Trimantium GrowthOps Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Trimantium GrowthOps Limited
ABN:	80 621 067 678
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	100.0%	to	34,430
Loss from ordinary activities after tax attributable to the owners of Trimantium GrowthOps Limited	up	3794.8%	to	(47,010)
Loss for the half-year attributable to the owners of Trimantium GrowthOps Limited	up	3794.8%	to	(47,010)

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 $47,010,000 (31 December 2017: $1,207,000).

For the half-year ended 31 December 2017, the Group only comprised of the holding company, prior to any acquisitions. On 16 March 2018, the Company listed on the Australian Securities Exchange and completed the acquisition of the eight businesses.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(2.74)	(9.33)

4. Control gained over entities

Name of entities (or group of entities)	Asia Pacific Digital Limited
Date control gained	2 August 2018

	$'000
Contribution of such entities to the reporting entity's loss from ordinary activities before income tax during the period	(3,145)

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

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

Not applicable.

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10. 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.

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11. Attachments

Details of attachments (if any):

The Interim Report of Trimantium GrowthOps Limited for the half-year ended 31 December 2018 is attached.

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12. Signed

Signed ____________________________ Date: 26 February 2019

Dominique Fisher
Chairman
Sydney

Trimantium GrowthOps Limited

ABN 80 621 067 678

Interim Report - 31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'GrowthOps') consisting of Trimantium GrowthOps Limited (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 2018.

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

Dominique Fisher - Non-Executive Chairman
Phillip Kingston - Managing Director
Paul Mansfield - Executive Director
Melissa Field - Non-executive Director

Principal activities
The principal activities of the Group during the period were the provision of growth services to organisations seeking to acquire and retain new customers, build and launch transformational products, and scale operations. The Group performs the tasks required to create and implement a technology-driven new product, service or growth initiative, from start to finish, including: analysis of market opportunities and threats; leadership development; change management; cloud services; software development; systems integration; positioning and brand strategy; performance marketing and marketing communications.

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

Review of operations
The Group generated statutory revenue of $34.4 million, and statutory net loss after tax of $47.0 million for the six months ended 31 December 2018 ('Financial Period', or 'H1 FY19'). For the half year ended 31 December 2017, the Group only comprised of the holding entity. Its principal activities were to act as the holding company for an initial public offering to raise $70 million, and for the acquisition of eight businesses. The statement of comprehensive income for the period ending 31 December 2017, reflects the results of the holding company, prior to any acquisitions. On 16 March 2018, the Company listed on the Australian Securities Exchange and completed the acquisition of the eight businesses.

Statutory net loss after tax includes the accounting impact of non-cash, share-based payment expense of $19.5 million, the amortisation of identifiable intangible assets arising from acquisitions of $3.6 million and impairment of intangible assets of $22.3 million. The Company recorded the impairment charge primarily in relation to the Australian and New Zealand operations of Asia Pacific Digital Limited (‘APD’), which GrowthOps acquired in August 2018 and substantively integrated during the financial period.

GrowthOps achieved a number of milestones during this Financial Period, including:
- Completing the acquisition of APD, which expanded GrowthOps’ geographic footprint in the Asia Pacific region across six countries and further enhanced its service offering for clients, particularly with the addition of a strong performance marketing capability;
- Integrating APD into the GrowthOps regional growth service offering and operating model, thereby removing $6.5 million in annualised costs;
- Completing the acquisition of the Xperior tenant portal software business in December 2018 to enrich GrowthOps’ go-to-market in the construction and property segment;
- Launching the new GrowthOps brand and ‘growth services’ offering in the marketplace;
- Making significant investments in key business development and delivery personnel to support the new ‘growth services’ offering;
- Reducing the Group’s pro forma annual interest expense by $1.0 million through the refinancing of assumed APD debt with a new two-year, $14.0 million senior secured debt facility with Westpac Banking Corporation; and
- Generating pro forma revenue of $36.3 million and pro forma EBITDA of $2.6 million.

Operating and Financial Review

The Group's half-year results reflect its heavy investment in establishing the GrowthOps brand in the marketplace, refining its go-to-market integrated sales strategy and growing overall share in the region. Over the Financial Period, GrowthOps invested in people to further expand its client relationship team and delivery of technology services. Notably, the Group recruited a tactical specialist team to deliver Salesforce's AI-driven Einstein product, and hired a Group Director of Sales for Technology. These investments in talent, along with other key new hires and promotions, were prompted by a combination of booked business, from both existing and new clients, as well as a growing medium-term pipeline of client interest in obtaining growth services.

GrowthOps acquired APD through an off-market takeover offer, which was approved on 2 August 2018, when APD shareholders representing greater than 90% of total shares outstanding accepted the offer and the acquisition became free of any conditions. The acquisition of APD greatly enhanced the Group's position as an independent regional provider of integrated consulting, creative and technology services, with the scale and local market experience required to help multi-national corporate and government clients achieve meaningful growth and impactful public sector outcomes. During the Financial Period, GrowthOps management restructured the APD operations and substantively integrated its service offering with the other technology-driven growth services that GrowthOps provides to its clients, in the process incurring a restructuring expense of $1.3 million and removing $6.5 million in annualised costs. With the realignment of the APD operations into the Group, GrowthOps has tested for and concurrently recognised an impairment charge of $22.3 million.

On 24 December 2018, GrowthOps acquired the tenant portal property software business of Xperior from Xperior Group Pty Ltd. Xperior delivers a market-leading software product in the high-growth area of 'smart buildings' to commercial property groups and buildings throughout Australia and New Zealand. Xperior provides GrowthOps with a compelling entry into a new growth sector that, in combination with the Group's other growth services, is expected to add significant value to clients in the commercial property industry across the Asia Pacific region. The Board and management team believe that the acquisition aligns well with the Company's strategic objective of diversifying its revenue streams beyond time-and-materials based services into market-proven products.

In November 2018, the Company entered into a 2-year senior secured debt facility of $14.0 million with Westpac, allowing it to refinance APD's existing debt facilities and achieve annualised interest savings of approximately $1.0 million.

GrowthOps completed its initial public offering ('IPO') on the Australian Securities Exchange in March 2018, and raised $70 million, before listing costs, to fund the cash portion of the acquisitions that initially comprised the GrowthOps Group as at that date. The total purchase consideration for the acquired companies was $95.6 million. Vendors received 50% of that purchase consideration, or $47.8 million, in cash at completion, and the other 50% in the form of 47.8 million of convertible redeemable preference shares ("CRPS"). The CRPS convert into ordinary shares over three years, subject to continued employment of the vendors, on the following schedule: 50% on the first anniversary of the IPO; 25% on the second anniversary of the IPO; and the final 25% on the third anniversary of the IPO.

The conversion ratio of these CRPS was finalised during the Financial Period per the terms of the share purchase agreements executed with vendors, resulting in an average conversion ratio of 1.09 ordinary shares for each 1 CRPS. The first tranche of the CRPS will convert into ordinary shares on 16 March 2019, and will result in the issuance of 25,975,341 new GrowthOps ordinary shares.

Pro Forma results (unaudited)

The use of the term 'pro forma' relates to the period from 1 July 2018 to 31 December 2018, and its prior comparable period ('pcp') of 1 July 2017 to 31 December 2017. All acquisitions have been included in the pro forma financial reports as if owned for those full periods. In the preparation of the pro forma numbers, the statutory financial report has been adjusted for abnormal items relating to acquisition costs and restructuring costs, as well as the non-cash, share-based payments expense and impairment of intangible assets arising from the Group's prior acquisitions.

The GrowthOps Board of Directors believes that the presentation of pro forma results provides a useful measure of the underlying performance of the Group to users of this financial report. The use of pro forma financial results are non-IFRS financial information, and as such have not been reviewed in accordance with Australian Accounting Standards.

	Pro forma H1 FY19 $ million	Pro forma H1 FY18 $ million	FY19/FY18 actual change %
Revenue	36.3	40.1	(9.5%)
Media pass through income	14.6	14.6	
Media pass through expense	(14.6)	(14.6)	
Cost of sales	(3.5)	(6.2)	
Staff costs	(26.1)	(23.6)	
Occupancy	(0.1)	(0.3)	
Other	(4.0)	(5.0)	
EBITDA	2.6	5.0	(48.0%)

Pro forma EBITDA of $2.6m incorporates the impact from the early adoption of AASB 16 – Leases. In particular, rental expense of $1.2 million is no longer part of Occupancy cost. Adoption of AASB 16 resulted in recognition of right of use assets of $9.9 million (before depreciation charge for the period), recognition of lease liabilities of $8.9 million, recognition of depreciation expense $1.2 million (instead of rental expense) and interest expense of $0.2 million and reversal of liabilities in relation to lease incentives of $0.5m.

Pro forma revenue for H1 FY19 of $36.3 million was 9.5% lower than the pcp of $40.1 million. This decline was primarily due to a re-evaluation and/or non-renewal of certain contractual arrangements with clients from the legacy APD operations and technology services group that management believed to be unprofitable. ‘Cost of sales’ dropped to $3.5 million as the Group reduced its reliance on external contractors. ‘Staff cost’ increased to $26.1 million over pcp, reflecting investment in new talent to enhance services capability with key hires. The integration of APD into the Group allowed for duplicated costs to be removed as ‘Other’ expenses decreased to $4.0 million. The acquisition of Xperior contributed to pro forma revenue and EBITDA of $0.3 million and $0.1 million, respectively, in the Financial Period.

Reconciliation of Statutory EBITDA to Pro forma EBITDA:

	$ million
Loss before income tax	(48.0)
Net finance costs	0.6
Impairment of intangible assets	22.3
Depreciation and amortisation	5.1
Statutory EBITDA	(20.0)
Share-based payments	19.5
Restructuring costs	1.3
Abnormal (i.e. one-off) items	1.9
APD pre-acquisition EBITDA	(0.2)
Xperior	0.1
Pro forma EBITDA	2.6

Significant changes in the state of affairs

On the 15 June 2018, GrowthOps announced it had entered into a Bid Implementation Agreement with Asia Pacific Digital Limited under which GrowthOps would make an off-market takeover bid to acquire 100% of the fully paid ordinary shares of APD by offering 1 TGO share for every 8.9 APD fully paid shares.

Based on the GrowthOps’ closing price on 14 June 2018 of $1.23 per share, the Offer consideration valued APD’s equity at approximately $20 million. As at the end of June 2018, APD also had approximately $14.5 million in debt. As at the date of announcement of the acquisition and based on APD’s most recently available historical financials for the twelve months ended 31 December 2017, APD generated an EBITDA loss of approximately $5.1 million.[1]

[1]Based on APD’s most recently released unaudited consolidated financial performance for the twelve months ended 31 December 2017, as provided in the GrowthOps Bidder’s Statement, dated 6 July 2018.

On 15 September 2018, GrowthOps compulsorily acquired the remaining shares in Asia Pacific Digital Limited, resulting in a relevant interest of 100% of APD's fully paid ordinary shares. The total consideration was settled through the issue of 16,196,527 fully paid TGO shares.

On 24 December 2018, the Group acquired the tenant portal software business of Xperior from Xperior Group Pty Ltd. At completion, Xperior Group Pty Ltd was issued 2,000,000 TGO shares, and paid cash consideration of $2 million. Based on Xperior's operating performance in Calendar Year 2020, Xperior Group Pty Ltd is eligible to receive additional consideration (50% in cash and 50% in TGO shares, up to an aggregate cap for any future share consideration of 3.7 million shares).

Xperior delivers a market-leading software product in the high-growth area of 'smart buildings' to commercial property groups and buildings throughout Australia and New Zealand. Xperior provides GrowthOps with a compelling entry into a new growth sector that, in combination with the Group's other growth services, is expected to add significant value to clients in the commercial property industry across the Asia Pacific region.

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
No matter or circumstance has arisen since 31 December 2018 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 thousand dollars, or in certain cases, 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

Dominique Fisher

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Dominique Fisher
Chairman

26 February 2019

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Directors
Trimantium GrowthOps Limited
Level 11, 31 Queen Street
Melbourne VIC 3000

26 February 2019

Dear Directors

Auditor's Independence Declaration to Trimantium GrowthOps Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Trimantium GrowthOps Limited.

As lead audit partner for the review of the half-year financial report of Trimantium GrowthOps Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

Trimantium GrowthOps Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated From 1 Jul 2018 to 31 Dec 2018 $'000	Consolidated From 14 Aug 2017 to 31 Dec 2017 $'000
Revenue	5	34,289	-
Interest revenue calculated using the effective interest method		141	-
Media pass through income		13,360	-
Expenses			
Media pass through expense		(13,360)	-
Freelance, contractors, consumables and associated costs		(4,710)	-
Employee benefits expense		(25,111)	(153)
Share-based payments expense		(19,465)	-
Occupancy costs		(417)	(14)
Depreciation and amortisation expense		(5,137)	-
Impairment of assets		(22,250)	-
Professional and consultancy expenses		(509)	(947)
Travel and entertainment expenses		(1,015)	(13)
IT expenses		(721)	-
Marketing and advertising expense		(325)	-
Administration expenses		(1,544)	(43)
Acquisition expenses		(415)	-
Other expenses		(74)	(37)
Finance costs		(701)	-
Loss before income tax		(47,964)	(1,207)
Income tax		954	-
Loss after income tax for the half-year attributable to the owners of Trimantium GrowthOps Limited		(47,010)	(1,207)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		16	-
Other comprehensive income for the half-year, net of tax		16	-
Total comprehensive loss for the half-year attributable to the owners of Trimantium GrowthOps Limited		(46,994)	(1,207)
		Cents	**Cents**
Basic earnings per share	27	(43.76)	(4.87)
Diluted earnings per share	27	(43.76)	(4.87)

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

Trimantium GrowthOps Limited
Statement of financial position
As at 31 December 2018

	Note	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Assets			
Current assets			
Cash and cash equivalents	6	15,414	21,608
Trade and other receivables	7	15,477	18,530
Contract assets		1,843	715
Other assets	8	1,495	497
Total current assets		34,229	41,350
Non-current assets			
Property, plant and equipment	9	1,412	815
Intangibles	10	60,309	45,552
Right-of-use assets	11	8,712	-
Financial assets at amortised cost	12	584	-
Financial assets at fair value through profit or loss	13	458	-
Total non-current assets		71,475	46,367
Total assets		105,704	87,717
Liabilities			
Current liabilities			
Trade and other payables	14	10,222	10,331
Borrowings	15	398	8
Lease liabilities - right-of-use assets	16	2,518	-
Income tax		794	2,077
Provisions	17	2,811	2,028
Contract liabilities		6,598	5,818
Total current liabilities		23,341	20,262
Non-current liabilities			
Borrowings	18	14,000	-
Lease liabilities - right-of-use assets	19	6,373	-
Deferred tax liabilities		3,175	3,404
Provisions	20	652	308
Contingent consideration		950	-
Total non-current liabilities		25,150	3,712
Total liabilities		48,491	23,974
Net assets		57,213	63,743
Equity			
Issued capital	21	88,398	67,399
Reserves	22	29,425	9,944
Accumulated losses		(60,610)	(13,600)
Total equity		57,213	63,743

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

Trimantium GrowthOps Limited
Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 14 August 2017	-	-	-	-
Loss after income tax expense for the half-year	-	-	(1,207)	(1,207)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,207)	(1,207)
Balance at 31 December 2017	-	-	(1,207)	(1,207)

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018	67,399	9,944	(13,600)	63,743
Loss after income tax for the half-year	-	-	(47,010)	(47,010)
Other comprehensive income for the half-year, net of tax	-	16	-	16
Total comprehensive income for the half-year	-	16	(47,010)	(46,994)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	20,999	-	-	20,999
Share-based payments	-	19,465	-	19,465
Balance at 31 December 2018	88,398	29,425	(60,610)	57,213

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

Trimantium GrowthOps Limited
Statement of cash flows
For the half-year ended 31 December 2018

	Note	Consolidated From 1 Jul 2018 to 31 Dec 2018 $'000	Consolidated From 14 Aug 2017 to 31 Dec 2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		54,758	-
Payments to suppliers and employees (inclusive of GST)		(51,932)	(457)
		2,826	(457)
Interest received		141	-
Income taxes paid		(1,817)	-
Net cash from/(used in) operating activities		1,150	(457)
Cash flows from investing activities			
Settlement of pre-acquisition dividend for business acquired in prior year		(3,760)	-
Payment for purchase of business	26	(1,989)	-
Net cash acquired on purchase of subsidiaries	26	356	-
Payment for expenses relating to acquisitions		(415)	-
Payments for investments		(458)	-
Payments for property, plant and equipment	9	(391)	(2)
Payments for intangibles	10	(28)	-
Net cash used in investing activities		(6,685)	(2)
Cash flows from financing activities			
Proceeds from borrowings		14,000	790
Transaction costs associated with loans and borrowings		(74)	-
Transaction costs associated with shares issued on IPO		-	(291)
Share issue transaction costs		(36)	-
Repayment of borrowings principal and interest		(13,544)	-
Repayment of lease liabilities		(1,005)	-
Net cash from/(used in) financing activities		(659)	499
Net (decrease)/increase in cash and cash equivalents		(6,194)	40
Cash and cash equivalents at the beginning of the financial half-year		21,608	-
Cash and cash equivalents at the end of the financial half-year		15,414	40

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

Note 1. General information

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

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

Level 11, 31 Queen St
Melbourne VIC 3000

For the financial period ended 31 December 2017, the Company's principal activities was to act as the holding company for an initial public offering to raise $70,000,000 and for the acquisition of eight businesses. The statement of comprehensive income for the period ending 31 December 2017, reflect the results of Trimantium GrowthOps Limited as the holding company, prior to any acquisitions. On 16 March 2018, the Company listed on the Australian Securities Exchange and completed the acquisition of the eight businesses to form the Consolidated entity.

A description of the nature of the company'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 26 February 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the half-year reporting period ended 31 December 2018 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 2018 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 as set out below.

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Details of adoption of new Accounting Standards are provided below:

The Group has:
- adopted AASB 15 'Revenue from Contracts with Customers' from 1 July 2018 using the modified retrospective approach. The impact on the financial performance and position of the Group from the adoption of this Accounting Standard is detailed below;
- adopted AASB 9 'Financial Instruments' from 1 July 2018 using the modified retrospective approach. The impact on the financial performance and position of the Group from the adoption of this Accounting Standard is detailed below; and
- early adopted AASB 16 'Leases' from 1 July 2018 using the modified retrospective approach and as such comparatives have not been restated. Refer below for further details.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments
The Group has adopted AASB 9 from 1 July 2018, using the modified retrospective approach. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from 1 July 2018, using the modified retrospective approach. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 'Leases'
The Group has early adopted AASB 16 from 1 July 2018, using the modified retrospective approach. The standard replaced AASB 117 'Leases' and for lessees has eliminated the classifications of operating leases and finance leases. Subject to certain exceptions, a 'right-of-use' asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture that have total value less than $10,000) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease is also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition has been replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments are separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard has not substantially changed how a lessor accounts for leases.

Impact of adoption
The adoption of AASB 9 and AASB 15 resulted in the following adjustments:
- interest receivable is now shown on the face of the profit or loss;
- provision for impairment of receivables is now reclassified as allowance for expected credit losses;
- work in progress is now reclassified as contract asset; and
- deferred revenue is now reclassified as contract liability.

There were no material changes in the carrying amounts on adoption of AASB 9 and AASB 15 standards as at 1 July 2018.

Note 2. Significant accounting policies (continued)

AASB 16 'Leases'
On initial application of AASB 16, using the transitional rules available, the Group elected to record right-of-use assets based on the corresponding lease liability adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position before the date of initial application. Right-of-use assets of $5,407,810 and lease obligations of $5,407,810 were recorded as of 1 July 2018. As a result, there was no net impact on retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 July 2018, being the weighted-average rate of 4.52% being applied.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. The Group's specific policy for each revenue stream is as follows:

Advertising agency services
The Group earns revenue from rendering services as an advertising agency. These services include delivering brand strategy, digital strategy, social media, and marketing communication through marketing and advertising campaigns. Revenue is earned from providing retainer based and ad-hoc services. Retainer income is a fixed fee per month and is earned on the basis of providing dedicated teams for customers to deliver campaigns. Retainer income is recognised as performance obligation are satisfied over time as the customers simultaneously receives and consume the benefit.

Revenue from providing ad-hoc services are recognised as a performance obligation satisfied over time and is recognised based on the progress towards completion of the contract.

Technology services
Technology services include providing capabilities and enhancements to the customers' IT infrastructure, hosting services, designing and development of application and security software, and systems integration. Revenue is recognised during the period the services are provided based on time spent and on agreed delivery of outcomes. Performance obligation for Technology Services are satisfied over time as the customers simultaneously receives and consumes the benefits provided, and an asset is created or enhanced that the customer controls.

Leadership and coaching
The Group earns revenue from delivering leadership training and courses to corporate and public customers. Revenue is recognised when the training and courses are delivered. Advanced payments received is recognised as contract liabilities. Where the Group provides leadership coaching, training and course that involve multiple stages, revenue is recognised by reference to the progress towards completion of the contract.

Agency marketing services
The Group earns revenue by providing performance based digital marketing services for its customers. These services include online advertising for customer acquisitions, affiliate marketing, paid search, search engine optimisation and email marketing automation through email and SMS. Revenue is recognised over time as the customers simultaneously receives and consume the benefit. Any payments in advance are recognised as contract liabilities until the performance obligation of the contract is satisfied.

Note 2. Significant accounting policies (continued)

Media pass through income
Media pass through income recognised in creative business comprises the value of advertising production costs of clients that are subcontracted by the Group to external parties. In technology business, media pass through income comprises media spends and other marketing and agency costs of clients that are subcontracted by the Group to media partners. The Group acts as principal for the production of these services. Media pass through income is recognised when services have been provided by the subcontractors with a corresponding disbursement expense recognised in profit or loss.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Leases

Group as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms range from one to ten years. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities - right-of-use assets

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (items with total value less than $10,000). The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term.

Group as lessor

Amounts due from customers under finance leases and contract purchase agreements are recorded as receivables. Finance and contract purchase receivables are initially recognised at an amount equal to the present value of the minimum instalment payment receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the contract term. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the contracts.

Note 3. Critical accounting judgements, estimates and assumptions

The following are the critical judgements in applying accounting policies that the directors have made in the process of applying AASB 15 - Revenue from Contracts with Customers and AASB 16 – Leases and that have the most significant effect on the amounts recognised in the consolidated financial statements.

AASB 16 - Leases
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Out of the 10 leases that the Group has, the extension option is expected to be used only for 6 leases and this has added $4.2 million to the lease liability.

The lease payments are discounted using the Group's incremental borrowing rate which is based on the Group's best estimate.

AASB 15 - Revenue from Contracts with Customers
For contracts to provide services over time, revenue is recognised by reference to the stage of completion and where outcome of the contract can be estimated reliably. Estimation of contract outcome and stage of completion involves some judgements.

The preparation of the interim consolidated financial statements requires management to make other judgements, estimates and assumptions discussed below.

Goodwill and other indefinite life intangible assets

Significant estimate: key assumptions used for value-in-use calculation
The Group tests whether goodwill has suffered any impairment on an annual basis or where there are indicators of impairment. The recoverable amount of the cash generating units (CGUs) was determined by applying value-in-use calculations which require the use of forecasts and assumptions. The calculations used in the cash flow projections based on financial budgets approved by management covering FY2019. Key assumptions and sensitivity analysis are disclosed in note 10.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into three operating segments: Creative, Technology and Management Consulting. 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 CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation and share-based payments). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 4. Operating segments (continued)

Types of products and services
The principal products and services of each of these operating segments are as follows:

Creative	develop simple, powerful brand and communication strategies through the services we offer including brand strategy, positioning, digital strategy, marketing communications, social media, graphic design etc.
Technology	provide technology transformation services to build strong foundations in security, automation and cloud. Our services include AI and machine learning, application design and development, cloud solutions, mobile, security software development, system integration, performance marketing, customer retention etc. The APD business that was acquired during the year (Note 26 business combinations) is forming part of this segment.
Management consulting	develop exceptional and adaptive leaders as well as provide advice to solve complex business issues including financial performance, business strategy and operational structure.
Other segments	head office revenue, expenses including certain group expenses that have not been allocated such as amortisation and impairment of acquired identifiable intangible assets. Assets of other segments comprise mainly cash and cash equivalents and intangible assets arising from business combinations. Liabilities of other segments comprise mainly provision for income and deferred tax liabilities.

Intersegment transactions
Intersegment transactions were made at market rates and are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the half-year ended 31 December 2018 and 31 December 2017, no one customer contributed more than 10% to the Group's external revenue.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - From 1 Jul 2018 to 31 Dec 2018	Creative $'000	Technology $'000	Management consulting $'000	Other segments $'000	Total $'000
Revenue					
Sales to external customers	12,739	17,192	4,196	-	34,127
Intersegment sales	256	1,043	12	-	1,311
Total sales revenue	12,995	18,235	4,208	-	35,438
Media pass through income	8,810	4,550	-	-	13,360
Other revenue	28	15	-	119	162
Interest revenue	12	1	3	125	141
Total segment revenue	21,845	22,801	4,211	244	49,101
Intersegment eliminations					(1,311)
Total revenue					47,790
EBITDA (before share-based payments)	3,496	(1,420)	222	(2,850)	(552)
Depreciation and amortisation	(541)	(882)	(163)	(3,551)	(5,137)
Impairment of assets (note 10)	-	-	-	(22,250)	(22,250)
Share-based payment expense	(14,380)	(3,535)	(1,550)	-	(19,465)
Interest revenue	12	1	3	125	141
Finance costs	-	-	-	(701)	(701)
Loss before income tax	(11,413)	(5,836)	(1,488)	(29,227)	(47,964)
Income tax					954
Loss after income tax					(47,010)
Assets					
Segment assets	12,981	20,673	3,684	69,938	107,276
Intersegment eliminations					(1,572)
Total assets					105,704
Liabilities					
Segment liabilities	8,071	17,363	4,463	20,143	50,040
Intersegment eliminations					(1,549)
Total liabilities					48,491

During the period ended 31 December 2017, the Group operated in one segment, being 'other segments'. The Group consisted of one company being the parent entity, which was established to act as the holding company for the Group's initial public offering. The operating segment information for the period ended 31 December 2017 is the same information as provided throughout the financial statements and therefore not duplicated.

Note 4. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	From 1 Jul 2018 to 31 Dec 2018 $'000	From 14 Aug 2017 to 31 Dec 2017 $'000	31 Dec 2018 $'000	30 Jun 2018 $'000
Australia	29,287	-	71,035	44,401
New Zealand	417	-	69	-
Hong Kong	356	-	16	1,962
Singapore	1,289	-	50	4
Malaysia	2,530	-	300	-
Philippines	248	-	5	-
	34,127	-	71,475	46,367

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets and post-employment benefits assets.

Note 5. Revenue

	Consolidated	
	From 1 Jul 2018 to 31 Dec 2018 $'000	From 14 Aug 2017 to 31 Dec 2017 $'000
Revenue from contracts with customers		
Sales - rendering of services	34,127	-
Other revenue		
Other revenue	162	-
Revenue	34,289	-

Note 5. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - From 1 Jul 2018 to 31 Dec 2018	Creative $'000	Technology $'000	Management consulting $'000	Total $'000
Major product lines				
Advertising agency services	12,739	-	-	12,739
Technology services	-	12,779	-	12,779
Leadership and coaching	-	-	4,196	4,196
Marketing agency services	-	4,413	-	4,413
	12,739	17,192	4,196	34,127
Geographical regions				
Australia	12,739	12,947	3,601	29,287
New Zealand	-	417	-	417
Hong Kong	-	-	356	356
Singapore	-	1,050	239	1,289
Malaysia	-	2,530	-	2,530
Philippine	-	248	-	248
	12,739	17,192	4,196	34,127
Timing of revenue recognition				
Services transferred at a point in time	-	4,413	4,196	8,609
Services transferred over time	12,739	12,779	-	25,518
	12,739	17,192	4,196	34,127

Note 6. Current assets - cash and cash equivalents

	Consolidated 31 Dec 2018 $'000	**Consolidated 30 Jun 2018 $'000**
Cash at bank	15,414	21,451
Cash on deposit	-	157
	15,414	21,608

Note 7. Current assets - trade and other receivables

	Consolidated 31 Dec 2018 $'000	**Consolidated 30 Jun 2018 $'000**
Trade receivables	15,428	17,040
Less: Allowance for expected credit losses	(176)	(152)
	15,252	16,888
Other receivables	225	392
Loan receivable	-	1,250
	15,477	18,530

Note 8. Current assets - other assets

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Prepayments	1,082	411
Security deposits	413	86
	1,495	497

Note 9. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Leasehold improvements - at cost	693	328
Less: Accumulated depreciation	(195)	(38)
	498	290
Office, computers and other equipment - at cost	1,094	545
Less: Accumulated depreciation	(234)	(75)
	860	470
Fixtures and fittings - at cost	53	50
Less: Accumulated depreciation	(5)	(2)
	48	48
Motor vehicles - at cost	7	7
Less: Accumulated depreciation	(1)	-
	6	7
	1,412	815

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

Consolidated	Leasehold improvements $'000	Office, computers and other equipment $'000	Fixtures and fittings $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2018	290	470	48	7	815
Additions	137	251	3	-	391
Additions through business combinations (note 26)	228	298	-	-	526
Depreciation expense	(157)	(159)	(3)	(1)	(320)
Balance at 31 December 2018	498	860	48	6	1,412

Note 10. Non-current assets - intangibles

	Consolidated 31 Dec 2018 $'000	Consolidated 30 Jun 2018 $'000
Goodwill - at cost	59,444	30,593
Less: Impairment	(22,250)	-
	37,194	30,593
Brand name - at cost	3,398	3,398
Less: Accumulated amortisation	(535)	(197)
	2,863	3,201
Customer relationships - at cost	19,662	12,615
Less: Accumulated amortisation	(4,308)	(1,226)
	15,354	11,389
Software - at cost	4,681	42
Less: Accumulated amortisation	(90)	(6)
	4,591	36
Other intangible assets - at cost	495	390
Less: Accumulated amortisation	(188)	(57)
	307	333
	60,309	45,552

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

Consolidated	Goodwill $'000	Brand name $'000	Customer relationships $'000	Software $'000	Other intangibles $'000	Total $'000
Balance at 1 July 2018	30,593	3,201	11,389	36	333	45,552
Additions	-	-	-	21	7	28
Additions through business combinations (note 26)	28,642	-	7,046	4,618	98	40,404
Impairment of assets	(22,250)	-	-	-	-	(22,250)
Adjustment to provisional value	209	-	-	-	-	209
Amortisation expense	-	(338)	(3,081)	(84)	(131)	(3,634)
Balance at 31 December 2018	37,194	2,863	15,354	4,591	307	60,309

Goodwill acquired through business combinations has been allocated to the following Cash Generating Units:

	Consolidated 31 Dec 2018 $'000
Cash generating units	
Creative	13,697
Management Consulting	826
Technology	16,279
Asia Pacific Digital ANZ (APD ANZ)	8,744
Asia Pacific Digital Asia (APD Asia)	19,898
	59,444

Note 10. Non-current assets - intangibles (continued)

Recoverable amount of goodwill

The recoverable amount of the Group's goodwill has been determined by value-in-use calculations. The calculations use cash flow projections based on a five year discounted cash flow model, with a terminal value applied to the discounted cash flows after year five. Cash flows beyond the four year period are extrapolated using the estimated growth rates stated below.

Key assumptions

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive. The following key assumptions were used in the Value-in-use ('VIU') model at the half year:

(a) EBITDA % between 3 – 5%;
(b) Pre-tax discount rate: 15.4% (30 June 2018: 19.5%); and
(c) Terminal growth rate of 1% (30 June 2018: 1%).

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of goodwill.

Impairment testing results

Creative and Management consulting CGUs

No impairment existed at 31 December 2018. Based on the VIU calculation methodology and assumptions stated above, the carrying amount of each CGU at balance does do not exceed its recoverable amount.

The directors believe that any reasonably possible change in any of the key assumptions will not result in an impairment.

Technology CGU

No impairment existed at 31 December 2018. Based on the VIU calculation methodology and assumptions stated above, the carrying amount of the CGU at balance date exceeded its recoverable amount by $715,000.

The directors believe that any reasonably possible change in any of the key assumptions below on which the recoverable amount is based will cause the aggregate carrying amount to equal the aggregate recoverable amount of the CGU.

Key assumption	VIU model	VIU equals carrying amount	Reasonable change in key assumptions
EBITDA Growth Rate	5.0%	4.0%	1.0%
Pre Tax discount Rate	15.4%	16.0%	0.6%
Terminal Growth Rate	1%	0.0%	1.0%

APD ANZ and APD Asia CGUs

Management have assessed the recoverable amount of the two CGUs as at 31 December 2018. A goodwill impairment loss of $15,900,000 was recognised for the APD Asia CGU and $6,350,000 million for the APD ANZ CGU. Refer to note 26 for more information on business acquisition and allocation of goodwill.

Note 11. Non-current assets - right-of-use assets

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Right-of-use assets - at cost	9,896	-
Less: Accumulated amortisation	(1,184)	-
	8,712	-

Note 11. Non-current assets - right-of-use assets (continued)

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

	Right-of-use assets $'000
Adoption of AASB 16 on 1 July 2018	5,408
Additions	1,885
Additions through business combinations	2,603
Depreciation expense	(1,184)
Balance at 31 December 2018	8,712

Note 12. Non-current assets - financial assets at amortised cost

	Consolidated	
	31 Dec 2018 $'000	**30 Jun 2018 $'000**
Term deposit	584	-

Term deposits are bank term deposits held to secure bank guarantees.

Note 13. Non-current assets - financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2018 $'000	**30 Jun 2018 $'000**
Unlisted ordinary shares	458	-

Note 14. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2018 $'000	**30 Jun 2018 $'000**
Trade payables	5,541	2,399
Accrued expenses	1,336	840
GST payable	943	1,301
Other payables[a]	2,402	5,791
	10,222	10,331

[a]At 30 June 2018 other payables include pre-acquisition dividend payable to the previous owners of $3.4 million.

Note 15. Current liabilities - borrowings

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Other loan	398	-
Hire purchase	-	8
	398	8

Other loan is an interest bearing short-term loan payable to an external party. Interest accrues at 10% per annum.

Note 16. Current liabilities - lease liabilities - right-of-use assets

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Lease liabilities - right-of-use assets	2,518	-

Refer to note 19 for further details.

Note 17. Current liabilities - provisions

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Annual leave	1,669	1,068
Long service leave	1,051	960
Lease make good	91	-
	2,811	2,028

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Note 18. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Bank loans	14,000	-

The bank loan is a 2 year term loan facility with Westpac Banking Corporation of which the total facility is $14,000,000. The loan has a variable interest rate being the base rate plus margin rate based on BBSY, which is approximately 4.6% for the period ended 31 December 2018. The facility is secured by all existing and future assets and undertakings of all Australia operating entities within the Group.

Note 19. Non-current liabilities - lease liabilities - right-of-use assets

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Lease liabilities - right-of-use assets	6,373	-

Note 19. Non-current liabilities - lease liabilities - right-of-use assets (continued)

Total lease liabilities (current and non-current) are set out below:

	Consolidated	
	31 Dec 2018 $'000	**30 Jun 2018 $'000**
Current (note 16)	2,518	-
Non-current	6,373	-
	8,891	-

Reconciliation
Reconciliation of lease liabilities (current and non-current) at the beginning and end of financial half-year are set out below:

	Consolidated 31 Dec 2018 $'000
Adoption of AASB 16 on 1 July 2018	5,408
Additions	1,885
Additions through business combinations	2,603
Repayment of lease liabilities	(1,196)
Interest	191
	8,891

Below is the reconciliation from operating lease commitments disclosure at 30 June 2018 to the opening lease liability balance at 1 July 2018:

	$'000
Operating lease commitment disclosed as at 30 June 2018	2,722
Opening balance adjustments*	186
Discounted using the incremental borrowing rate	(131)
Short term leases recognised on a straight line bases	(208)
Adjustments as a results of a different treatment of extension and termination options	2,839
Lease liability recognised at 1 July 2018	5,408

* The opening balance in respect of the lease commitment as at 30 June 2018 has been understated by $186,000. This has been reconciled as part of the detailed lease liability calculation and is reflected in the value as at 31 December 2018.

Note 20. Non-current liabilities - provisions

	Consolidated	
	31 Dec 2018 $'000	**30 Jun 2018 $'000**
Long service leave	359	158
Lease make good	293	150
	652	308

Note 21. Equity - issued capital

	Consolidated			
	31 Dec 2018 Shares	30 Jun 2018 Shares	31 Dec 2018 $'000	30 Jun 2018 $'000
Ordinary shares - fully paid	113,065,533	94,869,006	88,398	67,399
Convertible redeemable preference shares (refer below)	47,780,200	47,780,200	-	-
	160,845,733	142,649,206	88,398	67,399

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2018	94,869,006		67,399
Issue of shares on acquisition of subsidiary	10 August 2018	15,669,669	$1.20	18,804
Issue of shares on acquisition of subsidiary	18 September 2018	526,858	$1.20	632
Issue of shares on acquisition of business	24 December 2018	2,000,000	$0.80	1,600
Less issue costs net of taxation		-	$0.00	(37)
Balance	31 December 2018	113,065,533		88,398

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.

Convertible redeemable preference shares
Preference 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, with priority over ordinary shareholders.

Preference shares only have voting rights in limited circumstances. In these circumstances, each preference share shall have one vote.

Each convertible redeemable preference share ('CRPS') can convert into a minimum of 0 ordinary shares and a maximum of 2 ordinary shares, depending on the achievement of financial year ended 30 June 2018 specified performance measures of the individual businesses acquired by GrowthOps (each a 'GrowthOps Business'). 47,780,200 CRPS will be converted to approximately 51,950,681 ordinary shares based on agreed conversion ratio of 1:1.09. Conversion remains subject to vesting conditions and provided these are met, conversion will be staggered so that 50% of the CRPS will convert on the first anniversary of the IPO on 16 March 2019, and a further 25% on each of the second and third anniversaries of the IPO.

Share buy-back
There is no current on-market share buy-back.

Note 22. Equity - reserves

	Consolidated	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Foreign currency reserve	31	15
Share-based payments reserve	29,394	9,929
	29,425	9,944

Note 22. Equity - reserves (continued)

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. The balance at 31 December 2018 and 30 June 2018 represents compensation for services rendered during the period, including share-based payments for conversion of CRPS as per note 21.

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

Consolidated	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 1 July 2018	15	9,929	9,944
Foreign currency translation	16	-	16
Share-based payments	-	19,465	19,465
Balance at 31 December 2018	31	29,394	29,425

Note 23. Equity - dividends

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

Note 24. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss - unlisted ordinary shares	-	-	458	458
Total assets	-	-	458	458
Liabilities				
Contingent consideration	-	-	950	950
Total liabilities	-	-	950	950

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables, contract assets, trade and other payables and contract liabilities are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 24. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3
As at 31 December 2018, the unquoted investment has a fair value of approximately its costs and contingent consideration has been valued using a discounted cash flow model.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Unlisted ordinary shares $'000	Contingent consideration $'000	Total $'000
Balance at 1 July 2018	-	-	-
Additions	458	(950)	(492)
Balance at 31 December 2018	458	(950)	(492)

Note 25. Related party transactions

Parent entity
Trimantium GrowthOps Limited is the parent entity.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	From 1 Jul 2018 to 31 Dec 2018 $	**From 14 Aug 2017 to 31 Dec 2017 $**
Sale of goods and services:		
Sale of services to Sargon Capital Pty Ltd and its controlled entities*	1,958,140	-
Payment for goods and services:		
Rent of office from Sargon Capital Pty Ltd	124,973	-
Other transactions:		
Remuneration to close members of a key management personnel for services rendered	94,044	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2018 $	**30 Jun 2018 $**
Current receivables:		
Trade receivables from Sargon Capital Pty Ltd and its controlled entities*	664,893	259,716
Trade receivables from Trimantium Investment Management Pty Ltd, a company controlled by Phillip Kingston	-	126,500
Trade receivables from other related party	-	18,000

* Phillip Kingston is a founder, a shareholder and an executive director of Sargon Capital Pty Ltd

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 26. Business combinations

Acquisition of Asia Pacific Digital Limited
On 2 August 2018 the Group obtained control of Asia Pacific Digital Limited ('APD') for the total consideration of $19,436,000 settled in Trimantium GrowthOps Limited ordinary shares. The acquisition of APD will help cement the Group's position as an independent, regional provider of integrated consulting, creative and technology-driven services with the scale and local market experience to serve multinational corporate and government clients. The expansion of APD's technology services and geographic footprint within the Asia Pacific market will diversify GrowthOps' client base and strengthen its competitive edge against global players that operate in the region. The provisional goodwill of $28,642,000 is attributable mainly to the workforce and APD's footprint in Asia. APD contributed revenue of $12,993,000 and loss before tax of $3,145,000 to the Group for the period from 2 August 2018 to 31 December 2018. If the acquisition occurred on 1 July 2018, the half year contributions would have been revenue of $16,100,000 and loss before tax of $3,524,000. The values identified in relation to the acquisition of APD are provisional at 31 December 2018.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	356
Trade receivables	7,125
Prepayments	448
Other financial assets	548
Leasehold improvements	228
Office, computers and other equipment	298
Customer contracts	7,046
Software and other intangibles	177
Deferred tax assets*	690
Right-of-use asset	2,603
Trade payables	(4,528)
Other payables	(3,764)
Provision for income tax	(159)
Deferred tax liability	(1,790)
Employee benefits	(1,051)
Deferred revenue	(1,170)
Bank loans	(13,660)
Lease liability	(2,603)
Net liabilities acquired	(9,206)
Goodwill*	28,642
Acquisition-date fair value of the total consideration transferred	19,436
Representing:	
Trimantium GrowthOps Limited shares issued to vendor	19,436
Acquisition costs expensed to profit or loss	363
Cash used to acquire business, net of cash acquired:	
Net cash received from acquisition	356

* On acquisition date, APD had cumulative tax losses in Australia of approximately $36 million. Deferred tax has not been recognised for available tax losses as the Group is going through the assessment of availability of these tax losses. Had the tax loss balance been available to the Group in full, deferred tax assets of $6.9 million would have been recognised and goodwill would have reduced by that amount.

Following the acquisition, management have re-assessed and implemented strategies and initiatives to transition ADP to a profit-neutral contributor to the Group in the short-term. As a result of this assessment, management have recognised an impairment of $22,250,000.

Note 26. Business combinations (continued)

Acquisition of Xperior Group Pty Limited
On 24 December 2018, the Group acquired from Xperior Group Pty Ltd the software business that provides software and services to commercial property groups throughout Australia and New Zealand, delivered under the 'Xperior' trading name. Xperior provides GrowthOps with a compelling entry into a new growth sector that, in combination with other GrowthOps growth services, is expected to add significant value to clients in the commercial property industry across the Asia Pacific region. This acquisition is aligned to the Group's strategic objective of diversifying its revenue stream.

Details of the acquisition are as follows:

	Fair value $'000
Software	4,539
Net assets acquired	4,539
Goodwill	-
Acquisition-date fair value of the total consideration transferred	4,539
Representing:	
Cash paid to vendor	1,989
Trimantium GrowthOps Limited shares issued to vendor	1,600
Contingent consideration	950
	4,539
Acquisition costs expensed to profit or loss	52

Contingent consideration including contingent cash payment and contingent share payment, which was calculated based on estimated earned revenue for the calendar year ending 31 December 2020. At 31 December 2018, the value identified in relation to the acquisition is a provisional amount.

Note 27. Earnings per share

	Consolidated	
	From 1 Jul 2018 to 31 Dec 2018 $'000	From 14 Aug 2017 to 31 Dec 2017 $'000
Loss after income tax attributable to the owners of Trimantium GrowthOps Limited	(47,010)	(1,207)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	107,420,940	24,769,006
Weighted average number of ordinary shares used in calculating diluted earnings per share	107,420,940	24,769,006
	Cents	Cents
Basic earnings per share	(43.76)	(4.87)
Diluted earnings per share	(43.76)	(4.87)

Convertible redeemable preference shares have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

Note 28. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 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 2018 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

Dominique Fisher

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Dominique Fisher
Chairman

26 February 2019

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor's Review Report to the members of Trimantium GrowthOps Limited

We have reviewed the accompanying half-year financial report of Trimantium GrowthOps Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Interim 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 consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Trimantium GrowthOps Limited, 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirments of the *Corporations Act 2001.* We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Trimantium GrowthOps Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Trimantium GrowthOps Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 26 February 2019