

1. Company details

Name of entity:	Pureprofile Ltd
ABN:	37 167 522 901
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	93.2% to	52,937,637
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	up	153.6% to	708,759
Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('Underlying EBITDA')	up	102.4% to	5,201,311
Loss from ordinary activities after tax attributable to the owners of Pureprofile Ltd	up	38.7% to	(2,976,080)
Loss for the year attributable to the owners of Pureprofile Ltd	up	38.7% to	(2,976,080)

Dividends

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

Comments

The loss for the group after providing for income tax amounted to \$2,976,080 (30 June 2016: \$2,145,967).

Underlying EBITDA for the financial year amounted to \$5,201,311 (30 June 2016: \$2,570,334).

EBITDA and Underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards ('AAS') and represent the profit under AAS adjusted for non-specific non-cash and significant items.

The following table summarises key reconciling items between statutory loss after income tax and normalised EBITDA:

	Consolidated 2017 \$	2016 \$
Loss after income tax	(2,976,080)	(2,145,967)
Add: Depreciation and amortisation	3,491,458	1,386,129
Less: Interest income	(13,343)	(20,994)
Add: Interest Expense	209,272	136,429
Less: Income tax benefit	(2,548)	(677,647)
EBITDA	708,759	(1,322,050)
Add: Non-recurring expenses (excluding tax impact)	4,362,141	3,661,958
Add: Share-based payment expense	130,411	230,426
Underlying EBITDA	<u>5,201,311</u>	<u>2,570,334</u>

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(9.29)</u>	<u>(0.03)</u>

4. Control gained over entities

Name of entities (or group of entities)	Cohort Holdings Australia Pty Limited and its controlled entities	
Date control gained	8 November 2016	
		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		4,649,982
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)		2,850,979

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

10. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Pureprofile Ltd for the year ended 30 June 2017 is attached.

11. Signed

Signed 

Date: 31 August 2017

Andrew Edwards
Executive Chairman
Sydney

Pureprofile Ltd

ABN 37 167 522 901

Preliminary Financial Report - 30 June 2017

Pro forma adjustments to the statutory income statement

The table below sets out the adjustment to the Statutory Results for the period 1st July 2016 to 30th June 2017 to primarily reflect the acquisitions that Pureprofile Ltd. has made since 1 July 2016 as if they had occurred as at 1 July 2015 and the full year impact of the operating and capital structure that is in place following completion of the Acquisition of Sparc and Cohort as if it was in place as at 1 July 2015. In addition, certain other adjustments to eliminate non-recurring items have been made. These adjustments are summarised below:

	Pro Forma Actual Consolidated 30-Jun-17 \$m	Pro Forma Actual Consolidated 30-Jun-16 \$m
Statutory Revenue	52.9	27.4
Proforma impact of Sparc acquisition ²	0.0	1.1
Proforma impact of Cohort acquisition ¹	10.4	26.5
Pro Forma Revenue	63.3	55.0
Pro Forma Underlying EBITDA	6.7	5.6
Depreciation & Amortisation	(3.5)	(1.4)
Interest Income	0.0	0.0
Interest Expense	(0.2)	(0.1)
Non-recurring expenses noted below	(4.3)	(3.7)
Share based payment expense	(0.1)	(0.2)
Proforma impact of acquisition ¹	(1.6)	(3.0)
Less: Income Tax Benefit	0.0	0.7
Statutory NPAT	(3.0)	(2.1)
Statutory NPAT	(3.0)	(2.1)
Proforma impact of Sparc acquisition ²	0.0	0.2
Proforma impact of Cohort acquisition ¹	0.9	2.1
Non-recurring and one off expenses ³	1.9	3.1
Non-recurring IPO expenses ⁴	0.0	0.2
Non-recurring M&A expenses ⁵	2.4	0.2
Share based payment expense	0.1	0.2
Tax effect ⁶	(0.6)	(0.7)
Total proforma and other one-off adjustments	4.7	5.3
Pro Forma Underlying NPAT	1.7	3.2

The pro forma adjustments made to statutory revenue and NPAT of Pureprofile reflects the following events and assumptions:

1. **Pro forma impact of acquisition** represents the full impact of Cohort*** revenue and NPAT as if Pureprofile controlled Cohort since 1 July 2015.
2. **Pro forma impact of acquisition** represents the full impact of Sparc** revenue and NPAT as if Pureprofile controlled Sparc since 1 July 2015.
3. **Non-recurring and one-off expenses** represents the pro forma adjustment for non-recurring 'one-off' business expenditure incurred by Pureprofile which are specific to circumstances at the time, and include such items as recruitment fees, consultant fees and salaries as a result of the transition of key management roles and integration of Sparc Media operations, investment of introducing new products and investment in future revenue streams in new markets in US, UK, Europe, Australia and NZ.
4. **Non-recurring IPO expenses** relates to 'one-off' legal, auditor, corporate advisor and accounting services expenditure incurred in relation to the IPO on the Australian Securities Exchange.
5. **Non-recurring M&A expenses** relate to 'one-off' legal, auditor and accounting services expenditure incurred in relation to the acquisition of Sparc and Cohort.
6. **Tax-effect of pro forma adjustments** relating to 1 to 7 above has been reflected in this adjustment as appropriate.

- ** Sparc Media Pty Limited, Adsparc Pty Limited, Future Students Pty Limited, Funbox India Private Limited (India) and Sparc Media sp. z o.o. (Poland) (collectively referred to as 'Sparc').
- *** Cohort Holdings Australia Pty Limited, Cohort Australia Pty Limited, Cohort Global Limited, Cohort Global LLC, Cohort Developments Pty Ltd and Omnilead Pty Ltd (collectively referred to as 'Cohort').

Notes:

1. **Underlying EBITDA** represents EBITDA before the impact of non-recurring items associated with the costs of IPO, Sparc and Cohort acquisition, integration of the Sparc and Cohort operations, investment of introducing new products and future revenue streams in new markets in US, UK, Europe, Australia and NZ. This represents the key performance measure used by management and the directors in assessing the operational performance of the Group.
2. **Pro Forma Underlying NPAT** represent net profit after tax before the impact of non-recurring items.

	Note	Consolidated 2017 \$	2016 \$
Revenue	2	52,937,637	27,401,837
Expenses			
Direct costs of revenue		(27,021,542)	(12,697,172)
Employee benefits expense		(14,993,576)	(9,471,350)
Foreign exchange loss		(319,932)	(294,841)
Depreciation and amortisation expense	3	(3,491,458)	(1,386,129)
Technology, engineering and licence fees		(3,273,108)	(2,423,021)
Share-based payment expense		(130,411)	(230,426)
Restructuring, acquisition and IPO costs		(2,418,747)	(401,011)
Occupancy costs		(1,112,155)	(737,091)
Other expenses		(2,946,064)	(2,447,981)
Finance costs	3	(209,272)	(136,429)
Loss before income tax benefit		(2,978,628)	(2,823,614)
Income tax benefit	4	2,548	677,647
Loss after income tax benefit for the year attributable to the owners of Pureprofile Ltd		(2,976,080)	(2,145,967)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(101,851)	20,429
Other comprehensive income for the year, net of tax		(101,851)	20,429
Total comprehensive income for the year attributable to the owners of Pureprofile Ltd		<u>(3,077,931)</u>	<u>(2,125,538)</u>
		Cents	Cents
Basic earnings per share	22	(3.10)	(3.57)
Diluted earnings per share	22	(3.10)	(3.57)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	5	4,047,928	1,768,275
Trade and other receivables	6	12,081,363	5,765,614
Income tax receivable		-	522,124
Other	7	877,304	693,795
Total current assets		<u>17,006,595</u>	<u>8,749,808</u>
Non-current assets			
Property, plant and equipment	8	356,863	256,828
Intangibles	9	39,248,521	11,134,984
Deferred tax	10	3,951,547	3,141,910
Total non-current assets		<u>43,556,931</u>	<u>14,533,722</u>
Total assets		<u>60,563,526</u>	<u>23,283,530</u>
Liabilities			
Current liabilities			
Trade and other payables	11	19,317,418	8,094,951
Borrowings	12	3,496,426	270,647
Income tax		714,536	-
Provisions	13	2,067,296	2,001,778
Deferred revenue		297,039	17,852
Total current liabilities		<u>25,892,715</u>	<u>10,385,228</u>
Non-current liabilities			
Borrowings	14	2,875,000	-
Deferred tax	15	2,723,126	1,695,302
Provisions	16	155,546	85,625
Total non-current liabilities		<u>5,753,672</u>	<u>1,780,927</u>
Total liabilities		<u>31,646,387</u>	<u>12,166,155</u>
Net assets		<u>28,917,139</u>	<u>11,117,375</u>
Equity			
Issued capital	17	39,937,294	19,190,010
Reserves	18	126,010	97,450
Accumulated losses		<u>(11,146,165)</u>	<u>(8,170,085)</u>
Total equity		<u>28,917,139</u>	<u>11,117,375</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	7,175,254	1,529	(6,024,118)	1,152,665
Loss after income tax benefit for the year	-	-	(2,145,967)	(2,145,967)
Other comprehensive income for the year, net of tax	-	20,429	-	20,429
Total comprehensive income for the year	-	20,429	(2,145,967)	(2,125,538)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 17)	11,859,822	-	-	11,859,822
Share-based payments	-	230,426	-	230,426
Transfer from share-based payments reserve to issued capital	154,934	(154,934)	-	-
Balance at 30 June 2016	19,190,010	97,450	(8,170,085)	11,117,375
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	19,190,010	97,450	(8,170,085)	11,117,375
Loss after income tax benefit for the year	-	-	(2,976,080)	(2,976,080)
Other comprehensive income for the year, net of tax	-	(101,851)	-	(101,851)
Total comprehensive income for the year	-	(101,851)	(2,976,080)	(3,077,931)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 17)	20,747,284	-	-	20,747,284
Share-based payments	-	130,411	-	130,411
Balance at 30 June 2017	39,937,294	126,010	(11,146,165)	28,917,139

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		52,176,548	25,301,933
Payments to suppliers and employees (inclusive of GST)		(49,589,590)	(25,823,375)
		2,586,958	(521,442)
Interest received		13,343	20,994
Interest and other finance costs paid		(209,272)	(136,429)
Income taxes (paid)/refunded		(15,499)	228,254
Net cash from/(used in) operating activities	21	2,375,530	(408,623)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	19	(300,000)	(2,592,374)
Payment for purchase of subsidiary, net of cash acquired	19	(14,680,244)	-
Payment for expenses relating to acquisitions		(2,238,747)	(1,412,572)
Payments for property, plant and equipment	8	(133,540)	(269,391)
Payments for intangibles	9	(5,194,100)	(3,209,889)
Proceeds from disposal of property, plant and equipment		42,697	2,765
Net cash used in investing activities		(22,503,934)	(7,481,461)
Cash flows from financing activities			
Proceeds from issue of shares	17	17,000,416	10,000,000
Proceeds from borrowings		4,000,000	-
Share issue transaction costs		(620,732)	(896,573)
Repayment of borrowings		(125,000)	(100,000)
Net cash from financing activities		20,254,684	9,003,427
Net increase in cash and cash equivalents		126,280	1,113,343
Cash and cash equivalents at the beginning of the financial year		1,622,628	531,162
Effects of exchange rate changes on cash and cash equivalents		(72,406)	(21,877)
Cash and cash equivalents at the end of the financial year	5	1,676,502	1,622,628

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments:

- Data & Insights;
- Programmatic Media; and
- Performance*

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

*The Performance operating segment is a new operating segment in the current financial year. The new operating segment was created following the acquisition of Cohort Australia Holdings Pty Limited on 8 November 2016.

Types of products and services

The principal products and services are as follows:

Data & Insights	Conducting market research and providing research technology platforms
Programmatic Media	Buying and selling online advertising inventory on behalf of advertisers and publishers
Performance	Generates leads for clients through its consumer database and proprietary and partner digital assets

Refer to note 2 for details of revenue split by product and service line.

Major customers

During the year ended 30 June 2017 no customer contributed more than 10% to the Group's external revenue. During the year ended 30 June 2016, two customers contributed 10% and 11%, respectively, to the Group's external revenue.

Revenue by geographical area

The group operates in 3 (2016: 3) regions. The sales revenue for each region is as follows:

	Consolidated 2017 \$	2016 \$
Sales to external customers		
Australasia	31,084,737	14,040,141
Europe	11,268,833	8,045,516
United States	10,570,724	5,295,186
	<u>52,924,294</u>	<u>27,380,843</u>

Note 2. Revenue

	Consolidated 2017 \$	2016 \$
<i>Sales revenue</i>		
Data & Insights	13,278,947	11,155,535
Programmatic Media	22,289,882	16,225,308
Performance	17,355,465	-
	<u>52,924,294</u>	<u>27,380,843</u>
<i>Other revenue</i>		
Interest	13,343	20,994
Revenue	<u>52,937,637</u>	<u>27,401,837</u>

Note 3. Expenses

	Consolidated	
	2017	2016
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Office and computer equipment	197,502	141,228
<i>Amortisation</i>		
Software	2,840,438	1,227,901
Membership base	453,518	17,000
Total amortisation	3,293,956	1,244,901
Total depreciation and amortisation	3,491,458	1,386,129
<i>Finance costs</i>		
Interest and finance charges paid/payable	209,272	136,429
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,012,511	582,333
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,118,872	682,496
<i>Share-based payments expense</i>		
Share-based payments expense	130,411	230,426
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	13,874,704	8,788,854

Note 4. Income tax benefit

	Consolidated 2017 \$	2016 \$
<i>Income tax benefit</i>		
Current tax	131,625	426,887
Deferred tax - origination and reversal of temporary differences	(591,500)	(1,211,303)
Adjustment recognised for prior periods	457,327	106,769
Aggregate income tax benefit	<u>(2,548)</u>	<u>(677,647)</u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 10)	(532,724)	(1,906,323)
Increase/(decrease) in deferred tax liabilities (note 15)	(58,776)	695,020
Deferred tax - origination and reversal of temporary differences	(591,500)	(1,211,303)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(2,978,628)	(2,823,614)
Tax at the statutory tax rate of 30%	(893,588)	(847,084)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	29,288	32,011
Share-based payments	42,504	69,128
Eligible research and development expenditure	194,775	731,467
Deemed income	-	53,623
Merger and acquisition expenditure	312,997	43,101
Sundry items	143,399	(3,356)
Adjustment recognised for prior periods	(170,625)	78,890
Current year tax losses not recognised	457,327	106,769
Difference in overseas tax rates	-	103,776
Difference in overseas tax rates	(37,761)	8,208
Research and development tax concession	(251,489)	(975,290)
Income tax benefit	<u>(2,548)</u>	<u>(677,647)</u>
	Consolidated 2017 \$	2016 \$
<i>Amounts credited directly to equity</i>		
Deferred tax assets (note 10)	(167,600)	-
<i>Tax losses not recognised</i>		
Potential unused tax benefit for which no deferred tax asset has been recognised	294,847	442,255

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 5. Current assets - cash and cash equivalents

	Consolidated 2017 \$	2016 \$
Cash at bank	3,855,542	1,339,215
Cash on deposit*	192,386	429,060
	<u>4,047,928</u>	<u>1,768,275</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	4,047,928	1,768,275
Bank overdraft (note 12)	<u>(2,371,426)</u>	<u>(145,647)</u>
Balance as per statement of cash flows	<u>1,676,502</u>	<u>1,622,628</u>

* Cash on deposit of \$192,386 (2016: \$429,060) is a restricted cash balance which is held and maintained as security over the group's bank overdraft facility, bank guarantees and leased properties.

Note 6. Current assets - trade and other receivables

	Consolidated 2017 \$	2016 \$
Trade receivables	12,063,992	5,413,617
Less: Provision for impairment of receivables	<u>(199,302)</u>	<u>(109,276)</u>
	11,864,690	5,304,341
Other receivables	<u>216,673</u>	<u>461,273</u>
	<u>12,081,363</u>	<u>5,765,614</u>

Included in other receivables is \$nil (30 June 2016: \$300,000) which was held in escrow and represented the final cash payment for the acquisition of Sparc Media which was released on 28 July 2016.

Note 7. Current assets - other

	Consolidated 2017 \$	2016 \$
Other current assets	82,191	292,504
Prepayments	<u>795,113</u>	<u>401,291</u>
	<u>877,304</u>	<u>693,795</u>

Note 8. Non-current assets - property, plant and equipment

	Consolidated 2017 \$	2016 \$
Office and computer equipment - at cost	704,352	423,799
Less: Accumulated depreciation	(347,489)	(166,971)
	<u>356,863</u>	<u>256,828</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Office and computer equipment \$	Total \$
Consolidated		
Balance at 1 July 2015	119,601	119,601
Additions	269,391	269,391
Additions through business combinations (note 19)	22,473	22,473
Disposals	(13,409)	(13,409)
Depreciation expense	(141,228)	(141,228)
Balance at 30 June 2016	256,828	256,828
Additions	133,540	133,540
Additions through business combinations (note 19)	213,112	213,112
Disposals	(49,115)	(49,115)
Depreciation expense	(197,502)	(197,502)
Balance at 30 June 2017	<u>356,863</u>	<u>356,863</u>

Note 9. Non-current assets - intangibles

	Consolidated 2017 \$	2016 \$
Goodwill - at cost	19,003,285	5,607,127
Software - at cost	21,478,330	8,146,995
Less: Accumulated amortisation	(5,600,751)	(2,760,313)
	<u>15,877,579</u>	<u>5,386,682</u>
Membership base - at cost	3,690,000	68,000
Less: Accumulated amortisation	(474,343)	(20,825)
	<u>3,215,657</u>	<u>47,175</u>
Brand names - at cost	1,152,000	94,000
	<u>39,248,521</u>	<u>11,134,984</u>

Note 9. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$	Software \$	Membership base \$	Brand names \$	Total \$
Consolidated					
Balance at 1 July 2015	-	2,423,694	64,175	94,000	2,581,869
Additions	-	3,209,889	-	-	3,209,889
Additions through business combinations (note 19)	5,607,127	981,000	-	-	6,588,127
Amortisation expense	-	(1,227,901)	(17,000)	-	(1,244,901)
Balance at 30 June 2016	5,607,127	5,386,682	47,175	94,000	11,134,984
Additions	-	5,194,100	-	-	5,194,100
Additions through business combinations (note 19)	13,396,158	8,137,235	3,622,000	1,058,000	26,213,393
Amortisation expense	-	(2,840,438)	(453,518)	-	(3,293,956)
Balance at 30 June 2017	<u>19,003,285</u>	<u>15,877,579</u>	<u>3,215,657</u>	<u>1,152,000</u>	<u>39,248,521</u>

Note 10. Non-current assets - deferred tax

Consolidated
2017
\$

2016
\$

Deferred tax asset comprises temporary differences attributable to:

Amounts recognised in profit or loss:

Tax losses	342,553	806,603
Impairment of receivables	50,152	9,609
Employee benefits	293,619	103,871
Accrued expenses and other payables	173,211	189,533
Provision for reward redemptions	454,254	488,299
Unrealised foreign exchange loss	-	137,353
Business related capital expenditure	748,429	431,352
Research and development expenditure	<u>1,889,329</u>	<u>975,290</u>

Deferred tax asset	<u>3,951,547</u>	<u>3,141,910</u>
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Movements:

Opening balance	3,141,910	1,235,587
Credited to profit or loss (note 4)	532,724	1,906,323
Credited to equity (note 4)	167,600	-
Additions through business combinations (note 19)	<u>109,313</u>	<u>-</u>
Closing balance	<u>3,951,547</u>	<u>3,141,910</u>

Note 11. Current liabilities - trade and other payables

	Consolidated 2017 \$	2016 \$
Trade payables	5,300,111	3,085,931
Contingent consideration	8,500,000	1,500,000
Accrued expenses	3,346,962	2,176,509
Other payables	2,170,345	1,332,511
	<u>19,317,418</u>	<u>8,094,951</u>

As at 30 June 2017, contingent consideration of \$8,500,000 represents consideration for the acquisition of Cohort Australia Holdings Pty Limited and its controlled entities which at 30 June 2017 was payable subject to the achievement of certain performance criteria. Contingent consideration comprises \$4,500,000 payable in cash or shares at the election of the vendor and \$4,000,000 of Pureprofile Ltd. shares to be issued.

As at 30 June 2016, contingent consideration of \$1,500,000 represents consideration for the acquisition of Sparc Media's business which at 30 June 2016 was payable subject to the achievement of certain performance criteria. Contingent consideration comprises \$300,000 payable in cash and \$1,200,000 of Pureprofile Ltd. shares to be issued. The contingent consideration, payable in cash, was held in escrow and included in other receivables at 30 June 2016. The contingent consideration was subsequently released to the vendor on 28 July 2016.

Note 12. Current liabilities - borrowings

	Consolidated 2017 \$	2016 \$
Bank overdraft	2,371,426	145,647
Bank loans	1,125,000	125,000
	<u>3,496,426</u>	<u>270,647</u>

Note 13. Current liabilities - provisions

	Consolidated 2017 \$	2016 \$
Employee benefits	538,542	274,614
Deferred lease incentives	-	7,058
Lease make good	16,327	68,418
Reward redemption	1,512,427	1,651,688
	<u>2,067,296</u>	<u>2,001,778</u>

Note 14. Non-current liabilities - borrowings

	Consolidated	
	2017	2016
	\$	\$
Bank loans	2,875,000	-

During the year ended 30 June 2017, the Group obtained a \$3,000,000 bank overdraft facility. Interest is payable at 1.12% per annum plus the Corporate Overdraft Reference rate less 2%. Interest is payable quarterly in arrears. The facility is due for renewal on 7 November 2017.

During the year ended 30 June 2017, the Group secured a \$4,000,000 loan facility. The loan is repayable in quarterly instalments and repayments commence from 31 December 2017 until 30 September 2019. Interest is payable at 3.25% per annum plus the BBSY. Interest is payable quarterly in arrears. The facility expires on 30 September 2019.

Note 15. Non-current liabilities - deferred tax

	Consolidated	
	2017	2016
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Prepayments	2,319	116,798
Capitalised expenditure	2,323,946	1,270,340
Deferred research and development credit	396,861	308,164
Deferred tax liability	2,723,126	1,695,302
<i>Movements:</i>		
Opening balance	1,695,302	1,000,282
Charged/(credited) to profit or loss (note 4)	(58,776)	695,020
Additions through business combinations (note 19)	1,086,600	-
Closing balance	2,723,126	1,695,302

Note 16. Non-current liabilities - provisions

	Consolidated	
	2017	2016
	\$	\$
Employee benefits	155,546	85,625

Note 17. Equity - issued capital

	Consolidated			
	2017	2016	2017	2016
	Shares	Shares	\$	\$
Ordinary shares - fully paid	111,171,611	63,727,181	39,937,294	19,190,010

Note 17. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2015	37,531,146		7,175,254
Shares issued at IPO	29 July 2015	20,000,000	\$0.50	10,000,000
Shares issued as share-based payment	29 July 2015	302,334	\$0.42	126,934
Shares issued through the Prospectus under the Employee Award Offer	29 July 2015	56,000	\$0.50	28,000
Shares issued on acquisition of Sparc Media	1 September 2015	2,420,624	\$0.40	968,250
Shares issued on acquisition of Sparc Media	1 November 2015	1,851,149	\$0.41	755,269
Shares issued on acquisition of Sparc Media	3 February 2016	1,565,928	\$0.43	676,481
Less: share issue costs net of taxation		-	\$0.00	(540,178)
Balance	30 June 2016	63,727,181		19,190,010
Shares issued on acquisition of Sparc Media	29 July 2016	3,000,000	\$0.40	1,200,000
Issue of shares	28 September 2016	8,660,448	\$0.45	3,897,202
Issue of shares	7 November 2016	28,450,649	\$0.45	12,803,214
Issue of shares	8 November 2016	666,666	\$0.45	300,000
Shares issued on acquisition of Cohort	8 November 2016	6,666,667	\$0.45	3,000,000
Less: share issue costs net of taxation		-	\$0.00	(453,132)
Balance	30 June 2017	<u>111,171,611</u>		<u>39,937,294</u>

Note 18. Equity - reserves

	Consolidated	
	2017	2016
	\$	\$
Foreign currency reserve	(232,619)	(130,768)
Share-based payments reserve	<u>358,629</u>	<u>228,218</u>
	<u>126,010</u>	<u>97,450</u>

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$	Share-based payments \$	Total \$
Balance at 1 July 2015	(151,197)	152,726	1,529
Foreign currency translation	20,429	-	20,429
Share-based payments	-	230,426	230,426
Transfer to issued capital	-	(154,934)	(154,934)
Balance at 30 June 2016	(130,768)	228,218	97,450
Foreign currency translation	(101,851)	-	(101,851)
Share-based payments	-	130,411	130,411
Balance at 30 June 2017	<u>(232,619)</u>	<u>358,629</u>	<u>126,010</u>

Note 19. Business combinations

Acquisition of Cohort Holdings Australia Pty Limited and its controlled entities

On 8 November 2016, the Group acquired 100% of the share capital of Cohort Australia Holdings Pty Limited and its controlled entities (collectively referred to as 'Cohort') for total consideration of \$27,542,462. Cohort specialises in digital marketing and lead generation. It was acquired to accelerate Pureprofile's expansion into media sales and to access Cohort's highly skilled workforce and proprietary technology platforms. The goodwill of \$13,396,158 represents the strategic drivers of the business including enabling Pureprofile to strengthen its pipeline of campaign opportunities as well as publisher and agency relationships by leveraging Cohort's database with its proprietary and partner digital assets. None of the goodwill recognised is expected to be deductible for tax purposes. The acquired business contributed revenues of \$17,860,287 and profit after tax of \$2,275,951 to the consolidated entity for the period from 8 November 2016 to 30 June 2017. If the acquisition occurred on 1 July 2016, the contributions for the year to 30 June 2017 would have been revenues of \$28,231,456 and profit after tax of \$3,240,737.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	1,362,218
Trade receivables	5,078,503
Prepayments	321,633
Other current assets	159,404
Plant and equipment	213,112
Software	8,137,235
Membership base	3,622,000
Brand names	1,058,000
Deferred tax asset	109,313
Trade payables	(3,994,446)
Provision for income tax	(663,207)
Deferred tax liability	(1,086,600)
Employee benefits	(145,143)
Other liabilities	(25,718)
Net assets acquired	14,146,304
Goodwill	13,396,158
Acquisition-date fair value of the total consideration transferred	<u>27,542,462</u>
Representing:	
Cash paid or payable to vendor	16,042,462
Pureprofile Ltd. shares issued to vendor	3,000,000
Contingent consideration - Pureprofile Ltd. shares and cash to be issued to vendor	8,500,000
	<u>27,542,462</u>
Acquisition costs expensed to profit or loss	<u>2,279,984</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	27,542,462
Less: cash and cash equivalents	(1,362,218)
Less: contingent consideration	(8,500,000)
Less: shares issued by company as part of consideration	(3,000,000)
Net cash used	<u>14,680,244</u>

Total acquisition costs in relation to the acquisition of Cohort of \$2,279,984 were expensed to the profit or loss during the year ended 30 June 2017.

Note 19. Business combinations (continued)

Sparc Media's Australian business (prior year)

On 24 July 2015, the group acquired the business and assets of Sparc Media's Australian business carried on by Sparc Media Pty Limited, Adsparc Pty Limited and Future Students Pty Limited, and 100% of the share capital of Funbox India Private Limited and Sparc Media sp. Z o.o. (Poland) (collectively referred to as "Sparc") for the total consideration transferred of \$6,610,240 (adjusted for net working capital). Sparc specialises in programmatic media sales of online advertising inventory for advertisers and publishers and was acquired to accelerate Pureprofile's expansion into media sales and to access Sparc's highly skilled workforce and proprietary technology platforms. The goodwill of \$5,607,127 represents the strategic drivers of the business including enabling Pureprofile to offer advertisers and their agencies highly targeted programmatic advertising campaigns across display rich media, mobile, video and social channels in key global markets, to offer publishers programmatic campaigns and profiling data to optimise yields, and to create additional profiles at a low marginal cost. None of the goodwill recognised is expected to be deductible for tax purposes.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	117,866
Trade receivables	691,880
Prepayments	18,948
Other current assets	156,525
Plant and equipment	22,473
Software	981,000
Deferred tax asset	7,969
Trade payables	(655,702)
Employee benefits	(26,564)
Other liabilities	(311,282)
Net assets acquired	1,003,113
Goodwill	5,607,127
Acquisition-date fair value of the total consideration transferred	<u>6,610,240</u>
Representing:	
Cash paid or payable to vendor	3,010,240
Pureprofile Ltd. shares issued to vendor	2,400,000
Contingent consideration - Pureprofile Ltd. shares to be issued to vendor	1,200,000
	<u>6,610,240</u>

	Consolidated 2017 \$	2016 \$
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	6,610,240	6,610,240
Less: cash and cash equivalents	(117,866)	(117,866)
Less: deferred consideration	-	(1,500,000)
Less: shares issued by company as part of consideration in the prior period	(2,400,000)	(2,400,000)
Less: shares issued by company as part of consideration during the year to 30 June 2017	(1,200,000)	-
Less: payments made for acquisition in the prior period	(2,592,374)	-
Net cash used	<u>300,000</u>	<u>2,592,374</u>

Deferred consideration of \$1,500,000 was settled through issue of cash (\$300,000) and shares (\$1,200,000) during the year.

Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 21. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated 2017 \$	2016 \$
Loss after income tax benefit for the year	(2,976,080)	(2,145,967)
Adjustments for:		
Depreciation and amortisation	3,491,458	1,386,128
Share-based payments	130,411	230,426
Net loss on disposal of non-current assets	6,418	10,645
Foreign currency differences	(29,445)	42,306
Payment for expenses relating to acquisitions	2,238,747	1,412,572
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,077,842)	(1,612,307)
Decrease in income tax refund due	522,124	403,796
Increase in deferred tax assets	(532,724)	(1,548,209)
Decrease/(increase) in accrued revenue	210,313	(253,658)
Decrease/(increase) in prepayments	(72,189)	82,644
Increase in trade and other payables	481,490	1,241,098
Increase in provision for income tax	51,329	-
Increase/(decrease) in deferred tax liabilities	(58,776)	695,020
Increase in employee benefits	188,706	161,787
Decrease in other provisions	(198,410)	(514,904)
Net cash from/(used in) operating activities	<u>2,375,530</u>	<u>(408,623)</u>

Note 22. Earnings per share

	Consolidated 2017 \$	2016 \$
Loss after income tax attributable to the owners of Pureprofile Ltd	<u>(2,976,080)</u>	<u>(2,145,967)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>96,032,731</u>	<u>60,137,547</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>96,032,731</u>	<u>60,137,547</u>
	Cents	Cents
Basic earnings per share	(3.10)	(3.57)
Diluted earnings per share	(3.10)	(3.57)

Options have been excluded from the diluted earnings per share as they were anti-dilutive.