

Appendix 4E

(Rule 4.3A)

Preliminary Final Report

Name of entity

Manalto Limited	ABN 88 098 640 352
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1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
30 June 2019	30 June 2018

2. Results for Announcement to the Market

					\$'000
2.1	Revenue from ordinary activities	down	27%	to	59
2.2	Loss from ordinary activities after tax attributable to members	down	11%	to	2,013
2.3	Net loss for the period attributable to members	down	11%	to	2,013
2.4	Loss per share	down	54%	to	0.06 cents

3. NTA Backing

	Current period	Previous period
Net tangible asset backing per ordinary security	\$(0.00049)	\$0.00029

Additional Appendix 4E disclosure requirements can be found in the Preliminary Final Financial Report for the year ended 30 June 2019 and accompanying notes.

This report is based on the consolidated Financial Statements which are in the process of being audited by Grant Thornton.

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Manalto Limited Preliminary Final Financial Report for the year ended 30 June 2019

MTL.ASX

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Commentary on the results for the period

Principal Activities

The principal activities of the Group during the financial year were development and commercialisation of its social media management software and recapitalisation of the Company. The Board of Manalto continues to undertake a strategic review of the Manalto business and core product including reviewing business development opportunities.

Significant Changes in State of Affairs

On 30 January 2019, the Company advised the retirement of Dr James Ellingford as a director and the appointment of Mr Piers Lewis as a new director. On 16 April 2019, the Company advised the retirement of Mr Tim Wilson as a director and the appointment of Mr Daniel Costick as a new director. On 10 June 2019 the Company advised the retirement of Mr Terence Clee as a director and the appointment of Mr Jason Colling as a new director.

In the opinion of the directors, there have been no other significant changes in state of affairs of the Group during the financial year, other than those disclosed elsewhere in the financial report or notes hereto.

Review of Operations

New Board Appointed

In the first quarter of 2019, the Company advised the retirement of Dr James Ellingford, Mr Tim Wilson and Mr Terence Clee as directors and the appointment of Mr Piers Lewis, Mr Daniel Costick and Mr Jason Colling as new directors.

Product Update

Throughout the 2019-year Manalto's IT and Development activities centered around the platforms core functionalities and maintaining the robust backend to ensure continued system stability for Manalto's client base.

Throughout the first two quarters of 2019 the operational development team continued their focus on maintaining the Manalto platform, focusing on the platforms scheduling and publishing functionalities. The team has work on continued evaluation of the technology stack to find more operational efficiencies and its core functionalities.

There has been continued testing of the social networks API's with a special focus to ensure privacy and data with the Manalto platform.

A number of minor enhancements has been rolled out throughout the year and further enhancement and releases has been planned for 2019 as the company continues to develop its software according to best practices with the focus on delivering a relevant product to our clients and target market.

The company has its focus on the following development roadmap areas for 2019:

- Advanced data analysis and reporting to enhance the Analytics components
- AI (Artificial Intelligence) via IBM Watson.
- Ongoing UX evolution
- Functionality enhancements to our Multi-Media components

Technology refresh:

- Evaluating a Database migration for the platform
- Facebook Partner program – maintained entry to the program.
- continued testing of the social networks API's with a special focus to ensure privacy and data with the Manalto platform.

Financial Overview

During the financial year ended 30 June 2019, the Group recognised revenue of \$59,210 (2018: \$80,640). The loss from ordinary activities before income tax decreased from \$2.28m in 2018 to \$2.06m for the year ended 30 June 2019.

Other than the ongoing costs associated with the Manalto core product, major costs during the year were in relation to progressing the liquidation of subsidiaries no longer required and the defense of litigations.

For the June quarter, the Group undertook a number of cost saving measures, such as restructuring the Board including reducing director fees, and scaling back overheads by consolidating international activities. The Group continues to work towards minimising cash outflows as it continues to review development and funding opportunities.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

	Note	Consolidated	
		2019 \$AUD	2018 \$AUD
Revenue		55,529	62,732
Other income		3,681	17,908
Total revenue and other income		59,210	80,640
Payroll and employees expense		(6,897)	(133,011)
Share-based payment expense		(79,392)	(520,532)
Travel and accommodation		(48,151)	(46,900)
Consulting and professional fees		(1,501,569)	(957,121)
General administration and compliance costs		(140,867)	(206,861)
IT and web costs		(72,425)	(37,473)
Other costs		(14,130)	-
Advertising and marketing		(168,006)	(47,561)
Finance expense		(31,414)	(127,194)
Loss before income tax		(2,003,641)	(1,614,263)
Income tax expense		-	-
Loss from continuing operations		(2,003,641)	(1,614,263)
Loss from discontinued operations		(9,962)	(643,323)
Net loss for the period		(2,013,603)	(2,257,586)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign Currency Translation Reserve Movement		(48,044)	(27,057)
Total comprehensive loss for the period		(2,061,647)	(2,284,643)
Basic and diluted loss per share (cents per share) from continuing operations:			
Basic earnings per share		(0.0006)	(0.0013)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$AUD	2018 \$AUD
ASSETS			
Current assets			
Cash and cash equivalents		44,953	1,516,513
Trade and other receivables		68,618	86,823
Prepaid expenses		-	20,836
Total current assets		113,571	1,624,172
TOTAL ASSETS		113,571	1,624,172
LIABILITIES			
Current liabilities			
Trade and other payables ¹		1,429,863	1,353,057
Short-term borrowings		375,000	-
Short-term provisions		104,270	78,742
Total current liabilities		1,909,133	1,431,799
TOTAL LIABILITIES		1,909,133	1,431,799
NET ASSETS		(1,795,562)	192,373
EQUITY			
Equity attributable to owners of the parent:			
Contributed equity		20,518,897	20,524,577
Share option reserve		1,591,133	1,511,741
Foreign currency translation reserve		(196,037)	(147,993)
Accumulated losses		(23,709,555)	(21,695,952)
TOTAL EQUITY		(1,795,562)	192,373

¹Included in trade and other payables are \$342,149 worth of creditors that the Company is disputing.

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2019

		Consolidated					
30 June 2019	Note	Contributed Equity \$AUD	Other Contributed Equity \$AUD	Foreign currency reserve \$AUD	Accumulated Losses \$AUD	Share option reserve \$AUD	Total \$AUD
Balance at 1 July 2018		20,416,977	107,580	(147,993)	(21,695,952)	1,511,741	192,373
Losses for the year		-	-	-	(2,013,603)	-	(2,013,603)
Other comprehensive loss		-	-	(48,044)	-	-	(48,044)
Total comprehensive loss		-	-	(48,044)	(2,013,603)	-	(2,061,647)
Transactions with owners in their capacity as owners							
Share-based payment – share options		-	-	-	-	79,392	79,392
Capital raising costs		(5,680)	-	-	-	-	(5,680)
Balance at 30 June 2019		20,411,317	107,580	(196,037)	(23,709,555)	1,591,133	(1,795,562)

30 June 2018	Note	Contributed Equity \$AUD	Other Contributed Equity \$AUD	Foreign currency reserve \$AUD	Accumulated Losses \$AUD	Share option reserve \$AUD	Total \$AUD
Balance at 1 July 2017		16,160,240	77,488	(120,936)	(19,525,366)	1,381,209	(2,027,405)
Prior year retained earnings adjustment		(87,000)	-	-	87,000	-	-
Losses for the year		-	-	-	(2,257,586)	-	(2,257,586)
Other comprehensive loss		-	-	(27,057)	-	-	(27,057)
Total comprehensive loss		-	-	(27,057)	(2,257,586)	-	(2,284,643)
Transactions with owners in their capacity as owners							
Share-based payment – share options		-	-	-	-	130,532	130,532
Contributions of equity		4,343,757	-	-	-	-	4,343,757
Issue of convertible notes – equity component		-	30,092	-	-	-	30,132
Balance at 30 June 2018		20,416,977	107,580	(147,993)	(21,695,952)	1,511,741	192,373

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	Note	Consolidated	
		2019 \$AUD	2018 \$AUD
Cash flows from operating activities:			
Receipts from customers		69,798	62,009
Payments to suppliers and employees		(1,641,315)	(1,452,657)
Interest received/(paid)		3,681	740
Net cash from continuing operations		(1,567,836)	(1,389,908)
Net cash from discontinued operations		-	(529,812)
Net cash provided by (used in) operating activities		(1,567,836)	(1,919,720)
Cash flows from financing activities:			
Proceeds from issue of share capital		-	2,030,000
Capital raising costs		(5,680)	(367,610)
Proceeds from borrowings		150,000	1,750,521
Repayment of convertible notes		-	(446,250)
Net cash provided by financing activities		144,320	2,996,661
Net increase (decreases) in cash held		(1,423,516)	1,076,941
Effect of currency translation on cash and cash equivalents		(48,044)	(27,057)
Cash at beginning of financial year		1,516,513	496,629
Cash at end of financial year		44,953	1,546,513

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

2. Trade & Other Payables

	Consolidated	
	2019 \$AUD	2018 \$AUD
CURRENT		
Unsecured Liabilities		
Provision for audit fee	35,000	25,000
Trade payables and accrued expenses ¹	1,394,863	1,328,057
Total	1,429,863	1,353,057

¹ Payables are non-interest bearing and are payable within one year. Included in this amount are \$342,149 worth of creditors that are currently being disputed.

3. Events Subsequent to Reporting Date

On 17 July 2019, Manalto entered into a new corporate advisory mandate with Everblu Capital Pty Ltd (“Everblu”). The corporate advisory mandate has an initial 18-month term with an automatic 12-month extension unless terminated earlier in accordance with its terms.

Under the terms of the mandate, the Company has agreed to pay the following fees to Everblu:

- transaction success fees payable in shares in the Company (subject to shareholder approval) or cash in relation to M&A transactions involving the Company; and
- a capital raising fee of 6% of any capital raised directly or indirectly in connection with the listing of the Company on any exchange other than ASX.

There has been no other matters or circumstances that have arisen since 30 June 2019 and the date of this report that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in the subsequent financial year.

4. Contingent Liabilities and Contingent Assets

Status of Liquidations

MTL’s view is that the liquidations/cessation of the relevant overseas entities no longer in use are awaiting administrative approval for completion of liquidation/cessation.

In the event there are future costs associated with the cessation of the overseas entities, these costs should not be material.

Status of Litigations

During the period one of the three outstanding litigations was finalised in the Company’s favour – with legal costs of \$25,000 recouped. The Company continues to be engaged in two outstanding litigations with a total estimated exposure of \$66,000.

5. Audit Status

This report is based on accounts that are in the process of being audited. It is anticipated that a paragraph in relation to material uncertainty regarding the use of the going concern assumption will be included in the auditor’s report once issued.

CORPORATE DIRECTORY

DIRECTORS

Piers Lewis
Daniel Costick
Jason Colling

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Sebastian Andre

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