FAMILY INSIGHTS GROUP LIMITED**

We have reviewed the accompanying half-year financial report of Family Insights Group Limited "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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*.

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**FAMILY INSIGHTS GROUP LIMITED
ABN 80 096 870 978**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FAMILY INSIGHTS GROUP LIMITED**

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 the Group is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.3 Going Concern in the condensed consolidated financial report, which indicates that Family Insights Group Limited incurred a net loss of \$855,012 during the half-year ended 31 December 2018 and, as of that date, a net cash outflow from operating and investing activities of \$905,373. These conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD



JOANNE PALMER
Executive Director
Perth, 28 February 2019

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DIRECTORS' DECLARATION

1. In the opinion of the Directors of Family Insights Group Limited (**Company**):
 - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half- year then ended; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
 - c. the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half year ended 31 December 2018.



Mr Jonathon Wild

Chairman

Perth, Western Australia this 28th day of February 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2018

	Note	Half-year ended 31 Dec 2018 \$	Half-year ended 31 Dec 2017 \$
Continuing operations			
Revenue		4,941	4,448
Interest income		5,522	1,729
R+D Tax Rebate		673,234	540,896
Reversal of impairment		542,080	658,003
Research and development costs, materials and consultants		(285,707)	(889,546)
Directors' fees, salaries, superannuation and consulting costs		(829,095)	(746,167)
Depreciation expenses		(42,345)	(14,872)
Public company costs, fees, share registry, shareholder costs		(65,377)	(37,545)
Occupancy costs		(40,631)	(53,200)
Legal fees		(43,640)	(14,541)
Audit fees		(12,028)	(12,256)
Insurances		(21,895)	(8,490)
Interest expenses		(7,149)	(10,534)
Foreign exchange expense		(1,308)	(17,237)
Other expenses from ordinary activities		(133,716)	(162,188)
Corporate fees		(70,000)	(60,078)
Share-based payments	8	(323,811)	(205,981)
Impairment expense	4	(204,072)	(2,745,381)
Loss before income tax expense		(855,012)	(3,772,940)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(855,012)	(3,772,940)
Loss after income tax expense for the year attributable to the owners of the Company		(855,012)	(3,772,940)
Other comprehensive income, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		1,192	-
Total comprehensive loss for the year		(853,820)	(3,772,940)
Loss for the year attributable to:			
Owners of the Company		(855,012)	(3,772,940)
- from continuing operations		(855,012)	(3,772,940)
Total comprehensive loss for the year is attributable to:		(853,820)	(3,772,940)
Owners of the Company		(853,820)	(3,772,940)
- from continuing operations		(853,820)	(3,772,940)
Loss per share from continuing operations			
Basic and diluted loss per share (cents per share)		(0.006)	(0.004)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the final interim report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

	Note	Half-year ended 31 Dec 2018 \$	Full-year ended 30 Jun 2018 \$
Current assets			
Cash and cash equivalents		1,268,176	288,197
Trade and other receivables		117,186	151,213
Total current assets		1,385,362	439,410
Non-current assets			
Plant and equipment	3	15,816	56,384
Intangible Assets	4	-	-
Total non-current assets		15,816	56,384
Total assets		1,401,178	495,794
Liabilities			
Current liabilities			
Trade and other payables		394,781	832,771
Provision for leave		1,251	12,027
Total current liabilities		396,032	844,798
Total liabilities		396,032	844,798
Net assets		1,005,146	(349,004)
Equity			
Issued capital	5	30,259,931	28,375,771
Reserves	0	1,528,808	532,565
Accumulated losses		(30,783,592)	(29,257,340)
Total equity		1,005,146	(349,004)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the final interim report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2018

	Share Capital \$	Option Premium Reserve \$	Performance Share Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	25,765,103	728,330	434,485	12,732	(23,924,408)	3,016,242
Consolidated loss for the year	-	-	-	-	(3,772,940)	(3,772,940)
Total comprehensive income for the year	-	-	-	-	(3,772,940)	(3,772,940)
Shares/Options issued during the year	1,400,000	219,669	-	-	-	1,619,669
Share/Option issue costs	(97,688)	-	-	-	-	(97,688)
Foreign currency translation effect	-	-	-	13,907	-	13,907
Options lapsed during current period	-	(8,143)	-	-	8,143	-
Options lapsed during previous periods	-	(663,097)	-	-	663,097	-
Balance at 31 December 2017	27,067,415	276,759	434,485	26,639	(27,026,108)	779,190
Adjusted Balance at 1 July 2018	28,375,771	75,508	434,485	22,572	(29,257,340)	(349,004)
Consolidated loss for the year	-	-	-	-	(855,012)	(855,012)
Foreign currency translation effect	-	-	-	1,192	-	1,192
Total comprehensive income for the year	-	-	-	1,192	(855,012)	(853,820)
Shares/Options issued during the year	2,176,953	323,811	-	-	-	2,500,764
Share/Option issue costs	(292,793)	-	-	-	-	(292,793)
Reclassification of option lapsed during previous period	-	671,240	-	-	(671,240)	-
Balance at 31 December 2018	30,259,931	1,070,559	434,485	23,764	(30,783,592)	1,005,146

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the final interim report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2018

	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
Note	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,918,386)	(1,774,638)
Receipts from customers	5,183	5,286
Interest received	5,522	-
Interest paid	(7,149)	(4,540)
R&D Tax Offset	673,234	540,896
Net cash used by operating activities	<u>(1,241,596)</u>	<u>(1,232,996)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,778)	(12,810)
Net payments for intangible assets, development costs and receipt of R&D tax offset	4	106,228
Net cash used by investing activities	<u>336,223</u>	<u>93,478</u>
Cash flows from financing activities		
Proceeds from issues of shares	5	1,400,000
Payments of share issue costs	(292,793)	(84,000)
Net cash generated by financing activities	<u>1,884,160</u>	<u>1,316,000</u>
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	288,197	922,745
Foreign exchange effects	1,192	13,907
Cash and cash equivalents at the end of the year	<u>1,268,176</u>	<u>1,113,134</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the final interim report.

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NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2018

1. REPORTING ENTITY

Family Insights Group Limited (**Company**) is a company domiciled in Australia. The consolidated interim financial report as at and for the six months ended 31 December 2018 covers the consolidated group of Family Insights Group Limited and its controlled entities (together referred to as the "**Group**").

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Standards IAS 34 Interim Financial Reporting. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, this financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by Family Insights Group Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards and interpretation effective as of 1 July 2018 applied retrospectively. The adoption of these standards and interpretations has had no material impact.

2.2. NEW ACCOUNTING STANDARDS

The following Australian Accounting Standards have been issued or amended and are applicable to the half year financial statements of the Group:

AASB No.	Standard / Interpretation	Effective date for the group
AASB 9	Financial Instruments	1 July 2018
AASB 15	Revenue from contracts with customers	1 July 2018

2.2.1. AASB 9 'Financial Instruments'

AASB 9 supersedes pronouncement AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Group effective 1 July 2018. The standard brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018, as mentioned above. The Group does not currently apply hedge accounting.

As at the date of initial application, the Group adopted the simplified approach for measuring expected credit losses (ECL) in respect to trade receivables.

As the Group does not hold any equity instruments as financial assets, the Group will determine whether to adopt the irrevocable election to value such instruments at fair value through OCI at a future date.

Consequently, as at the date of initial application, and following assessment by management, there is no material impact on the transactions and balances recognised in the financial statements.

The Group's accounting policies for financial instruments from 1 July 2018 are as follows:

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial instruments at initial recognition depends on the financial asset's contractual cashflow characteristics and the Group's business model for managing them. With the exception of the Group's trade receivables that do not contain a significant financing component, the Group initially measures the financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the Group's accounting policy for revenue recognition.

The Group applies the simplified approach in calculating ECLs in respect to trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In determining the provision required, the Group utilises its historical credit loss experience, adjusted only where appropriate for forward-looking factors specific to the debtors and economic environment.

Financial liabilities are classified, at initial recognition, as financial liabilities through fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Adoption of AASB 9 has not had a material impact on the Group.

2.2.2. AASB 15 'Revenue from Contracts with Customers'

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Group to exercise judgement, taking into account all the relevant facts and circumstances when applying each step of the model to contracts with customers. At the initial date of application (1 July 2018), the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements. The Group's accounting policy for revenue and other income from 1 July 2018 is as follows:

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount of that reflects the consideration to which the Group expects to be entitled in exchange for those services. Several other amendments and interpretations apply for the first time at 1 July 2018, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Adoption of AASB 15 has not had a material impact on the Group.

2.3. GOING CONCERN

The Directors have considered the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due.

The financial statements are normally prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Group has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the financial statements may have to be prepared on a different basis, and, if so, the basis used is disclosed.

The Statement of Comprehensive Income shows the Group incurred a net loss of \$855,012 (2017: \$3,772,940) during the half-year ended 31 December 2018 which included an impairment to capitalised development expenditure of \$204,080.

The Statement of Financial Position as at 31 December 2018 shows that the Company had cash and cash equivalents of \$1,268,176 (30 June 2018: \$288,197) and a net current asset position of \$989,330 (30 June 2018: \$405,388 net current liabilities).

The directors are satisfied the Group can continue as a going concern. This opinion is based on the following matters:

- Under the Research and Development Tax Incentive Scheme, the Company is eligible to receive a cash rebate of up to 43.5% of the Group's development expenditure. Previous cash rebates for the years ended 30 June 2017 and 30 June 2018 have been \$1,198,899 and \$1,215,315, respectively. The Company is expecting to submit an application for the 30 June 2019 year for a claim within this range.
- Should the Group require additional capital to continue as a going concern, the Directors are confident that their combined experience in the capital markets and proven track record to reliably raise monies will ensure funds are raised in a timely manner in order to fund the ongoing activities of the Group.
- The Group keeping both administrative and development costs to a minimum through careful cost management, with an option to reduce personnel and scale back further development costs and defer related party payments.

The Board will continue to monitor cash reserves and will take the appropriate actions to curtail any shortfall by means of debt or equity funding should the need arise.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business.

3. PROPERTY, PLANT AND EQUIPMENT

	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
Plant and equipment at cost	379,838	379,838
Accumulated depreciation and impairment	(379,838)	(377,184)
	-	2,654
Motor vehicles at cost	85,972	85,972
Accumulated depreciation	(85,972)	(78,387)
	-	7,585
Office equipment at cost	64,596	64,596
Accumulated depreciation	(64,596)	(64,596)
	-	-
Office furniture at cost	22,223	22,223
Accumulated depreciation	(22,223)	(18,707)
	-	3,516
Computer - at cost	98,114	96,336
Accumulated depreciation	(82,298)	(53,707)
	15,816	42,629
Total property, plant and equipment	15,816	56,384

3.1. MOVEMENT IN CARRYING AMOUNTS:

	Plant & Equipment \$	Motor Vehicles \$	Office Equipment \$	Office Furniture \$	Computer Equipment \$	Total \$
Carrying amount at 30 June 2017	3,276	9,364	-	3,593	54,302	70,535
Acquisitions	-	-	-	207	12,879	13,087
Depreciation expense	(622)	(1,779)	-	(284)	(24,553)	(27,238)
Carrying amount at 30 June 2018	2,654	7,585	-	3,516	42,629	56,384
Acquisitions/(disposals)	-	-	-	-	1,778	1,778
Depreciation expense	(2,654)	(7,585)	-	(3,516)	(28,591)	(42,346)
Carrying amount at 31 Dec 2018	-	-	-	-	15,816	15,816

4. INTANGIBLE ASSET

	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
Software development costs capitalised	3,451,298	3,247,226
R&D tax rebate	542,080	658,003
Reversal of impairment	(542,080)	(658,003)
Impairment of software development costs	(3,451,298)	(3,247,226)
Intellectual property cost capitalised	51,456	51,456
Impairment of Intellectual property costs	(51,456)	(51,456)
	-	-

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In relation to the current organisational structure of Family Insights Group Limited and its consolidated entities, funding requirements at subsidiary level are supported through intercompany loans from the parent company. Funds transferred to the Australian based subsidiary company (Wangle Operations Pty Ltd) are in accordance with the operation budget of the Group.

The operation budget has been prepared in consultation with the board of directors and key management personal. Funds are sent through a cash call process which complements the operation budget. Expenditure incurred at subsidiary level is primarily development costs associated with the Family Insights App and as a result expenditure is capitalised.

During the period, \$204,072 was recognised as a provision for impairment on the intellectual property and capitalised development costs. This was based on a conservative review of the recoverable value of the relevant assets using a value-in-use model. Based on a 5-year present value net cash flow, the asset was deemed to have a carrying value of approximately nil as at 31 December 2018. Therefore, a full impairment has been recognised.

5. ISSUED CAPITAL

	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
2,077,888,336 fully paid ordinary shares (30 June 2018: 1,352,237,366)	30,259,931	28,375,771

5.1. FULLY PAID ORDINARY SHARES

	As at 31 Dec 2018		As at 30 Jun 2018	
	No.	\$	No.	\$
Balance at beginning of year	1,352,237,366	28,375,771	925,444,168	25,765,103
Shares issued	725,650,970	2,176,953	426,793,198	2,745,380
Share issue costs	-	(292,793)	-	(134,712)
Balance at end of year	<u>2,077,888,336</u>	<u>30,259,931</u>	<u>1,352,237,366</u>	<u>28,375,771</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

5.2. SHARE OPTIONS ON ISSUE

Share options issued by the Company carry no rights to dividends and no voting rights. As at 31 December 2018, the Company has 1,152,444,168 share options on issue (June 2018: 420,828,065) exercisable on a 1:1 basis for 251,793,198 shares (2017: Nil) at an exercise price of \$0.01 cents on a post-consolidation basis. The options expire on 30 June 2021.

6. RESERVES

	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
Option reserve balance at beginning of period	75,508	728,330
Options issued during the period (Note 8.1)	323,811	18,418
Options lapsed during current period	-	(8,143)
Reversal/(options lapsed) during previous period	671,240	(663,097)
Option reserve balance at end of the financial period ⁽ⁱ⁾	<u>1,070,559</u>	<u>75,508</u>

(i) The reserve arises on the grant of share options to executives, employees, consultants and advisors. They also arise upon issue of options to shareholders or buyers. The Group has revised a previous policy choice of transferring amount from the option premium reserve to the accumulated losses upon lapsing. Going forward, all amounts recorded in the option reserve will remain.

	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
Performance share reserve balance at beginning of year	434,485	437,047
Performance share converted during the year	-	(2,562)
Performance share reserve balance at end of the financial year ⁽ⁱ⁾	<u>434,485</u>	<u>434,485</u>

(i) The reserve arises on the on the grant of performance shares to A Class Share vendors, consultants and advisors. As at 31 December 2018 none of the Company's performance shares had been issued. Amounts will be transferred out of reserve and into accumulated losses when performance shares expire or lapse.

Foreign currency translation reserve	<u>23,764</u>	<u>22,572</u>
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7. SHARE OPTIONS

Each option issued converts into one ordinary share of Family Insights Group Limited on exercise. Options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

7.1. MOVEMENTS IN SHARE OPTIONS DURING THE YEAR

The following reconciles the share options outstanding at the beginning and end of the year:

	As at 31 Dec 2018		As at 30 Jun 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the period	420,828,065	0.021	60,034,867	0.047
Granted during the period	900,650,970	0.025	367,793,198	0.019
Expired during the period	<u>(169,034,867)</u>	0.038	<u>(7,000,000)</u>	0.093
Balance at end of the period	1,152,444,168	0.022	420,828,065	0.021
Exercisable at end of the period	<u>1,152,444,168</u>	0.022	<u>420,828,065</u>	0.021

8. SHARE-BASED PAYMENTS

Share-based payments made during the period are summarised below.

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8.1. RECOGNISED SHARE-BASED PAYMENT EXPENSE

	As at 31 Dec 2018 \$	As at 31 Dec 2017 \$
Unlisted options issued to directors as per service agreements	-	1,073
Free attaching options issued ⁽ⁱ⁾	-	204,908
Options issued to directors ⁽ⁱⁱ⁾	323,811	-
	323,811	205,981

- (i) On 11 December 2017 the Company issued 50,000,000 Free Attaching Options. As the options were made available to all shareholders, no value was attributed to the options at 30 June 2018, whereby reversing this expense.
- (ii) On 10 December 2018 the Company issued 175,000,000 Options to Directors.

8.2. OPTIONS GRANTED DURING THE PERIOD

The Company granted the following options during the period:

Number of Options Issued	Issue Date	Expiry Date	Exercise Price	Total Value	Recipient
725,650,970	25 July 2018	30 June 2021	\$0.01	Nil	Shareholders
175,000,000	10 Dec 2018	30 June 2021	\$0.01	\$226,668	Directors

Number of Options	Underlying share price (VWAP)	Exercise price	Expected volatility	Expiry date (years)	Expected dividends	Risk free rate	Probability of share issue	Value per option
725,650,970	\$0.003	\$0.01	262%	2.56	Nil	1.93%	Nil	Negligible
175,000,000	\$0.002	\$0.01	262%	2.56	Nil	1.93%	Nil	Negligible

The options have no vesting conditions and expiring 30 June 2021.

9. COMMITMENTS & CONTINGENT LIABILITIES

9.1. COMMITMENTS

	Executive Fees	Corporate Fees	Office Lease
Agreement Start date	25/01/2017	1/01/2019	10/08/2018
Expiry date	25/01/2020	1/01/2020	10/08/2020
Monthly amount	21,667	10,000	6,254
Terms of agreement	90 days	90 days	152 days
Within 12 months to June 2019	65,000	30,000	31,271
Within 2 <5 years	-	-	-
Total	60,000	30,000	31,271

9.2. CONTINGENT LIABILITIES

There are no contingent liabilities for the Group at 31 December 2018 (31 December 2017: Nil).

10. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Group is Family Insights Group Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The Company is engaged in a contract with Cicero Corporate Services Pty Ltd, which Mr Mathew Walker is a shareholder of, for the provision of Company Secretary and Administration services to the amount of \$10,000 (exc. GST) a month, totalling \$60,000 (exc. GST). As at 31 December 2018, there was no amount outstanding to Cicero Corporate Services Pty Ltd.

During the period ended 31 December 2018, the Company engaged Cicero Advisory Services Pty Ltd, which Mr Mathew Walker is a Director and shareholder of. Cicero Advisory Services Pty Ltd was paid a total of \$175,592.18 for capital raising fees and corporate advisory services. As at 31 December 2018, there was no amount outstanding to Cicero Advisory Services Pty Ltd.

11. EVENTS AFTER THE REPORTING PERIOD

The Company confirmed the settlement of the acquisition of Frugl Group Limited (**Frugl**) on 22 January 2019. At settlement, the Company ultimately acquired 95.71% of the issued capital of Frugl in deferred consideration for the issue of 1,914,200,000 Shares.

In addition, as a result of its due diligence investigations, the Company identified a legal dispute between Frugl and an ex-employee. Both Frugl and the ex-employee have lodged claims against one another. To protect the Group's position, it has agreed with Frugl to vary the first revenue milestone payable to all Frugl shareholders as follows:

- (iv) if the Settlement Sum is equal to or less than \$100,000 in favour of the ex-employee – the Revenue Milestone shall be \$1,000,000;
- (v) if the Settlement Sum is greater than \$100,000 and less than \$250,000 in favour of the ex-employee – the Revenue Milestone shall be the Settlement Sum plus \$1,000,000; and
- (vi) if the Settlement Sum is greater than \$250,000 in favour of the ex-employee – the Revenue Milestone shall be \$1,250,000.

Discussions remain ongoing with the single Frugl shareholder who holds 4.29% of Frugl and who has not yet transferred his shares to the Company. The Company is considering all of its options in relation to acquiring this minority shareholding. Whilst the Company has acquired less than 100% of Frugl, its obligation to pay the revenue milestones have been proportionately reduced.

On 8 February 2019 the Company announced that Mr. Quinton Meyers had taken over the role of Company Secretary, replacing Mrs. Loren King.

12. SEGMENT INFORMATION

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

The Group operates primarily in development of the Family Insights App. The financial information presented in the consolidated statement of comprehensive income and the consolidated statement of financial position is the same as that presented to the chief operating decision maker.

Unless stated otherwise, all amounts reported to the Board of directors as the chief operating decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

13. COMPARATIVES

Where necessary, prior period comparatives have been reclassified to be consistent with current period's presentation.

14. BUSINESS COMBINATIONS

As disclosed in Note 11, The Company confirmed the settlement of the acquisition of Frugl Group Limited (**Frugl**) on 22 January 2019. At settlement, the Company ultimately acquired 95.71% of the issued capital of Frugl in deferred consideration for the issue of 1,914,200,000 Shares.

AASB 3 Business Combinations allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date.

The acquisition occurred in January 2019, therefore the acquisition accounting remained provisional as at 31 December 2018.

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