Pureprofile Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Pureprofile Ltd
ABN:	37 167 522 901
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	29.7%	to	28,332,823
Normalised Earnings Before Interest, Tax, Depreciation, and Amortisation (Normalised EBITDA)	up	26.9%	to	1,318,928
Loss from ordinary activities after tax attributable to the owners of Pureprofile Ltd	up	377.6%	to	(8,805,641)
Loss for the half-year attributable to the owners of Pureprofile Ltd	up	377.6%	to	(8,805,641)

Revenue from ordinary activities rose on the strengths of the company's unique product offerings in the marketplace, coupled with the effects of the first full period of revenue from the Performance/Lead Generation operating segment. This operating segment was acquired in the previous financial year, and, whilst contributing significant value to the group's operations, was also identified for write-down during the impairment assessment process undertaken during the half year ending 31 December 2017. The impairment of attributable goodwill and the disposal of brand names in Performance/Lead Generation resulted in a non-cash cost of approximately $7m.

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

Comments
Normalised EBITDA profit for the financial year amounted to $1,318,928 (31 December 2016: profit of $594,532).

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents earnings before interest, tax, depreciation and amortisation 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	
	Half-year ended 31 Dec 2017 $	Half-year ended 31 Dec 2016 $
Loss after income tax	(8,805,641)	(1,843,712)
Add: Depreciation and amortisation	2,521,729	1,186,823
Add: Impairment of assets	5,989,381	-
Add: loss on disposal of intangible assets	1,058,000	-
Less: Interest income	(2,807)	(6,145)
Add: Finance costs	766,506	126,031
Add: Share-based payment expense	77,884	60,131
Add: Restructuring, acquisition and IPO costs	1,201,332	1,921,617
Income tax benefit	(1,487,456)	(405,769)
Normalised EBITDA	1,318,928	1,038,976

Refer to the Directors' report for further commentary on the group's results for the reporting period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(7.37)	(6.04)

Net tangible assets per ordinary security reduced as a result of increases in borrowings entered into during November 2017, coupled with reductions in working capital.

4. Control gained over entities

Not applicable.

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 were subject to a review by the auditors and the review report is attached as part of the Interim Report.

10. Attachments

Details of attachments (if any):

The Interim Report of Pureprofile Ltd for the half-year ended 31 December 2017 is attached.

11. Signed

Signed ______________________________ Date: 28 February 2018

Andrew Edwards
Director
Sydney

Pureprofile Ltd

ABN 37 167 522 901

Interim Report - 31 December 2017

Pureprofile Ltd
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General information

The financial statements cover Pureprofile Ltd as a group consisting of Pureprofile Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Pureprofile Ltd's functional and presentation currency.

Pureprofile Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 20, 233 Castlereagh Street
Sydney
NSW 2000
Australia

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2018.

Pureprofile Ltd
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Pureprofile Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors
The following persons were directors of Pureprofile Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Andrew Edwards - Executive Chairman
Nic Jones - Managing Director & Chief Executive Officer (appointed on 5 February 2018)
Clifford Rosenberg - Non-Executive Director
Paul Chan - Managing Director & Chief Executive Officer (resigned on 5 February 2018)
Matthew Berriman - Non-Executive Director (resigned on 9 November 2017)

Principal activities
During the financial period the principal continuing activities of the group consisted of the provision of profile marketing and insights technology services.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations
The loss for the group after providing for income tax amounted to $8,805,641 (31 December 2016: $1,843,712).

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents earnings before interest, tax, depreciation and amortisation 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 (excludes non-recurring and non operational costs):

	Consolidated	
	Half-year ended 31 Dec 2017 $	Half-year ended 31 Dec 2016 $
Loss after income tax	(8,805,641)	(1,843,712)
Add: Depreciation and amortisation	2,521,729	1,186,823
Add: Impairment of assets	5,989,381	-
Add: loss on disposal of intangible assets	1,058,000	-
Less: Interest income	(2,807)	(6,145)
Add: Finance costs	766,506	126,031
Add: Share-based payment expense	77,884	60,131
Add: Restructuring, acquisition and IPO costs	1,201,332	1,921,617
Income tax benefit	(1,487,456)	(405,769)
Normalised EBITDA	1,318,928	1,038,976

The group generated revenues of $28.3 million for the half-year ended 31 December 2017, an increase of 29.7% on statutory revenue of $21.8 million on prior comparable period ('pcp'). The increase reflects the inclusion of revenues generated by the Cohort business unit for the whole July to December period in 2017 compared to the inclusion of only November and December in 2016 from the completion date of the acquisition.

Total pro forma revenue ('pro-forma figures are calculated as if the Cohort Group had been owned by Pureprofile for the full 6 month period of the comparative period') was down 12% from $32.2 million. Performance was mixed across the operating segments:

- The Data & Insights business unit ('D&I') saw a 23% increase in revenue on pcp, with 15% growth in Australia and greater than 100% growth in International markets;
- Media revenues (down by 19%) were impacted by the delay in realisation of integration benefits of the PPL value chain in what is a rapidly evolving and high growth market. The challenges are being addressed with renewed optimism; and
- Lead Generation revenues were down 23% driven by key customer losses, combined with integration and earn out related issues. Revenues are now stabilised with some key new business wins.

The group remains focused on increasing its revenue per client by pursuing cross-sell opportunities between the business units. Some early wins have been encouraging with improving momentum on this front. In time, the businesses will go to market as a single product offering.

Gross margin for 1H18 was 44%, generating gross profit of $12.5M. The gross margin percentage was down from a pro forma 1H17 gross margin of 46%. The decline was a result of larger campaign sizes in the D&I segment combined with an unfavourable revenue mix. The gross margin has now stabilised.

Underlying costs for 1H18 experienced a pro forma increase of 8% to $12.4M as the group continued to be impacted by the duplication of key cost items across the acquired businesses. The total cost line was also influenced by a number of one off and non- recurring items including staff redundancies.

Profit After Tax ('PAT') was dragged down by the $6M non cash write down of intangibles and $1M loss on the disposal of intangible assets relating to the Lead Generation business. The reported loss after tax was $9M.

The group generated $2.4M of 1H18 net cash from operating activities and finished the 31 December 2017 period with $5M of cash in the bank and $10M of debt (1H18 net debt of $5.6M).

Significant changes in the state of affairs

On 2 November 2017, Pureprofile entered into a new $10M loan agreement. The debt facility is fully drawn and expires in November 2019. There are no earnings based loan covenants attached to the facility and no exit fee. As part of the facility arrangement, the Company issued 2.1 million performance rights. These rights will convert to fully-paid ordinary shares upon the 60-day VWAP of Pureprofile shares reaching $0.40 (in respect of 950,000 performance rights) and $0.60 (in respect of 1,150,000 performance rights).

At the same time, the Company also entered into a separate debtor financing (receivables purchase) arrangement, to be used at Pureprofile's discretion, to accelerate cash flows.

The Company issued an additional 8,888,889 shares to the Cohort vendors as part of the earn-out payment.

On 9 November, Non-executive Director, Matthew Berriman, stepped down from the Board and Mr Nic Jones was appointed Chief Executive Officer on 1 December 2017, with Paul Chan moving to the role of Chief Innovation Officer.

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

Matters subsequent to the end of the financial half-year

On 5 February 2018, the Company announced the resignation of Mr Paul Chan from his role as Chief Innovation Officer and Managing Director. Chief Executive Officer, Nic Jones, was appointed to the Board as Managing Director, replacing Mr Chan. The process of Board rejuvenation continues, with Andrew Edwards expected to move back to Non Executive Chairman during FY18 along with another Director appointment with complimentary skills and experience to the existing Board.

Key Executive appointments in the roles of CTO and Managing Director of the UK business have been finalised with the CFO recruitment process ongoing. Deloittes have been appointed to take over the day to day Finance responsibilities.

The Company has continued to implement a cost reduction initiative across the business to realise the cost synergy opportunities from recent acquisitions. The strategy is to reduce the cost base by 20% or $5M over the remainder of FY18 and to start FY19 with a sustainable annual cost base of $20M. Revenue growth and cash generation remains a key focus for the business.

No other matter or circumstance has arisen since 31 December 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.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration 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

Andrew Edwards	Nic Jones
Executive Chairman	Chief Executive Officer

28 February 2018
Sydney

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Pureprofile Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Pureprofile Ltd for the half-year ended 31 December 2017. 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Simon Coulton
Partner - Audit & Assurance

Sydney, 28 February 2018

Pureprofile Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Note	Consolidated Half-year ended 31 Dec 2017 $	Restated* Half-year ended 31 Dec 2016 $
Revenue	4	28,332,823	21,840,899
Other income	5	1,155,555	454,457
Expenses			
Direct cost of sales		(15,833,002)	(11,084,997)
Employee benefits expense		(8,872,104)	(6,751,854)
Foreign exchange loss		(292,832)	(31,360)
Depreciation and amortisation expense		(2,521,729)	(1,186,823)
Impairment of assets		(5,989,381)	-
Loss on disposal of intangible assets		(1,058,000)	-
Technology, engineering and licence fees		(1,732,377)	(1,405,876)
Share-based payment expense		(77,884)	(60,131)
Restructuring, acquisition and capital raising costs		(17,700)	(1,921,617)
Occupancy costs		(861,200)	(446,040)
Other expenses		(1,758,760)	(1,530,108)
Finance costs		(766,506)	(126,031)
Loss before income tax benefit		(10,293,097)	(2,249,481)
Income tax benefit		1,487,456	405,769
Loss after income tax benefit for the half-year attributable to the owners of Pureprofile Ltd		(8,805,641)	(1,843,712)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		161,849	(5,286)
Other comprehensive income for the half-year, net of tax		161,849	(5,286)
Total comprehensive income for the half-year attributable to the owners of Pureprofile Ltd		(8,643,792)	(1,848,998)
		Cents	Cents
Basic earnings per share	17	(7.74)	(2.27)
Diluted earnings per share	17	(7.74)	(2.27)

*Refer to note 2 for detailed information on Restatement of comparatives.

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

Pureprofile Ltd
Statement of financial position
As at 31 December 2017

	Note	Consolidated 31 Dec 2017 $	Restated* 30 Jun 2017 $
Assets			
Current assets			
Cash and cash equivalents		5,010,519	4,047,928
Trade and other receivables	6	6,718,153	12,081,363
Other	7	2,068,933	877,304
Total current assets		13,797,605	17,006,595
Non-current assets			
Property, plant and equipment		479,882	356,863
Intangibles	8	32,039,937	39,248,521
Deferred tax		5,135,329	3,951,547
Total non-current assets		37,655,148	43,556,931
Total assets		51,452,753	60,563,526
Liabilities			
Current liabilities			
Trade and other payables	9	12,462,571	18,339,640
Borrowings	10	-	3,496,426
Income tax		655,995	714,536
Provisions		2,302,092	2,067,296
Deferred revenue		390,817	297,039
Total current liabilities		15,811,475	24,914,937
Non-current liabilities			
Borrowings	11	10,000,000	2,875,000
Deferred tax		2,314,200	2,723,126
Provisions		133,088	155,546
Total non-current liabilities		12,447,288	5,753,672
Total liabilities		28,258,763	30,668,609
Net assets		23,193,990	29,894,917
Equity			
Issued capital	12	41,802,275	39,937,294
Reserves	13	365,743	126,010
Accumulated losses		(18,974,028)	(10,168,387)
Total equity		23,193,990	29,894,917

*Refer to note 2 for detailed information on Restatement of comparatives.

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

Pureprofile Ltd
Statement of changes in equity
For the half-year ended 31 December 2017

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 half-year*	-	-	(1,843,712)	(1,843,712)
Other comprehensive income for the half-year, net of tax	-	(5,286)	-	(5,286)
Total comprehensive income for the half-year	-	(5,286)	(1,843,712)	(1,848,998)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	20,579,684	-	-	20,579,684
Share-based payments	-	60,131	-	60,131
Balance at 31 December 2016 (restated*)	39,769,694	152,295	(10,013,797)	29,908,192

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	39,937,294	126,010	(11,146,165)	28,917,139
Adjustment in respect of earn-out shares*	-	-	977,778	977,778
Balance at 1 July 2017 - restated	39,937,294	126,010	(10,168,387)	29,894,917
Loss after income tax benefit for the half-year	-	-	(8,805,641)	(8,805,641)
Other comprehensive income for the half-year, net of tax	-	161,849	-	161,849
Total comprehensive income for the half-year	-	161,849	(8,805,641)	(8,643,792)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 12)	1,864,981	-	-	1,864,981
Share-based payments	-	77,884	-	77,884
Balance at 31 December 2017	41,802,275	365,743	(18,974,028)	23,193,990

*Refer to note 2 for detailed information on Restatement of comparatives

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

Pureprofile Ltd
Statement of cash flows
For the half-year ended 31 December 2017

	Note	Consolidated Half-year ended 31 Dec 2017 $	Half-year ended 31 Dec 2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		32,610,758	20,887,560
Payments to suppliers and employees (inclusive of GST)		(29,311,442)	(21,169,061)
		3,299,316	(281,501)
Interest received		2,807	6,145
Interest, restructuring and other finance costs paid		(766,506)	(126,031)
Income taxes (paid)/refunded		(163,793)	498,126
Net cash from operating activities		2,371,824	96,739
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(13,637,782)
Final payments for prior period's purchase of business		(3,298,856)	-
Payment for expenses relating to acquisitions		(17,700)	(1,921,617)
Payments for property, plant and equipment		(147,942)	(54,747)
Payments for intangibles	8	(2,215,571)	(2,056,304)
Proceeds from disposal of property, plant and equipment		-	44,413
Net cash used in investing activities		(5,680,069)	(17,626,037)
Cash flows from financing activities			
Proceeds from issue of shares	12	-	17,000,416
Proceeds from borrowings		10,000,000	4,000,000
Share issue transaction costs		-	(886,760)
Repayment of borrowings		(4,000,000)	(617,630)
Net cash from financing activities		6,000,000	19,496,026
Net increase in cash and cash equivalents		2,691,755	1,966,728
Cash and cash equivalents at the beginning of the financial half-year		1,676,502	1,622,628
Effects of exchange rate changes on cash and cash equivalents		642,262	(6,393)
Cash and cash equivalents at the end of the financial half-year		5,010,519	3,582,963

Cash and cash equivalents, of $1,676,502, at the beginning of the financial half-year comprises of cash at bank and on deposit of $4,047,928 and bank overdraft of $2,371,426.

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Rounding of amounts

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

Comparatives

Comparatives in the statement of profit or loss and other comprehensive income have been reclassified, where necessary, to align with the current period presentation. There was no effect on profit or net assets.

Going Concern

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

The group incurred a loss after income tax of $8,805,641 (31 December 2016: $1,843,712), was in a net current liability position of $2,013,870 (30 June 2017: net current liability position of $7,908,342) and had net cash inflows from operating activities of $2,371,824 (31 December 2016: net cash inflows from operating activities of $96,739).

The directors believe that there are reasonable grounds to conclude that the consolidated entity will continue as a going concern, after consideration of the following factors:

- Net cash from operating activities are positive, and following the execution of strategic decisions surrounding the performance metrics of the operating segments, the consolidated entity is projecting improved operating performance in future months.
- Restructuring activities are planned to commence in the second half of this financial year, with operating segments reorganized in order to maximise cost savings through interoperability and sharing of costs, creating synergy through the existing infrastructure and eliminating non-value-add activities.

Accordingly, the directors believe the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report. Should the consolidated entity be unable to continue as a going concern it may be required to release its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2. Restatement of comparatives

The contingent consideration for the acquisition of Cohort Australia Holdings Pty Limited and its controlled entities was not revalued as at 30 June 2017, resulting in:

- an adjustment to other income and trade and other payables of $444,444 for the half-year ended 31 December 2016; and
- an adjustment to other income and trade and other payables of $977,778 for the year ended 30 June 2017.

An extract of the impact of the restatement on the statement of profit or loss and other comprehensive income for the 6 months to 31 December 2016; and the statement of financial position as at 30 June 2017 is shown below.

Note 2. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

	Consolidated		
Extract	Half-year ended 31 Dec 2016 $ Reported	$ Adjustment	Half-year ended 31 Dec 2016 $ Restated
Revenue			
Other income	10,013	444,444	454,457
Loss before income tax benefit	(2,693,925)	444,444	(2,249,481)
Income tax benefit	405,769	-	405,769
Loss after income tax benefit for the half-year attributable to the owners of Pureprofile Ltd	(2,288,156)	444,444	(1,843,712)
Other comprehensive income for the half-year, net of tax	(5,286)	-	(5,286)
Total comprehensive income for the half-year attributable to the owners of Pureprofile Ltd	(2,293,442)	444,444	(1,848,998)
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(2.82)	0.55	(2.27)
Diluted earnings per share	(2.82)	0.55	(2.27)

Statement of financial position at the beginning of the earliest comparative period
When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2016. However, as there were no adjustments made as at 1 July 2016, the group has elected not to show the 1 July 2016 statement of financial position.

Statement of financial position at the end of the earliest comparative period

	Consolidated		
Extract	30 Jun 2017 $ Reported	$ Adjustment	30 Jun 2017 $ Restated
Liabilities			
Current liabilities			
Trade and other payables	19,317,418	(977,778)	18,339,640
Total current liabilities	25,892,715	(977,778)	24,914,937
Total liabilities	31,646,387	(977,778)	30,668,609
Net assets	28,917,139	977,778	29,894,917
Equity			
Accumulated losses	(11,146,165)	977,778	(10,168,387)
Total equity	28,917,139	977,778	29,894,917

Note 3. Operating segments

Identification of reportable operating segments
The Group is organised into three operating segments:
- Data & Insights; and
- Media; and
- Performance/Lead Generation

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.

Types of products and services
The principal products and services are as follows:

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

Major customers
No single customer contributed 10% or more to the Group's external revenue during the half years ended 31 December 2017 and 31 December 2016.

Operating segment information

Consolidated - Half-year ended 31 Dec 2017	Data & Insights $	Media $	Performance/ Lead Generation $	Corporate $	Total $
Revenue					
Sales to external customers	8,156,563	9,087,600	11,085,853	-	28,330,016
Interest revenue	-	-	2,533	274	2,807
Total revenue	8,156,563	9,087,600	11,088,386	274	28,332,823

Consolidated - Half-year ended 31 Dec 2016	Data & Insights $	Media $	Performance/ Lead Generation $	Corporate $	Total $
Revenue					
Sales to external customers	6,402,659	11,487,676	3,944,419	-	21,834,754
Interest revenue	-	-	-	6,145	6,145
Total revenue	6,402,659	11,487,676	3,944,419	6,145	21,840,899

Note 3. Operating segments (continued)

Revenue by geographical area
The group operates in 3 (31 December 2016: 3) regions. The sales revenue for each region is as follows:

	Consolidated Half-year ended 31 Dec 2017 $	Consolidated Half-year ended 31 Dec 2016 $
Australasia	19,443,355	11,659,148
Europe	5,815,840	5,512,371
US	3,070,821	4,663,235
	28,330,016	21,834,754

Note 4. Revenue

	Consolidated Half-year ended 31 Dec 2017 $	Consolidated Half-year ended 31 Dec 2016 $
Sales revenue		
Data & Insights	8,156,563	6,402,659
Media	9,087,600	11,487,676
Performance/Lead Generation	11,085,853	3,944,419
	28,330,016	21,834,754
Other revenue		
Interest	2,807	6,145
Revenue	28,332,823	21,840,899

Note 5. Other income

	Consolidated Half-year ended 31 Dec 2017 $	Consolidated Restated* Half-year ended 31 Dec 2016 $
Net gain on disposal of property, plant and equipment	-	10,013
Revaluation of earn-out liability	1,155,555	444,444
Other income	1,155,555	454,457

*Refer to note 2 for details of restatement.

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Trade receivables	6,688,579	12,063,992
Less: Provision for impairment of receivables	(152,043)	(199,302)
	6,536,536	11,864,690
Other receivables	181,617	216,673
	6,718,153	12,081,363

Note 7. Current assets - other

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Accrued revenue	942,333	82,191
Prepayments	1,126,600	795,113
	2,068,933	877,304

Note 8. Non-current assets - intangibles

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Goodwill - at cost	19,003,285	19,003,285
Less: Impairment	(5,989,381)	-
	13,013,904	19,003,285
Software - at cost	23,693,901	21,478,330
Less: Accumulated amortisation	(7,696,463)	(5,600,751)
	15,997,438	15,877,579
Membership base - at cost	3,690,000	3,690,000
Less: Accumulated amortisation	(755,405)	(474,343)
	2,934,595	3,215,657
Brand names - at cost	94,000	1,152,000
	32,039,937	39,248,521

Note 8. Non-current assets - intangibles (continued)

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

Consolidated	Goodwill $	Software $	Membership base $	Brand names $	Total $
Balance at 1 July 2017	19,003,285	15,877,579	3,215,657	1,152,000	39,248,521
Additions	-	2,215,571	-	-	2,215,571
Disposals	-	-	-	(1,058,000)	(1,058,000)
Impairment of assets	(5,989,381)	-	-	-	(5,989,381)
Amortisation expense	-	(2,095,712)	(281,062)	-	(2,376,774)
Balance at 31 December 2017	13,013,904	15,997,438	2,934,595	94,000	32,039,937

Impairment testing
Goodwill and brand names are tested annually for impairment or where an indicator of impairment exists. As at 31 December 2017, the consolidated entity did not achieve its budgeted results, which gave rise to an indicator of potential impairment.

Goodwill and brand names are allocated to the CGU's as follows:

	Consolidated 31 Dec 2017 $	Consolidated 30 Jun 2017 $
Data & Insights	-	-
Media	5,701,127	5,701,127
Performance/Lead Generation	7,406,777	14,454,158
	13,107,904	20,155,285

The recoverable amount of the CGU has been determined based on a value in use calculation. This calculation uses a 5 year cash flow projection based upon financial budgets approved by management. Cash flows beyond the five year period are extrapolated using the long term growth rate stated below. The growth rate does not exceed the long term average growth rate for the business.

Key assumptions used in the value in use calculations

Date & Insights CGU
- Long-term growth rate 2.0%;
- Pre-tax discount rate 23.12%; and
- Forecast growth 10.5% - 12.5%.

Media CGU
- Long-term growth rate 2.0%
- Pre-tax discount rate 23.12%; and
- Forecast growth 10.5% - 12.5%.

Performance/Lead Generation CGU
- Long-term growth rate 1.0%;
- Pre-tax discount rate 25.12%; and
- Forecast growth 8% - 10%.

Note 8. Non-current assets - intangibles (continued)

Impairment test results - Date & Insights CGU
Based on the testing performed no impairment was recognised for this CGU, for the half-year ended 31 December 2017.

Impairment test results - Media CGU
Based on the testing performed no impairment was recognised for this CGU, for the half-year ended 31 December 2017.

Impairment test results - Performance/Lead Generation CGU
Based on the testing performed an impairment of $5,989,381 was recognized against goodwill.

Impact of possible changes in assumptions
The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities specific to the Performance/Lead Generation CGU are as follows:

(a) Revenue would need to decrease by more than 6.5% before further goodwill and other intangible assets would be impaired, with all other assumptions remaining constant.
(b) The discount rate would be required to increase by 16.1% before goodwill and other intangible assets in the other CGUs would be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Note 9. Current liabilities - trade and other payables

	Consolidated	
		Restated*
	31 Dec 2017	30 Jun 2017
	$	$
Trade payables	4,911,927	5,300,111
Contingent consideration	1,291,461	7,522,222
Accrued expenses	4,856,827	3,346,962
Other payables	1,402,356	2,170,345
	12,462,571	18,339,640

As at 30 June 2017, contingent consideration of $7,522,222 represented consideration for the acquisition of Cohort Australia Holdings Pty Limited and it's controlled entities which at 30 June 2017 was payable subject to the achievement of certain performance criteria. Contingent consideration comprised 8,888,889 of Pureprofile Ltd's shares at $0.34 per share to be issued and $4,500,000 to be paid at the discretion of the vendor, in either cash or Pureprofile Ltd's shares. During the half-year ended 31 December 2017, the contingent consideration of $3,298,856 was paid to the vendor of Cohort in cash, $1,866,667 of Pureprofile Ltd's shares were issued (8,888,889 shares at $0.21 per share) in lieu of cash and $1,155,555 was written back to the profit or loss. The valuation adjustment as at reporting date 30 June 2017 was $977,778 (6 months to 31 December 2016: $444,444), and this was reflected through the restatement of equity and liabilities described in note 2. The balance of the contingent consideration payable to the vendor of Cohort at 31 December 2017 is $1,291,461 (refer to note 15 for further details).

*Refer to note 2 for details of restatement.

Note 10. Current liabilities - borrowings

	Consolidated	
	31 Dec 2017 $	30 Jun 2017 $
Bank overdraft	-	2,371,426
Bank loans	-	1,125,000
	-	3,496,426

Refer to note 11 for further information on borrowings.

Note 11. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2017 $	30 Jun 2017 $
Borrowings	10,000,000	2,875,000

On 2 November 2017, the group secured the following facilities:

1. $10,000,000 loan facility
The loan is repayable on 2 November 2019 with interest only payments to be made monthly in arrears. Interest is fixed and payable at 9.5% per annum. The facility expires on 2 November 2019. As at 31 December 2017, the facility is fully used and there are no unused amounts. The loan is secured over all the assets to the group.

As part consideration for the financing facility the group also issued the following performance rights to the lender:
- 950,000 performance rights, which will convert to fully paid-up ordinary shares upon the 60-day volume weighted average price ('VWAP') of Pureprofile shares reaching $0.40 per share; and
- 1,150,000 performance rights, which will convert to fully paid-up ordinary shares upon the 60-day VWAP of Pureprofile shares reaching $0.60 per share.

2. Debtor financing facility
The debtor financing facility will be used at the group's discretion, to accelerate cash flows and provide additional working capital to support group's anticipated growth. This facility is unused at 31 December 2017.

Note 12. Equity - issued capital

	Consolidated			
	31 Dec 2017 Shares	30 Jun 2017 Shares	31 Dec 2017 $	30 Jun 2017 $
Ordinary shares - fully paid	120,060,500	111,171,611	41,802,275	39,937,294

Movements in ordinary share capital

Details	Date	Shares		$
Balance	1 July 2015	111,171,611		39,937,294
Shares issued following on Acquisition of Cohort	8 November 2017	8,888,889	$0.21	1,866,667
Less: share issue costs net of taxation		-	$0.00	(1,686)
Balance	31 December 2017	120,060,500		41,802,275

Note 12. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 13. Equity - reserves

	Consolidated	
	31 Dec 2017 $	30 Jun 2017 $
Foreign currency reserve	(70,770)	(232,619)
Share-based payments reserve	436,513	358,629
	365,743	126,010

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 July 2017	(232,619)	358,629	126,010
Foreign currency translation	161,849	-	161,849
Share-based payments	-	77,884	77,884
Balance at 31 December 2017	(70,770)	436,513	365,743

Note 14. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 15. Contingent assets

The company is currently involved in a legal claim with the previous owners of Cohort Australia Pty Ltd in relation to the final tranche of the earn-out consideration. Management considers these claims to be favourable to the Company however the earn out liability currently recorded has not been derecognised while the legal claim is in dispute.

Further information on this contingent asset is omitted so as not to seriously prejudice the Company’s position in the related dispute.

Note 16. Contingent liabilities

The group has given a bank guarantee as at 31 December 2017 of $127,904 (30 June 2017: $127,904) to their landlord for leased property.

The company is currently involved in a legal claim with the administrators for Careers Australia Education Institute Pty Ltd in relation to a payment received by Pureprofile in the current period. The administrators believe the payment was made on a preferential basis and hence seeking to reclaim from the Company. Management considers these claims to be unjustified and the probability that they will require settlement at the Company's expense to be remote.

Further information on this contingent liability is omitted so as not to seriously prejudice the Company's position in the related dispute.

Note 17. Earnings per share

	Consolidated	
	Half-year ended 31 Dec 2017 $	Half-year ended 31 Dec 2016 $
Loss after income tax attributable to the owners of Pureprofile Ltd	(8,805,641)	(1,843,712)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	113,731,997	81,140,680
Weighted average number of ordinary shares used in calculating diluted earnings per share	113,731,997	81,140,680
	Cents	Cents
Basic earnings per share	(7.74)	(2.27)
Diluted earnings per share	(7.74)	(2.27)

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

Note 18. Events after the reporting period

On 5 February 2018, the Company announced the resignation of Mr Paul Chan from his role as Chief Innovation Officer and Managing Director. Chief Executive Officer, Nic Jones, was appointed to the Board as Managing Director, replacing Mr Chan. The process of Board rejuvenation continues, with Andrew Edwards expected to move back to Non Executive Chairman during FY18 along with another Director appointment with complimentary skills and experience to the existing Board.

Key Executive appointments in the roles of CTO and Managing Director of the UK business have been finalised with the CFO recruitment process ongoing. Deloittes have been appointed to take over the day to day Finance responsibilities.

The Company has continued to implement a cost reduction initiative across the business to realise the cost synergy opportunities from recent acquisitions. The strategy is to reduce the cost base by ~20% or $5M over the remainder of FY18 and to start FY19 with a sustainable annual cost base of ~$20M. Revenue growth and cash generation remains a key focus for the business.

No other matter or circumstance has arisen since 31 December 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.

In the directors' opinion:

- 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 group's financial position as at 31 December 2017 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.

On behalf of the directors

Andrew Edwards	Nic Jones
Executive Chairman	Chief Executive Officer

28 February 2018
Sydney

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Independent Auditor's Review Report
To the Members of Pureprofile Ltd

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Pureprofile Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the 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, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Pureprofile Ltd does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $8,805,641 during the half year ended 31 December 2017 and had a current net liability position of $2,013,870 as at 31 December 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility
Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pureprofile Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton

Partner - Audit & Assurance

Sydney, 28 February 2018