KNEOMEDIA

HALF YEAR REPORT
APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

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EMPOWER EDUCATE ASSESS

ASX ANNOUNCEMENT – APPENDIX 4D

Entity: KneoMedia Limited
ABN: 41 009 221 783
Reporting period: For the period ended 31 December 2024
Previous period: For the period ended 31 December 2023

Results for announcement to the market

	31 Dec 24 $	Movement $	Movement %	31 Dec 23 $
Total revenue from ordinary activities	**792,247**	(88,298)	(10%)	**880,545**
Deferred revenue (for future period recognition)	**803,379**	(136,126)	(14%)	**939,505**
Net loss for the period attributable to members of parent (after non-controlling interest)	**(664,208)**	245,851	27%	**(910,059)**
Loss from ordinary activities after tax attributable to members	**(795,434)**	296,201	27%	**(1,091,635)**
Add back:				
Depreciation and amortisation expenses	(454,183)			(520,266)
Finance costs	(142,193)			(246,039)
Gain (loss) on fair value of embedded derivative in convertible notes				61,437
EBITDA[(1)]	**(199,058)**	187,709	49%	**(386,767)**

(1) EBIDTA is a non-IFRS term, defined as net profit before interest, tax, depreciation and amortisation.

Net tangible assets per ordinary share

	Cents
Reporting period	(0.001)
Previous period	(0.002)

Dividends

There were no dividends paid, recommended or declared during the current reporting period.

There were no dividends paid, recommended or declared during the previous reporting period.

Dividend Reinvestment Plans

Not applicable.

Additional disclosures

Additional Appendix 4D disclosures can be found in the attached Directors' Report and the 31 December 2024 half-year financial statements.

This half-year report is to be read in conjunction with the financial report for the year ended 30 June 2024 and public announcements of the Company made on the ASX for the six months ended 31 December 2024.

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James Kellett
Executive Chairman

Date: 28 February 2025

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HALF YEAR FINANCIAL REPORT

For the six months ended 31 December 2024

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DIRECTORS' REPORT

The Directors present their report together with the financial statements of the consolidated entity consisting of KneoMedia Limited ("**KneoMedia**", "**KNM**" or "**the Company**") and its controlled entities ("**Group**"), for the half-year ended 31 December 2024 ("**H1 FY24**").

DIRECTORS

The following persons were Directors who held office during or since the end of the half-year:

Mr James Kellett
Executive Chairman and Chief Executive Officer

Mr Jeffrey Bennett
Non-Executive Director

Mr Franklin Lieberman
Executive Director

Directors were in office from the start of the period to the date of this report.

PRINCIPAL ACTIVITIES

During the financial half-year, the principal activity of the Group was the development and marketing of the Company's online education publishing business across international markets delivering world-class education assessment products and games-based learning to global educational markets. The Group publishes and markets from its US-based subsidiary, KneoWorld Inc., and sells on a seat licence basis through the KneoWorld games portal and regionally via education departments and distribution agreements.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Revenue from ordinary activities for H1 FY25 was $792,247 (H1 FY24: $880,545). The New York City (NYC) *'Connect All Kids'* program again generated the majority of Group's sales for the period.

The Group recorded a comprehensive loss for the half year of $941,711 (H1 FY24: loss of $1,121,384) a 16% reduction of the loss against the comparative half year. The improvement can be attributed to the increase in reduced expenditure and lower customer revenue. Overall, expenses were well controlled.

The statement of financial position reports a deficiency of net current assets of $2,253,692 (30 June 2024: deficiency $3,704,796). However, at the end of the reporting period the current interest bearing loans $1,013,189 and current interest bearing convertible note $517,500 contributing to the deficiency in net current assets have both been extended until February 2026. Further included in net current asset deficiency is the liability for deferred revenue of $782,358, which is a non-cash liability, that self-resolves over the licence period over the term of the contract of up to one year.

Revenue contracts for platform sales range from one to three years. The revenue is recognised on a straight-line basis over the term of the contract resulting in a current deferred revenue balance of $782,358 of a total $803,379 deferred revenue (30 June 2024: $164,836) to be recognised over the contract life, and accordingly, booked as a liability until the contract term and related performance obligations have been fulfilled.

During H1 FY25, the Group's net operating cash outflows totalled ($100,288) (H1 FY24: $945,811 inflows). Receipts from customers totalled $670,137 (H1 FY24: $2,120,975). Payments to suppliers and employees decreased to $770,940 (H1 FY24: $1,175,448).

Cash outflows from investing activities totalled $654,875 (H1 FY24: $701,063). This capital investment is in line with the Company's continued focus on product content development to remain ahead of the latest technological development in the market.

Net cash provided by financing activities totalled $1,380,097 (H1 FY24: $170,063). In the first half of FY25 the Group has relied heavily on cash receipts and to maintain ongoing business activities reducing the reliance on capital funding.

SUBSEQUENT EVENTS

On 24 February 2025, 18 convertible notes with a face value of $450,000 were extended 28 February 2026, all other terms remained the same.

On 24 February 2025 the loan bridging facility with a loan value of $850,000 with accumulated interest was renegotiated with agreement to extend the term to 28 February 2026, all other terms remained the same.

On 24 January 2025 the $2m Equity Placement Facility agreement dated 27 January 2020, which has terms and conditions that require the Company be listed on and trading on the ASX, was extended to 31 January 2026.

KNEOWORLD'S OPERATIONS

During the Half Year the Board has remained fully focused on securing the necessary funding and meeting listing rule requirements to facilitate the near-term resumption of trading on the ASX since the Company's shares were suspended from trading on the Australian Securities Exchange (ASX) on the 7 March 2024, while ensuring continuation of current and future business operations and

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opportunities. This process included the now completed, satisfactory audit of the Company's FY 2024 Financial Report and evidence of an appropriate level of working capital. In this regard a securities placement to sophisticated investors of $1.25 million was completed in September 2024. At an Extraordinary General Meeting on 27 August shareholders voting overwhelmingly to approve the issue of shares in respect of that placement. On 6 December 2024, the Company issued a prospectus inclusive of a fully underwritten Entitlements Issue of $1.657 million to enable existing shareholders to maintain their pro-rata equity position, on the same terms as the recent placement. Sub-underwriting was also undertaken by Directors including conversion to equity of Director loans to the Company. The completion of the fully underwritten Issue, thereby realizing the pro-forma balance sheet contained in the Prospectus, was announced on 4 December 2024.

During the Half Year the Company continued to invest in Intellectual Property on its KneoWorld platform and also on the development of the additional KneoScience Content Services Platform ("CSP") developed in close cooperation with the New York City Department of Education ("NYC DOE").

On the 16th of October, KneoMedia announced deployment of its new EdTech Platform solution for mandated New York City Department of Education Curriculum, to three districts within the NYC DOE encompassing an initial 35,000 licence deployment to elementary and middle school students.

Since that announcement KneoScience has now been extended to embrace High Schools and has been deployed to a further 3 Districts now encompassing a total of 180,000 elementary, middle and high school students. The initial Science Investigations included grades 3-8 in Elementary and Middle Schools. At the request of the NYC DOE, KNM has now added the Biology Investigations for High School students to its Content Services Platform and envisages deployment to these students during the second half of FY 2025. This is a most significant development and reinforces the unique value the DOE attributes to the KneoScience platform. The inclusion of 530 High Schools increases potential student deployment by 300,000 and, subject to final agreement, potential proportionate revenue.

Based on recent District deployments, the total student numbers now far exceeds agreement with the DOE for initial deployment to 120,000 students, valued at more than USD3.6m for the 2024-2025 school year, as reported in the FY 2024 Annual Report. Negotiations are well advanced with respect to the proposed contract and the Company anticipates reporting confirmation of the contract and payment in the near term. Additional Districts seeking to adopt the **KneoScience CSP** digital platform in lieu of the cumbersome paper-based platform, will give rise to further proportionate revenue.

Concurrently the Company also continues to focus on KneoWorld sales receiving payment for renewal of 18,000 one year licences during the half year. Beyond these deployments and in line with FY 2025 objectives, the Company is focused on achieving greater critical mass for KneoWorld by additionally aligning the content with the KneoScience mandated Science Investigations content.
Over a number of years, KneoMedia has invested significantly in the development of the KneoWorld platform, enhancing the underlying technology to the highest capability in terms of student engagement, education and assessment. The curriculum is extensive and rich in content, a defining characteristic in its successful uptake to-date. The platform's adaptability to varying education jurisdictions and standards underpins future deployments into other US education markets and alternate geographies globally. This includes Florida Early Learning Centre (ELC) market, with engagement also commencing with Florida's public school Counties. KneoWorld was deployed to both evaluate student education levels and also the assessment by the governing body of the overall performance of individual ELCs receiving government funding. With these two essential assessment capabilities in place KneoMedia anticipates resuming growth in this region as normality returns post the devastation and financial impact of Hurricane Helene.

International Markets

As previously advised, first and foremost the Company continues to focus on advanced sale opportunities within the United States. To continue this focus, other markets were placed in a no cost holding status during and post Covid. These markets have however been preserved for future sales opportunities, including our JV partnership in the Philippines.

OUTLOOK

KneoMedia's primary focus for the second half of FY25 is the resumption in trading of the Company's shares on the ASX, the continued deployment of KneoWorld in New York and Florida while scaling and completing contractual arrangements for KneoScience' past and future sales with NYC DOE. The KneoScience platform can be progressively sold and deployed over the full school year. As the Investigations are undertaken throughout the year demand the conversion of the cumbersome paper-based Investigations to the Company's digital platform continues to grow.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors.



James Kellett
Executive Chairman

28 February 2025

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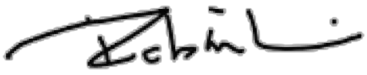
AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review KneoMedia Limited ("the Company") and its controlled entities ("Group") for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of KneoMedia Limited.



ROBIN KING HENG LI CA RCA
DIRECTOR
CONNECT NATIONAL AUDIT PTY LTD
Authorised Audit Company No. 521888
28 February 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	31 Dec 24 $	31 Dec 23 $
Revenue			
Sales revenue from providing online education	6	792,247	880,545
Other income	6	515	284
		792,762	**880,829**
Expenses			
Employee benefits expenses and Directors' fees		(391,231)	(494,479)
Depreciation and amortisation expenses		(454,183)	(520,266)
Marketing expenses		(299,088)	(388,412)
Corporate and administrative expenses	7	(301,501)	(384,705)
Finance costs	8	(142,193)	(246,039)
Gain on fair value movement of embedded derivative in convertible notes	12	-	61,437
		(1,588,196)	**(1,972,464)**
Loss before income tax		**(795,434)**	**(1,091,635)**
Income tax expense		-	-
Loss after income tax		**(795,434)**	**(1,091,635)**
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations (net of tax)		(146,277)	(29,749)
Total comprehensive loss for the year		**(941,711)**	**(1,121,384)**
Loss attributable to:			
Members of the parent entity		(664,208)	(910,059)
Non-controlling interests		(131,226)	(181,576)
		(795,434)	**(1,091,635)**
Total comprehensive loss attributable to:			
Members of the parent entity		(762,856)	(933,709)
Non-controlling interests		(178,855)	(187,675)
		(941,711)	**(1,121,384)**
Loss per share (cents per share)			
Basic and diluted loss per share		0.04	0.06

The interim financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	31 Dec 24 $	30 June 24 $
Current Assets			
Cash and cash equivalents		615,347	33,181
Trade and other receivables		757,380	122,640
Prepayments and other assets		46,334	31,809
Total Current Assets		**1,419,061**	**187,630**
Non-current Assets			
Property, plant and equipment		1,946	2,374
Intangible assets	9	1,535,611	1,334,491
Other non-current assets		3,381	3,381
Total Non-current Assets		**1,540,938**	**1,340,246**
Total Assets		**2,959,999**	**1,527,876**
Current Liabilities			
Trade and other payables		1,232,277	1,525,124
Interest bearing loans and borrowings	10	1,013,189	941,270
Issued capital application monies		-	671,389
Deferred revenue	11	782,358	144,831
Employee benefits		127,429	126,062
Convertible notes	12	517,500	483,750
Total Current Liabilities		**3,672,753**	**3,892,426**
Non-current Liabilities			
Interest bearing loans and borrowings	10	359,162	437,326
Trade and other payables		264,862	-
Deferred revenue	11	21,021	19,555
Employee benefits		66,961	50,770
Total Non-current Liabilities		**712,006**	**507,651**
Total Liabilities		**4,384,759**	**4,400,077**
Net Assets / (Deficiency of Net Assets)		**(1,424,760)**	**(2,872,201)**
Equity			
Issued capital	13	31,833,016	29,443,865
Reserves		390,612	489,260
Accumulated losses		(29,187,476)	(28,523,268)
Parent Entity Interest		**3,036,152**	**1,409,857**
Non-controlling interest		(4,460,912)	(4,282,058)
Total Equity / (Net Deficiency of Equity)		**(1,424,760)**	**(2,872,201)**

The interim financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options & Performance Rights Reserve	Non-Controlling Interest	Total
		$	$	$	$	$	$
Balance at 1 July 2024		**29,443,865**	**(28,523,268)**	**(409,708)**	**898,969**	**(4,282,058)**	**(2,872,201)**
Net loss for the year		-	(664,208)	-	-	(131,225)	(795,433)
Other comprehensive loss		-	-	(98,648)	-	(47,629)	(146,277)
Total comprehensive loss		**-**	**(664,208)**	**(98,648)**	**-**	**(178,854)**	**(941,710)**
Shares issued	13	2,537,094	-	-	-	-	2,537,094
Expiry of options		-	-	-	-	-	-
Transaction costs on shares issued		(147,943)	-	-	-	-	(147,943)
Conversion of director fees to shares		-	-	-	-	-	-
Balance at 31 December 2024		**31,833,016**	**(29,187,476)**	**(508,356)**	**898,969**	**(4,460,912)**	**(1,424,760)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2023	Note	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options & Performance Rights Reserve	Non-Controlling Interest	Total
		$	$	$	$	$	$
Balance at 1 July 2023		**28,835,023**	**(26,868,540)**	**(380,276)**	**1,091,356**	**(3,938,139)**	**(1,260,576)**
Net loss for the year		-	(910,059)	-	-	(181,576)	(1,091,635)
Other comprehensive loss		-	-	(23,650)	-	(6,099)	(29,749)
Total comprehensive loss		**-**	**(910,059)**	**(23,650)**	**-**	**(187,675)**	**(1,121,384)**
Shares issued	13	150,000	-	-	-	-	150,000
Shares and options issued to corporate advisor		-	192,387	-	(192,387)	-	-
Conversion of director fees to shares	13	135,356	-	-	-	-	135,356
Balance at 31 December 2023		**29,120,379**	**(27,586,212)**	**(403,926)**	**898,969**	**(4,125,814)**	**(2,096,604)**

The interim financial statements should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	31 Dec 24 $	31 Dec 23 $
Cash flows from operating activities		
Receipts from customers	670,137	2,120,975
Payments to suppliers and employees	(770,940)	(1,175,448)
Interest received	515	284
Net cash (used in)/from operating activities	**(100,288)**	**945,811**
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(3,134)
Payments for capitalised product development costs	(654,875)	(698,569)
Net cash used in investing activities	**(654,875)**	**(701,703)**
Cash flows from financing activities		
Proceeds from interest bearing loans	30,000	213,900
Repayment of interest bearing loans	(30,000)	(31,000)
Payments related to issue of shares	(147,944)	-
Proceed from the issue of shares	1,540,705	-
Finance costs	(12,664)	(12,837)
Net cash provided by financing activities	**1,380,097**	**170,063**
Net increase in cash and cash equivalents	624,934	414,171
Cash and cash equivalents at the beginning of the financial year	33,181	54,470
Effects of exchange rate changes on cash and cash equivalents	(42,768)	(12,440)
Cash and cash equivalents at the end of the financial period	**615,347**	**456,201**

The interim financial statements should be read in conjunction with the accompanying notes.

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 1: REPORTING ENTITY

KneoMedia Limited is a public listed Company limited by shares and is listed in Australia on the ASX. It is incorporated and domiciled in Australia.

NOTE 2: BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL STATEMENTS

The interim consolidated financial report of the Group is for the six months ended 31 December 2024 and is presented in Australian dollars ($), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2024 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on the date of signing the attached Directors' declaration.

NOTE 3: NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTEPRETATIONS ADOPTED

The accounting policies adopted in the preparation of the interim half-yearly financial statements are consistent with those followed in the preparation of the consolidated entity's annual consolidated financial statements for the year ended 30 June 2024. The consolidated entity has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTE 4: ESTIMATES AND JUDGEMENTS

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition and amortisation of intangible assets

Development costs have been assessed and considered whether they will derive a future economic benefit. The useful life of development costs recognised as an intangible asset has been estimated at 2 years given the constant evolvement of technology.

Recognition of performance rights

The vesting of performance rights has been assessed against the performance hurdles. Based on the view that the probability of achieving the performance conditions in order to exercise the performance rights is uncertain, the Group did not recognise any performance rights expense to the statement of profit or loss and other comprehensive income.

Valuation of the variable conversion option included in convertible notes

As disclosed in note 12 the Company had issued convertible notes with a variable equity conversion feature. Upon initial recognition, this variable conversion feature met the accounting definition of an embedded derivative; this was measured at its fair value using a Monte-Carlo simulation valuation model, with subsequent changes in fair value of this derivative taken to the profit or loss. The remaining underlying host contract at initial recognition was accordingly measured at amortised cost and will amortise back to its face value over the expected term of the loan applying the effective interest method. The key judgements applied in the valuation of the embedded derivative, aside from those inputs arising directly from the conversion clause entitlement and the Company's spot price applied at each remeasurement date included the following:

a) an expiry date being the date of the maturity of the convertible note at 31 March 2025
b) an expected volatility of 100%; and
c) a risk-free rate of 3.84%.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 4: ESTIMATES AND JUDGEMENTS (continued)

Valuation of debt and option loan facility

As disclosed in note 10 the Company executed a loan bridging financing facility to the amount of $1,000,000 with 40,000,000 options issued to the lender. At inception of the loan, the arrangement was considered as a compound financial instrument following consideration of the terms of the arrangement including the options issued to the lender and other transaction costs incurred. The key judgements applied in the valuation of the options include the following:

a) an expected volatility of 100%;
b) a risk-free rate of 3.84%

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

At 30 June 2024 the Group has accumulated tax losses which have not been recorded on the balance sheet due to the uncertainty of the timing of future assessable income. Unused revenue and capital losses will be available in the future to offset against income to the extent permitted by the relevant tax authorities.

NOTE 5: GOING CONCERN BASIS OF ACCOUNTING

For the period ending 31 December 2024, the Group incurred a comprehensive loss of $941,711 (H1 FY24 $1,121,384), net cash used in operating activities was ($100,288). As at 31 December 2024 the cash balance was $615,347 and a deficiency of net current assets of $2,253,692.

The Directors have assessed there is a material uncertainty related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. The assessment of the going concern assumption is based on the group's cash flow projections which applies a number of judgements and estimates, resulting in a range of reasonably possible scenarios.

The Directors have prepared cash flow forecasts that indicate that the consolidated group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report. Based on the cash flow forecast, the Directors are satisfied that, the going concern basis of preparation is appropriate. This forecast includes reduction of discretionary spending and other cost-saving measures, as well as additional funding options and anticipated outcomes as disclosed below.

The assessment of the going concern assumption is based on the group's cash flow projections which applies a number of judgements and estimates, resulting in a range of reasonably possible scenarios, that maintain a cash positive position.

Cash flows from operations and R&D activities

- Group revenue is based on patterns of receipt from prior years and at the same level of funding as prior years for the continued execution and fulfilment of the existing revenue contract milestones and related cash inflows associated with the Connect ALL Kids education program with the New York City Department of Education.
- The continued execution and fulfilment of contracts in Florida based on expansion of sales in the "Early Learning Coalition" revenue stream of circa $330,000 between July25-August25 on the basis of the previous floor established and by representations to our Senior Sales Director.
- The successful approval and deployment of the Science Investigations platform in New York City for up to 400,000 students with initial deployment to 120,000 students over the upcoming 12 months to create a new revenue stream circa $6.4M.

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 5: GOING CONCERN BASIS OF ACCOUNTING (continued)

- A cost efficiency program, including a reduction of staff costs and operational expenditure in the vicinity of $200,000 per annum.
- Anticipated reduction of IP development costs as the KneoWorld product modules approach development completion stages with expected reduction in the vicinity of $200,000 per annum.

Cash flow from funding

Renegotiation of existing external and related borrowings to assist with cash flow management including:

- An agreement for Director support that the related party loan (refer to note 10) will not be called upon for repayment until a date after 28 February 2026.
- An agreement made on 24 February 2025 to extend the loan bridging facility (refer to Note 10 (a) term to 28 February 2026 and provide for monthly repayments of interest from April 2025.
- An agreement made on 24 February 2025 to extend the convertible notes (refer Note 12) maturity to 28 February 2026 with these obligations expected to be settled through the issuance of new equity in due course.
- On 24 January 2025 the $2m Equity Placement Facility agreement dated 27 January 2020, which has terms and conditions that require the Company be listed on and trading on the ASX, was extended to 31 January 2026.
- The Company was suspended from trading with the ASX in March 2024 and expects to be reinstated in March 2025 after satisfactorily meeting all ASX requirements for reinstatement.

Company cash flow forecasts

The Directors have prepared a 12 month cash flow forecast from the date of this report based on its best information at hand and with the above matters included and has also prepared an alternative cash flow forecast in the scenario where some of the cash flows from operations do not eventuate in the 12 month forecast period, albeit in the period after 12 months. The cash flow forecasts indicate that the consolidated group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report.

Whilst the Directors have every confidence in the above, should these matters not be completed as anticipated whether the entity is able to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business, is uncertain.

NOTE 6: REVENUE AND OTHER INCOME

	31 Dec 24 $	31 Dec 23
Sales revenue from providing online education	792,247	880,545
Interest income	515	284
	792,762	**880,829**

NOTE 7: CORPORATE & ADMINISTRATION EXPENSES

	31 Dec 24 $	31 Dec 23 $
Corporate costs	(211,202)	(191,805)
Consulting fees	(39,237)	(115,131)
Occupancy costs	(29,974)	(34,929)
Administration costs	(21,088)	(73,472)
Other expenses	-	30,632
	(301,501)	**(384,705)**

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 8: FINANCE COSTS

	31 Dec 24 $	31 Dec 23 $
Loan option funding interest	(105,669)	(206,943)
Related party loan interest	(21,838)	(22,064)
Bank charges and interest	(14,686)	(17,032)
	(142,193)	**(246,039)**

NOTE 9: INTANGIBLE ASSETS

	31 Dec 24 $	30 June 24 $
Gross carrying amount		
Balance as at 1 July	6,239,888	4,787,609
Additions	654,875	1,452,279
Balance	**6,894,763**	**6,239,888**
Accumulated amortisation and impairment		
Balance as at 1 July	(4,905,397)	(3,854,395)
Amortisation expense	(453,755)	(1,051,002)
Balance	**(5,359,152)**	**(4,905,397)**
Net book value	**1,535,611**	**1,334,491**

The intangible assets recognised by the Group is product development costs. The product development costs capitalised include contracted costs attributable to preparing the products for their intended use. The product development assets are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives of 2 years. The Group commenced the amortisation of intangible assets when the Group started to generate income in March 2016.

NOTE 10: INTEREST BEARING LOANS AND BORROWINGS

Current (unsecured)	31 Dec 24 $	30 June 24 $
Loan bridging facility at amortised cost, net of borrowing costs	1,013,189	941,270
	1,013,189	**941,270**

Non-current (unsecured)		
Related party loan, at amortised cost [(b)]	359,162	437,326
	359,162	**437,326**

During the period, the Group held the following short-term loans:

a) Loan Bridging Facility

On 12 September 2022, the group executed a loan bridging financing facility to the amount of $1,000,000 with a repayment of the loan due by November 2023, subsequently renegotiated and at 31 December 2024 has a maturity of 31 March 2025. The loan bears interest at 15%, with an initial repayment amount due and payable of $1,150,000 at term. The loan amount was fully drawn as at 30 September 2022 with the proceeds from the loan having been used to meet short-term expenditure needs. As at 31 December 2024 the contractual cash repayable is $850,000.

The loan is carried at its amortised cost as at 31 December 2024 and ranks senior and is not secured over assets of the group.

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 10: INTEREST BEARING LOANS AND BORROWINGS (continued)

In exercising the loan arrangement, the Group issued to the lender 40,000,000 options exercisable for 48 months with an exercise price of $0.04.

At inception of the loan, the arrangement was considered as a compound financial instrument following consideration of the terms of the arrangement including the options issued to the lender and other transaction costs incurred. Accordingly, the group measured an initial equity component of $539,075, and an initial financial liability of $415,925, with the contractual cash repayment of $1,150,000 due in November 2023, subsequently re-valued to a date of 31 March 2025. Other transaction costs of $45,000 have been allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds received. An amount of $300,000 from a February 2023 share placement was used to pay down the loan facility.

As a repayment has been made the amortised cost of the liability has been adjusted to reflect actual cash flows. The gross carrying amount of the of the financial liability has been recalculated as the present value of the estimated future contractual cash flows discounted at the original effective interest rate.

Loan interest expense of $71,919 was recognised in the period and is a non-cash expense as noted in Note 8.

On 24 February 2025 the loan bridging facility was renegotiated to extend the term to 28 February 2026, all other terms remained the same except for monthly accrued interest to be paid commencing from April 2025 until maturity or termination.

b) Related Party Loans

On 17 May 2023, the group executed a loan arrangement for up to $255,000 with a related party of the group. The loan was renegotiated to a sum of $415,000 during the year end 30 June 2024 with a maturity date of no earlier than 1 November 2025. The loan was further extended during the period to a maturity date of no earlier than 28 February 2026. The loan is unsecured and the proceeds have been used to meet short-term expenditure needs. Loan amounts up to the facility amount can be redrawn during the loan period. The loan is to be repaid following the Group's receipt of any advanced funding from the New York Department of Education or any capital raising proceeds subsequent to the loan date. The loan carries interest at 10.0% per annum, calculated on any outstanding balance payable.

There were no loan costs incurred in executing the loan. The loan payable was reduced by $100,000 in December 2024 by way of a rights issue placement (a non cash transaction). The loan is carried at amortised cost with the financial liability of $359,164 recognised as at 31 December 2024, including $21,838 accrued interest as noted in Note 8.

NOTE 11: DEFERRED REVENUE

	31 Dec 24 $	30 June 24 $
Current deferred revenue	782,358	144,831
Non-current deferred revenue	21,021	19,555
Balance	**803,379**	**164,386**

Deferred revenue represents revenue paid at the commencement of the contract for access to the online education platform. Revenue is then recognised on a straight-line basis over the contract term. Revenue contracts for platform sales range from one to three years. The increase from 30 June 2024 is reflective of increased sales.

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 12: CONVERTIBLE NOTES

As at 31 December 2024, 18 convertible notes remain outstanding with a face value of $450,000 of the 52 convertible notes issued in November 2021. The convertible notes have a mechanism for the note holder to convert the loan into a varying number of shares in the Company at a 20% discount to the preceding 15-day VWAP, but not greater than $0.015 per share.

The maturity dates of the notes have been re-negotiated and as at 31 December 2024 have a maturity date of 31 March 2025 under amended terms of; accrued interest of 15% p.a. payable in shares or cash on principal balance on redemption or conversion commencing from the last maturity date being 31 December 2024, no conversion before 31 March 2025, if not converted, new maturity date at Lind request until December 2025 and extension consideration of 100 million 2 year options exercisable at $0.0025 per share which is the same exercise price as other recently issued options.

On 24 February 2025, the expiry of the 18 convertible notes with a face value of $450,000 were extended to 28 February 2026, all other terms remained the same.

The table below demonstrates the movement in the convertible note liability since 30 June 2024.

Current (unsecured)	**31 Dec 24 $**	30 June 24 $
Reconciliation		
Opening convertible notes at fair value:	483,750	511,437
Add: Change in fair value of embedded derivative	-	(48,982)
Add: Net change in fair value of embedded derivative and Host Liability	-	-
Add: Interest payable on the convertible note	33,750	21,295
Balance	**517,500**	**483,750**

The Directors of the Group appointed an external valuation expert to perform a fair value valuation on the convertible notes and the related embedded derivatives at inception, since inception and 31 December 2024. The table below demonstrates the value of the embedded derivative and host liability.

Current (unsecured)	**31 Dec 24 $**	30 June 24 $
Convertible note – host liability at amortised cost	392,676	305,222
Convertible note – fair value of embedded derivative	124,824	178,528
Balance	**517,500**	**483,750**
Face value of notes	**450,000**	**450,000**

The convertible notes are unsecured, bear an interest payable of 15% and no related parties participated.

Upon initial recognition, this variable conversion feature met the accounting definition of an embedded derivative; this was measured at its fair value using a Monte-Carlo simulation valuation model, with subsequent changes in fair value of this derivative taken to the profit or loss. The remaining underlying host contract at initial recognition was accordingly measured at amortised cost and will amortise back to its face value over the expected term of the loan applying the effective interest

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 12: CONVERTIBLE NOTES (continued)

method. The key judgements applied in the valuation of the embedded derivative, aside from those inputs arising directly from the conversion clause entitlement and the Company's spot price applied at each remeasurement date included the following:
a) an expiry date being the date of the maturity of the convertible note at 31 March 2025;
b) an expected volatility of 100%; and
c) a risk-free rate of 3.84%.

The fair value of the embedded derivative is measured using significant observable inputs (level 2 hierarchy). As at 31 December 2024 there has been no change in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurement at the end of the reporting period and in comparison to prior period. There have been no transfers between levels of fair value hierarchy at the end of the period.

NOTE 13: ISSUED CAPITAL

2024	31-Dec-24 $	31-Dec-24 No:
Ordinary Shares		
At the beginning of reporting period	29,443,865	1,769,011,804
Shares issued during the year		
Placement tranche 2	671,389	447,592,866
Placement - oversubscribed	225,000	150,000,000
Conversion of broker fees to shares	-	4,860,000
Rights issue	1,640,705	1,139,805,473
Transaction costs on shares issued	(147,943)	-
At reporting date	31,833,016	3,511,270,143

2023	31-Dec-23 $	31-Dec-23 No:
Ordinary Shares		
At the beginning of reporting period	28,835,023	1,504,785,318
Shares issued during the year		
Conversion of director fees to shares	135,356	13,486,018
Shares issued to directors [(a)]	150,000	15,000,000
At reporting date	29,120,379	1,533,271,336

(a) Issue of placement shares from February 2023 capital raising to Furneaux Management Pty Ltd, a related party of James Kellett and Hixon Pty Ltd a related party of Director Jeff Bennett as approved at the AGM.

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 14: SHARE BASED PAYMENTS

Performance rights

Performance rights granted to key management personnel are under the Group's Long-Term Incentive Plan (LTIP). The table below discloses the performance rights granted to Directors and Senior Executives. The performance rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date. The vesting conditions require gross revenues of $6,000,000 to be achieved in any given 12-month consecutive period as well as continued employment, with the performance rights expiring on 30 November 2025.

	Grant date	No. granted ('000)	Fair value at grant date ($)	Expiry date	Number lapsed	Balance at 31 Dec 24 ('000)	Vested ('000)	Unvested ('000)
James Kellett	30 Nov 2022	10,511	0.0200	30 Nov 2025	-	10,511	-	10,511
Franklin Lieberman	30 Nov 2022	5,256	0.0200	30 Nov 2025	-	5,256	-	5,256
Jeffrey Bennett	30 Nov 2022	5,256	0.0200	30 Nov 2025	-	5,256	-	5,256
Damian O'Sullivan	30 Nov 2022	5,000	0.0200	30 Nov 2025	-	5,000	-	5,000
Total						**26,023**	**-**	**26,023**

The fair value of the performance rights was determined using the share price at grant date:

Performance Rights issued 30 November 2022	
Share Price at grant date	$0.020
Valuation	$520,447

In determining the number of equity instruments expected to vest at 31 December 2024, the probability of achieving the vesting conditions of the performance rights was assessed as 0%, resulting in a nil expense incurred in the period.

Options

Set out below are summaries of options granted to corporate advisors and lenders during the year and outstanding at the end of the period.

Grant date	Expiry Date	Exercise Price ($)	Balance at the start of the year	Granted	Exercised	Balance at 31 Dec 24
27 Sept 2022	27 Sept 2026	0.040	40,000,000	-	-	40,000,000
30 Nov 2022	30 Nov 2026	0.025	15,000,000	-	-	15,000,000
30 Nov 2022	30 Nov 2026	0.050	15,000,000	-	-	15,000,000
10 Feb 2023	31 Dec 2024	0.025	6,000,000	-	-	-
27 Aug 2024	31 Dec 2026	0.025	667,000,000	-	-	667,000,000
27 Aug 2024	31 Dec 2026	0.025	100,000,000	-	-	100,000,000

NOTE 15: CONTINGENT LIABILITIES

There are no outstanding contingent liabilities as at 31 December 2024 (30 June 2024: Nil).

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

NOTE 16: DETAIL OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

Control gained over entities

There was no control gained over entities in the half year ended 31 December 2024

Loss of control of entities

There was no disposal of subsidiary entities in the half year ended 31 December 2024

NOTE 17: SUBSEQUENT EVENTS

On 24 February 2025, 18 convertible notes with a face value of $450,000 were extended to 28 February 2026, all other terms remained the same.

On 24 February 2025 the loan bridging facility was renegotiated to extend the term to 28 February 2026, all other terms remained the same except for monthly accrued interest to be paid commencing from April 2025 until maturity or termination.

On 24 January 2025 the $2m Equity Placement Facility agreement dated 27 January 2020, which has terms and conditions that require the Company be listed on and trading on the ASX, was extended to 31 January 2026.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

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

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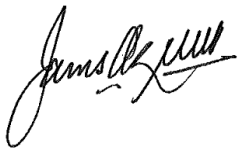
DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2024

In the opinion of the Directors of KneoMedia Limited:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



James Kellett
Executive Chairman

28 February 2025

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Independent Auditor's Review Report
To the members of KneoMedia Limited
Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of KneoMedia Limited ("the Company") and its controlled entities ("Group"). 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 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 2024 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2024;
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 17 comprising a summary of material accounting policies and other explanatory information; and
- The Directors' Declaration.

Basis for Conclusion

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of the Financial Report performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the corporations Act 2001 which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Emphasis of Matter regarding uncertainty related to going concern

We draw attention to Note 5 of the financial report which describes that the directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern.

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For the period ending 31 December 2024, the Group incurred a comprehensive loss of $941,711 (H1 FY24 $1,121,384), net cash used in operating activities was ($100,288). As at 31 December 2024 the cash balance was $615,347 and a deficiency of net current assets of $2,253,692.

The Directors have assessed there is a material uncertainty related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. The assessment of the going concern assumption is based on the group's cash flow projections which applies a number of judgements and estimates, resulting in a range of reasonably possible scenarios.

The Directors have prepared cash flow forecasts that indicate that the consolidated group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report. Based on the cash flow forecast, the Directors are satisfied that, the going concern basis of preparation is appropriate. This forecast includes reduction of discretionary spending and other cost-saving measures, as well as additional funding options and anticipated outcomes as disclosed below.

The assessment of the going concern assumption is based on the group's cash flow projections which applies a number of judgements and estimates, resulting in a range of reasonably possible scenarios, that maintain a cash positive position.

Cash flows from operations and R&D activities

Group revenue is based on patterns of receipt from prior years and at the same level of funding as prior years for the continued execution and fulfilment of the existing revenue contract milestones and related cash inflows associated with the Connect ALL Kids education program with the New York City Department of Education.

- The continued execution and fulfilment of contracts in Florida based on expansion of sales in the "Early Learning Coalition" revenue stream of circa $330,000 between July25-August25 on the basis of the previous floor established and by representations to our Senior Sales Director.
- The successful approval and deployment of the Science Investigations platform in New York City for up to 400,000 students with initial deployment to 120,000 students over the upcoming 12 months to create a new revenue stream circa $6.4M.
- A cost efficiency program, including a reduction of staff costs and operational expenditure in the vicinity of $200,000 per annum.

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- Anticipated reduction of IP development costs as the KneoWorld product modules approach development completion stages with expected reduction in the vicinity of $200,000 per annum.

Cash flow from funding

Renegotiation of existing external and related borrowings to assist with cash flow management including:

- An agreement for Director support that the related party loan (refer to note 10) will not be called upon for repayment until a date after 28 February 2026.
- An agreement made on 24 February 2025 to extend the loan bridging facility (refer to Note 10 (a) term to 28 February 2026 and provide for monthly repayments of interest from April 2025.
- An agreement made on 24 February 2025 to extend the convertible notes (refer Note 12) maturity to 28 February 2026 with these obligations expected to be settled through the issuance of new equity in due course.
- On 24 January 2025 the $2m Equity Placement Facility agreement dated 27 January 2020, which has terms and conditions that require the Company be listed on and trading on the ASX, was extended to 31 January 2026.
- The Company was suspended from trading with the ASX in March 2024 and expects to be reinstated in March 2025 after satisfactorily meeting all ASX requirements for reinstatement.

Company cash flow forecasts

The Directors have prepared a 12-month cash flow forecast from the date of this report based on its best information at hand and with the above matters included and has also prepared an alternative cash flow forecast in the scenario where some of the cash flows from operations do not eventuate in the 12 month forecast period, albeit in the period after 12 months. The cash flow forecasts indicate that the consolidated group will have sufficient cash flows to meet its commitments for a period of at least 12 months from the date of this report.

Whilst the Directors have every confidence in the above, should these matters not be completed as anticipated whether the entity is able to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business, is uncertain.

As stated in Note 5, these events or conditions, along with other matters detailed in the note, indicate the existence of material uncertainty. If these events or conditions are not completed, and within the timeframes forecast, whether the Group is able to continue as a going concern and therefore realise its assets and settle its liabilities in the ordinary course of business is uncertain. Our opinion is not modified in respect of this matter."

Other Matters
The financial report of KneoMedia Limited, for the half-year ended 31 December 2023, was reviewed by another auditor, who expressed a modified opinion on the going concern in the half-year report on 29 February 2024.

Responsibilities of the Directors 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 Corporations Act 2001
- 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 for the review of the Half-year Financial Report
Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether 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 2024 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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.

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD
Authorised Audit Company No. 521888

ROBIN KING HENG LI CA RCA
DIRECTOR
28 February 2025

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