

Half Year Report and Appendix 4D

IncentiaPay Limited (ABN 43 167 603 992)

Results for Announcement to the Market

This interim report of IncentiaPay Limited is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.2A.

1. Reporting Period Details

Current Reporting Period: Half Year Ended 31 December 2018

Previous Corresponding Period: Half Year Ended 31 December 2017

2. Results

		Half Year ended*	Half Year ended Restated*
	Movement	31-Dec-18	31-Dec-17
Revenue from ordinary activities(\$'000')#	UP 33%	44,291	33,288
Underlying EBITDA(\$'000')~	UP 81%	(338)	(1,800)
Net Profit/(Loss) from ordinary activities after tax(\$'000')	UP 58%	(4,422)	(10,425)
Loss for the period attributable to members(\$'000')	UP 77%	(9,296)	(40,080)
Net tangible assets per share (cents)	UP 33%	(0.62)	(0.93)

* Unless otherwise stated, the above results relate to the continuing operations of the IncentiaPay Limited Group. The Bartercard and Government businesses are disclosed as discontinued operations. Refer to notes 9 and 10 of the attached interim financial report.

#Excludes Interest received, see note 2 of the interim financial report.

~Non-IFRS Financial Information.

No interim dividend was paid or proposed for the period.

Note:

The information contained in this Appendix, and the attached Half Year Financial Report, do not include all the notes of the type normally included in annual financial statements. Accordingly, these reports 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.

Additional information supporting the Appendix 4D disclosure requirements can be found in the attached Directors' Report and the consolidated financial statements for the half-year ended 31 December 2018.

3. Underlying EBITDA

Underlying EBITDA for 1HFY2019 was a loss of (\$0.338) million. A calculation of Underlying EBITDA is shown below:

	Consolidated Group	
	Half Year ended*	Half Year ended
	31-Dec-18 \$'000	Restated* 31-Dec-17 \$'000
Fee income-Paid advertising and Travel booking	1,881	1,490
Fee income-Consulting and media	3,339	-
Membership subscriptions (Including corporate)	17,336	16,244
Gift card sales	21,735	15,554
Total Revenue from ordinary activities#	44,291	33,288
Cost of gift cards	(21,278)	(16,140)
Operating Costs	(23,351)	(18,948)
Underlying EBITDA~	(338)	(1,800)

* Unless otherwise stated, the above results relate to the continuing operations of the IncentiaPay Limited Group. The Bartercard and Government businesses are disclosed as discontinued operations. Refer to notes 9 and 10 of the attached interim financial report.

#Excludes Interest received, see note 2 of the interim financial report.

~Non-IFRS Financial Information.

Fee income from Consulting and Media relates primarily to the Performance Marketing and MobileDen businesses purchased as part of the Gruden acquisition. As previously noted to the market, these businesses are currently under review and the external revenue generated by these groups may not continue in future years.

During the period a number of changes have been made to ensure the gift card business is no longer loss making. Further amendments to this business are likely over the coming period.

Underlying EBITDA can be reconciled to Reported EBITDA as per the table below:

	Consolidated Group	
	Half Year ended*	Half Year ended
	31-Dec-18 \$'000	Restated* 31-Dec-17 \$'000
Underlying EBITDA~	(338)	(1,800)
Balance sheet write-downs:		
- Other balance sheet items	-	(667)
Total balance sheet write-downs	-	(667)
Provision for restructuring costs	-	(4,500)
EGM costs	-	(543)
Other one-off expenses	(107)	-
One off project fees	(993)	-
Total One-off Expenses~	(1,100)	(5,710)
Reported EBITDA~	(1,438)	(7,510)
Depreciation and amortisation expense	(1,106)	(3,574)
Net finance costs	(46)	(616)
Interest received	70	45
Operating Profit/(Loss) before income tax	(2,520)	(11,655)

* Unless otherwise stated, the above results relate to the continuing operations of the IncentiaPay Limited Group. The Bartercard and Government businesses are disclosed as discontinued operations. Refer to notes 9 and 10 of the attached interim financial report.

~Non-IFRS Financial Information.

4. Control gain or lost over entities in the half year

See note 9 of the interim financial report.

5. Non-IFRS Financial Information

Within this Appendix 4D the directors have presented a number of pieces of non-IFRS financial information, including a calculation of Underlying EBITDA, in order to better describe the underlying results of the business to users of this report. The directors believe that this additional disclosure allows users to better understand the business while it is navigating the current strategic review period. See section 3 above for a reconciliation of non-IFRS information to the IFRS results presented in the attached interim financial report.

6. Independent Auditor's Review

The condensed consolidated financial statements for IncentiaPay Limited and its controlled entities for the half year ended 31 December 2018 have been reviewed by the Group's independent auditors and a copy of their review report is included in the attached 31 December 2018 half-year financial report.

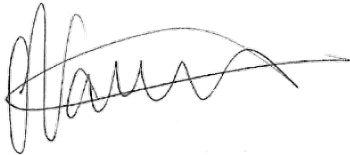
7. Attachments

The Directors attach the following documents:

- An investor and analyst presentation; and
- The financial report of IncentiaPay Limited for the half year ended 31 December 2018.

Signed:

Date: 28 February 2019

A handwritten signature in black ink, appearing to read 'Naseema', with a long horizontal flourish extending to the right.

Naseema Sparks AM

Chair



Investor Presentation

H1 FY19

Disclaimer

IncentiaPay Limited ("the Company") and its respective directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (express or implied) arising out of, contained in or derived from, or any omission from the presentation, except liability under statute that cannot be excluded. The presentation contains reference to certain intentions, expectations and plans for the Company. These intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may or may not be met or on which views may differ. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company.

No representation or warranty, express or implied, is made by the Company or any of its representative directors, officers, employees, advisors, or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Actual results and developments will almost certainly differ, possibly materially, from those projected in any forward-looking statements contained in this presentation. Any forward looking statements contained in this presentation are not guarantees or representations of future performance and should not be relied upon as such. This presentation does not purport to be inclusive of all information which its recipients may require in order to make an informed assessment of the Company's prospects. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.

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1. Business Overview

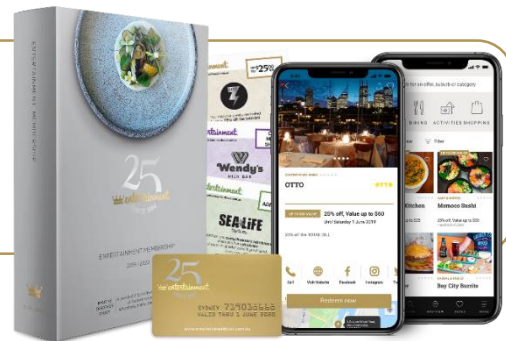


The Entertainment Publication at a Glance

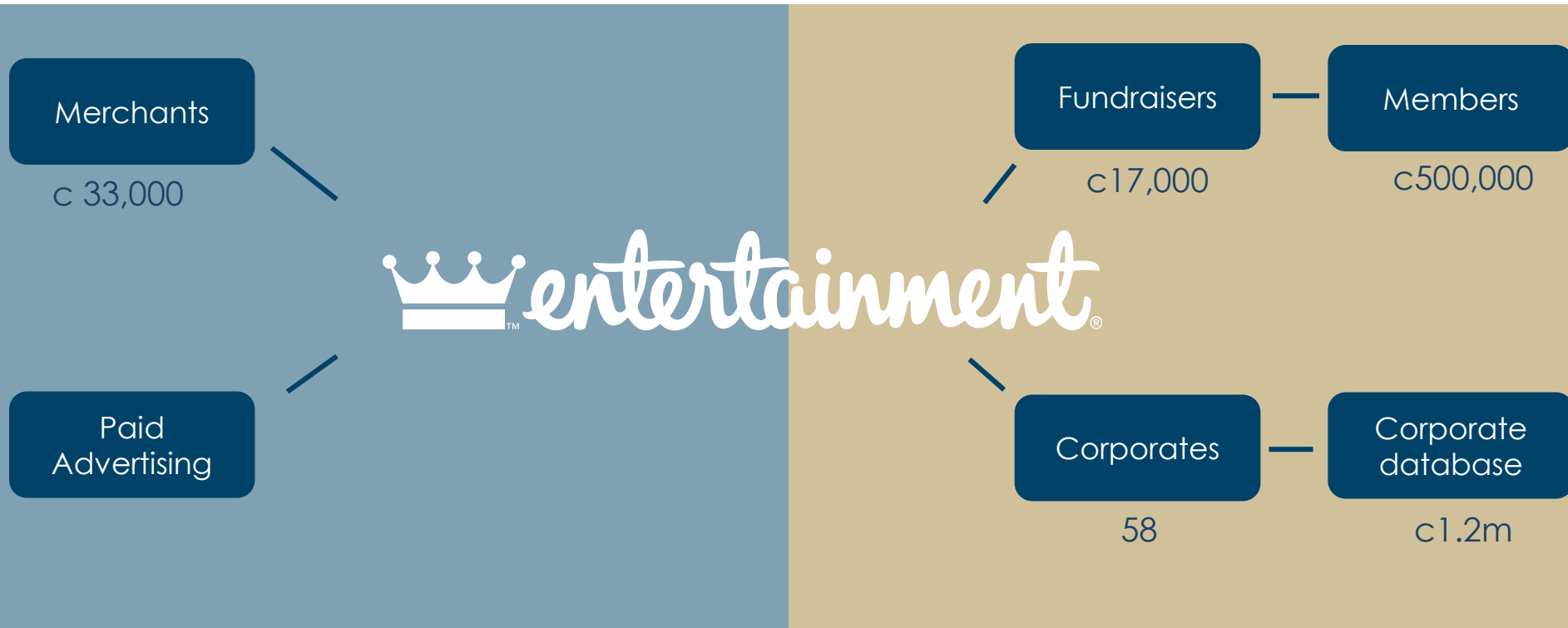


Headquartered in Sydney, Entertainment Publications Pty. Ltd. is Australia and New Zealand's leading marketer of print and web based off-price promotions. Specialising in valuable incentives for quality dining, travel and leisure activities, The Entertainment Membership is the flagship product with over twenty different City Books published annually.

- Established throughout Australia for 25 years and in New Zealand for 21 years.
- Circa 500,000 Entertainment™ Memberships are sold in all major cities throughout Australia and New Zealand, 47% of which are Digital Memberships (note: the Digital Membership is in it's fourth year).
- More than 17,000 different non profit organisations and charities sell the Entertainment™ Book each year.



Entertainment Business Model – 2 Sided Market Place



Note: Figures quoted are FY18 actuals

2. Half Year Highlights

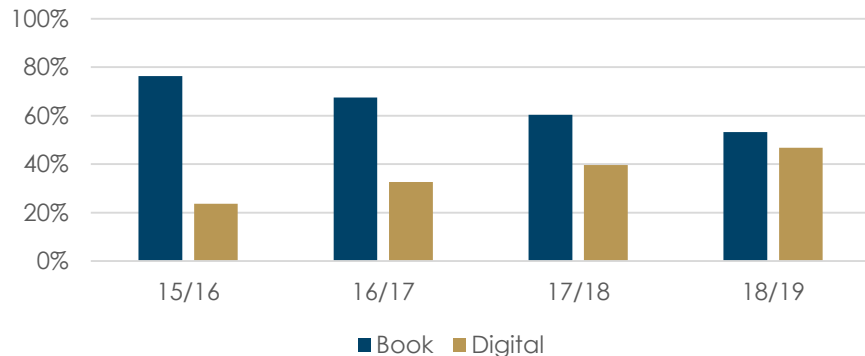


Focussing the Business

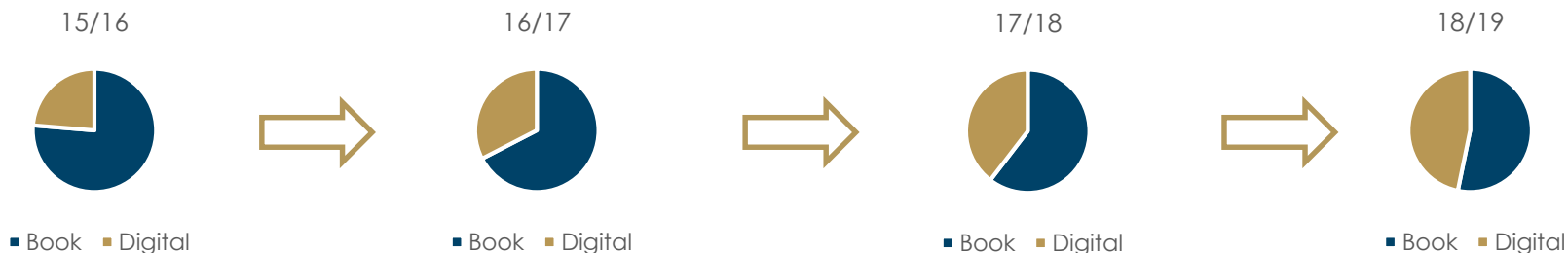
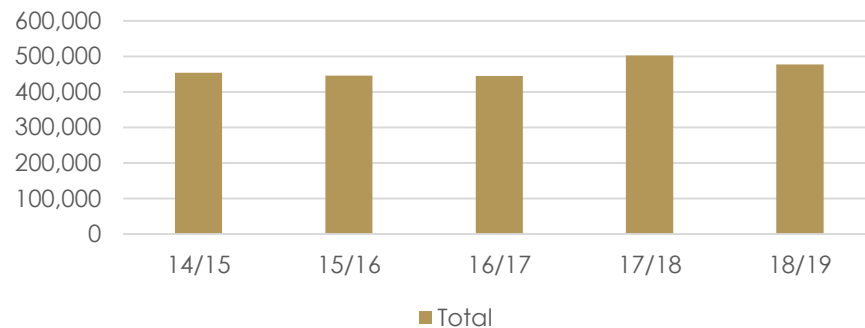
1. Commenced a strategic review on the operations and organisational structure of the business. This review has led to:
 - a. Divestment of non-core assets
 - i. Bartercard (including TESS and Bucqi)
 - ii. Gruden Government business
 - b. Restructure of the senior management team
 - a. Darius Coveney assuming the role of Acting CEO and joining the board
 - b. Appointment of a Head of Corporate Sales
2. Insourced technology/product teams – reduced reliance on external providers
3. Focusing on digitisation of the Entertainment Business
4. Restructure of the Entertainment sales function

Continued Push to Digitalisation – Fundraising Channel

Book to Digital Members



Total Registered Members



Importance of Digitising the Entertainment Book

1. Implementation of more flexible product offerings to our database
2. Sophisticated targeting of niche/segmented high value customer bases
3. Structure of an 'offer calendar' to coincide with key events such as Valentines Day, Mothers Day etc
4. Ability to allow merchants to target unique offers at different times of the day/week/year
5. Tailor Gift Card offers to demand/season and lift margin
6. Improved reporting and data analytics – building a more valuable database

3. Financial Results



Results Summary (\$'000) – ex Bartercard and Government

1. 33% increase in revenue compared to previous corresponding period
2. Fee income from consulting and media relates to 3rd party revenue acquired as part of the Gruden transaction and may not continue in future years
3. 81% increase in underlying EBITDA compared to previous corresponding period
4. Recorded an underlying EBITDA loss of (\$338) compared to a loss of (\$1,800) in prior corresponding period

	Consolidated Group	
	Half Year ended*	Half Year ended
	31-Dec-18 \$'000	Restated* 31-Dec-17 \$'000
Fee income-Paid advertising and Travel booking	1,881	1,490
Fee income-Consulting and media	3,339	-
Membership subscriptions (Including corporate)	17,336	16,244
Gift card sales	21,735	15,554
Total Revenue from ordinary activities#	44,291	33,288
Cost of gift cards	(21,278)	(16,140)
Operating Costs	(23,351)	(18,948)
Underlying EBITDA~	(338)	(1,800)

*Note: The above results relate to the continuing operations of IncentiaPay Limited. The Bartercard and Government businesses are disclosed as discontinued operations. Refer to notes 9 and 10 of the Interim Financial Report and the ASX announcement dated 17 July 2018

Excludes Interest received – see note 2 of the interim financial report

~ Non-IFRS Financial Information

Cashflow (\$000)

1. INP receives the bulk of its cash receipts between April and July due to seasonality of the Entertainment business
2. Cash has been impacted by one off restructuring costs
3. Receipts and payments have increase from prior corresponding period largely due to increased gift card sales, which are low margin – a gift card strategy is underway to review distribution and margins

Note	Consolidated Group	
	Half Year ended 31-Dec-18 \$'000	Half Year ended 31-Dec-17 Restated* \$'000
Cashflows from operating activities		
Receipts from customers	41,568	33,406
Interest paid	(46)	(557)
Payments to suppliers and employees	(52,699)	(41,683)
Tax paid	-	72
Net cash provided / (used in) by operating activities	(11,177)	(8,762)
Cashflows from investing activities		
Purchase of property, plant and equipment	(917)	(162)
Purchase of intangibles	(1,178)	(10)
Proceeds from sale of businesses 9	3,238	-
Proceeds from sale of unlisted equity investment	600	-
Net cash used in investing activities	1,743	(172)
Cashflows from financing activities		
Net proceeds from issue of shares	-	11,298
Repayment of loans	(575)	(3,470)
Repayment of convertible note	-	(5,000)
Net Proceeds from borrowings	6,685	-
Net cash provided by financing activities	6,110	2,828
Net increase/(decrease) in cash held	(3,324)	(6,106)
Effects of exchange rate changes on cash held	(138)	-
Cash and cash equivalents at beginning of financial period	9,664	13,112
Cash and cash equivalents at the end of the financial period in continuing operations	6,202	7,006

The accompanying notes form part of these financial statements
*Refer to note 9 and note 10



INCENTIAPAY LIMITED

ABN 43 167 603 992

HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2018

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The Directors present their report on the consolidated entity IncentiaPay Limited and its controlled entities ("INP" or "the Group") for the half year ended 31 December 2018.

Directors

The following persons were Directors of Incentiapay Limited during or since the end of the half year up to the date of this report:

- Naseema Sparks AM (Appointed as the independent chair on 27 September 2018)
- Chris Berkefeld
- Stephen Harrison (Appointed 15 February 2019)
- Darius Coveney (Appointed 7 December 2018)
- Iain Dunstan (Resigned 6 December 2018)
- Murray D' Almedia (Resigned 27 September 2018)

Company Secretary

- Ben Newling (Appointed 11 February 2019)
- Laura Newell (Resigned 11 February 2019)

Review of Operations

IncentiaPay Limited "INP" or "the Company", is a leading provider of customer loyalty, incentives and coupon offerings through its primary asset, Entertainment book. The Entertainment Book has been re-labelled Entertainment with the increasing availability of digital loyalty offerings.

INP recorded revenues from continuing operations of \$44.361m (H1FY18: \$33.333m), a loss after tax of \$9.449m (H1FY18: loss \$40.315m) and earnings per share of -4.0 cents (H1FY18: -42.0 cents).

During the period, the board of INP commenced a strategic review of the operations and organisational structure of the business. This review has led to the decision to focus the business on the Entertainment asset, and to divest its non-core assets. INP has divested all of its previous Bartercard assets by way of a share sale, including TESS and Bucqi. INP has also divested the Gruden Government business.

Further, the decision has been made to re-deploy the existing MobileDen team as the in-house technology team, transitioning away from paid external customers and reducing the reliance on third party technology providers. Whilst this decision will have a negative impact on revenue in the short term, it is required to invest in our core asset and assist with the digitisation of the Entertainment business.

This half has also seen a change of leadership with Mr Darius Coveney assuming the role of Acting CEO and also being appointed as a Director.

As forecast, Entertainment generates the bulk of its cash receipts during April to July when it launches the annual Entertainment membership in book and digital format through the network of more than 17,000 Not for Profit groups at various events throughout Australia and New Zealand. Consequently, the second half cash generated from operations will be significantly higher than the first half. The Group had operating cash out flows of -\$11.177m compared to -\$8.762m in the prior corresponding period.

As per its announcement on 6 December 2018, the Company is not providing a guidance forecast whilst the strategic review and capital restructure is still in progress.

The first half financial results for the INP group are disclosed in the attached financial statements

ASIC Instrument 2016 / 191 Rounding in Financials/Directors' Reports

The Company is an entity to which ASIC Instrument 2016/191 applies. Accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Events after the end of the Interim Period

On 28 February 2019 the Company announced a placement of 14,425,000 ordinary shares to a major shareholder, raising approximately \$1.154m before costs.

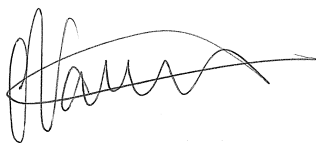
There have been no other significant events since the closing of the half year ended 31 December 2018.

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 on page 3.

This Directors' report is signed in accordance with a resolution of the Board of Directors:

Dated this 28th day of February 2019



Naseema Sparks AM
Chair



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IncentiaPay Limited

I declare that, to the best of my knowledge and belief, in relation to the review of IncentiaPay Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

John Wigglesworth

Partner

Sydney

28 February 2019

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018

Consolidated Group			
	Note	Half Year ended 31-Dec-18 \$'000	Half Year ended 31-Dec-17 Restated* \$'000
Revenue	2	44,361	33,333
Direct expenses of providing services		(31,467)	(21,204)
Employee expenses		(7,519)	(11,490)
Restructuring (provision)		-	(4,500)
Depreciation and amortisation expense		(1,106)	(3,574)
Building occupancy expense		(1,764)	(1,005)
Finance costs		(46)	(616)
Legal costs		(917)	(118)
Website and communication		(1,301)	(900)
Other expenses		(2,761)	(1,581)
Operating Profit/(Loss) before income tax		(2,520)	(11,655)
Gain on disposal of equity accounted investment		600	-
Profit/(Loss) before income tax		(1,920)	(11,655)
Tax (expenses)/benefit		(2,502)	1,230
Net Profit/(Loss) for the period from continuing operations		(4,422)	(10,425)
Loss for the period from discontinued operations	9	(4,874)	(29,655)
Net loss attributable to:			
- Members of the parent entity		(9,296)	(40,080)
Other comprehensive income			
Gain/(Loss) arising from translating foreign controlled entities from continuing operations		169	(235)
Transfer of foreign currency translation reserve to loss of discontinued operations		(322)	-
Total comprehensive income/(loss) for the period		(9,449)	(40,315)
Earnings/(Loss) per share			
Basic earnings/(loss) per share (cents)			
Loss from continuing operations		(1.9)	(10.9)
Loss from discontinued operations		(2.1)	(31.1)
Total		(4.0)	(42.0)

The accompanying notes form part of these financial statements

*Refer to note 9 and note 10

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Consolidated Group	
		As At	As At
		31-Dec-18	30-Jun-18
		\$'000	Restated*
			\$'000
ASSETS			
Current assets			
Cash and cash equivalents		6,202	9,664
Deferred consideration	9	900	-
Trade and other receivables		2,965	1,628
Inventories		120	318
Other assets	4	9,215	11,651
Assets included in disposal group classified as held for sale		-	21,099
Total current assets		19,402	44,360
Non-current assets			
Deferred consideration	9	2,388	-
Other receivables		-	141
Property, plant and equipment		2,506	1,825
Deferred tax assets		1,999	4,480
Intangible assets	5	40,249	40,690
Total non-current assets		47,142	47,136
TOTAL ASSETS		66,544	91,496
LIABILITIES			
Current liabilities			
Trade and other payables		6,722	6,305
Borrowings	7	6,686	-
Vendor loans		67	624
Current tax liabilities		182	169
Deferred revenue	8	11,674	20,854
Provisions	6	1,034	4,389
Liabilities included in disposal group classified as held for sale		-	9,764
Total current liabilities		26,365	42,105
Non-current liabilities			
Trade and other payables		677	415
Provisions	6	672	800
Total non-current liabilities		1,349	1,215
TOTAL LIABILITIES		27,714	43,320
NET ASSETS		38,830	48,176
EQUITY			
Issued capital		94,892	94,892
Reserves		825	875
Accumulated losses		(56,887)	(47,591)
TOTAL EQUITY		38,830	48,176

The accompanying notes form part of these financial statements

*Refer to note 9 and note 10

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		Ordinary share capital	Retained earnings/ Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		54,554	17,258	(668)	-	71,144
Comprehensive income						-
Loss for the period		-	(36,538)	-	-	(36,538)
Prior period error	10	-	(3,542)	-	-	(3,542)
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	(235)	-	(235)
Total comprehensive loss for period (Restated*)		-	(40,080)	(235)	-	(40,315)
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period		12,571	-	-	-	12,571
Transactions costs		(520)	-	-	-	(520)
Dividends for the period		-	(2,666)	-	-	(2,666)
Employee share based payments		-	-	-	333	333
Total transactions with owners and other transfers		12,051	(2,666)	-	333	9,718
Balance at 31 December 2017 (Restated*)		66,605	(25,488)	(903)	333	40,547

		Ordinary share capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018		94,892	(47,591)	215	660	48,176
Comprehensive income						
Loss for the period		-	(9,296)	-	-	(9,296)
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	169	-	169
Transfer of foreign currency translation reserve to loss of discontinued operations		-	-	(322)	-	(322)
Total comprehensive loss for period		-	(9,296)	(153)	-	(9,449)
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period		-	-	-	-	-
Transactions costs		-	-	-	-	-
Dividends for the period		-	-	-	-	-
Employee share based payments		-	-	-	103	103
Total transactions with owners and other transfers		-	-	-	103	103
Balance at 31 December 2018		94,892	(56,887)	62	763	38,830

The accompanying notes form part of these financial statements

*Refer to note 9 and note 10

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Consolidated Group		
	Half Year ended 31-Dec-18	Half Year ended 31-Dec-17 Restated*
Note	\$'000	\$'000
Cashflows from operating activities		
Receipts from customers	41,568	33,406
Interest paid	(46)	(557)
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Cash and cash equivalents at beginning of financial period	9,664	13,112
Cash and cash equivalents at the end of the financial period in continuing operations	6,202	7,006

The accompanying notes form part of these financial statements

*Refer to note 9 and note 10

Note 1 | Summary of Significant Accounting Policies

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Incentiapay Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 28 February 2019.

Going concern

The consolidated half year financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the half year the Group divested its Bartercard business and government division and received \$3.24m in cash consideration (with deferred consideration of \$3.41m yet to be collected).

At 31 December 2018 the Group had cash on hand of \$6.20m, net assets of \$38.83m and a net current asset deficiency of \$6.96m. During the half year ended 31 December 2018, the Group incurred a net loss before tax from continuing operations of \$1.92m and incurred net cash outflows from operating activities of \$11.18m. In addition, consistent with the seasonal nature of the company's business, operating cash outflows have continued to be incurred subsequent to 31 December 2018 and up until 28 February 2019 as cash inflows from sales campaigns of the company's Entertainment book product largely commence in March each year.

Included within current liabilities is an overdraft facility of \$2.69m and a bank loan of \$4.00m both of which are repayable in the near term (refer to Note 7).

Subsequent to 31 December 2018, on 28 February 2019, the Group announced the placement of 14,425,000 ordinary shares raising approximately \$1.154m.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group generates positive net cash inflows from operations materially in line with prior years, and sufficient to meet the Groups ongoing operating expenditure and meet its contractual repayment obligations on its debt facilities.

The ongoing operation of the Group is dependent upon the Group achieving sufficient positive cash inflows from operations to meet its contractual commitments and/or the Group reducing expenditure in-line with available funding and/or the Group raising additional debt or equity funding, the achievement of which are inherently uncertain until realised.

These conditions give rise to material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

In the event the Group does not continue as a going concern it may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Incentiapay Limited and all of its subsidiaries (also referred to as "the Group"). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been adjusted where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income.

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Otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the Statement of Financial Position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the Group disposes of the operation.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority.

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(e) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Instrument 2016 / 191. Accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest \$1,000.

(f) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group,

together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and Related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(g) Critical Accounting Estimates and Judgements

The Directors' estimates and judgments are incorporated into the financial statements and are based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Group.

Key estimates and judgements

Impairment – goodwill and other intangibles

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the higher of fair value less costs of disposal or value-in-use calculations which incorporate various key assumptions.

Further details on the key estimates used in the impairment evaluation and the impairment recognised in respect of goodwill or other intangibles for the half year ended 31 December 2018 can be found in note 4.

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Impairment – cash debtor receivables

The Group assesses impairment of cash debtor receivables at the end of each reporting period by reference to the history of cash debtor collections.

(h) Changes in significant accounting policies

AASB 9 Financial instruments, AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and new impairment model for financial assets.

The main financial assets expected to be impacted are trade receivables. The new impairment model requires the recognition of impairment provisions based on expected

credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. The Group does not expect the new guidance to have a significant impact on the classification and measurement of these although it may result in an earlier recognition of credit losses.

AASB 9 made no consequential amendments to AASB 134 to bring in specific new interim disclosure requirements. The changes in accounting policies are expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2019.

The Group has initially adopted AASB 9 Financial Instruments from 1 July 2018. The adoption of this standard did not have a material effect on the Group's financial statements.

Note 2 | Revenue

Accounting policy

Except for a limited number of exceptions, including leases, the revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity recognises 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 the goods or services. To achieve this objective AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer,
- Identify the performance obligations in the contract(s),
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract(s), and
- Recognise revenue when (or as) the performance obligations are satisfied.

On commencement of memberships Entertainment Publications enters into a performance obligation to deliver benefits in the form of special offers, discounts, promotions and booking facilities to members during the period of membership.

The membership year runs from 1 June to the following 31 May.

Entertainment Publications satisfies its obligations as services are rendered to members during the period of membership. Benefits must be provided constantly throughout the period and Entertainment Publications has concluded that a straight-line basis is the most appropriate method.

- Revenue from Entertainment Publications marketing and merchant support fees through the placement of advertisements and the distribution of offers and promotions on behalf of businesses to members is recognised when the advertisement or offer is placed, distributed and invoiced. Revenue from the successful promotion of merchant offers is recognised when the transaction occurs which evidences the take up of the promotion.
- A liability is recognised for unearned revenue for performance obligations to members that have not yet been satisfied. Payment for membership is made prior to the commencement of membership.
- Revenue from the sale of gift cards on behalf of businesses to members is recognised when the gift card is provided to the customer and it is paid for.
- Revenue from commission's receivable for bookings are recognised when the bookings are made and it is paid for.

Payment terms are highly varied for the different sources of revenue, different customers and contract terms are individually negotiated.

All revenue is stated net of the amount of goods and services tax (GST).

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	Consolidated Group	
	Half Year ended 31-Dec-18	Half Year ended 31-Dec-17 Restated*
	\$'000	\$'000
Fee income-Paid advertising and Travel booking	1,881	1,490
Fee income-Consulting and media	3,339	-
Membership subscriptions (Including corporate)	17,336	16,244
Gift card sales	21,735	15,554
Revenue from ordinary activities	44,291	33,288
Interest received	70	45
Total Revenue	44,361	33,333

*See note 9.

Note 3 | Operating Segments

Accounting Policy

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance. Since the divestment of the Bartercard entities, Incentiapay Ltd manages the Group as one segment, being the Entertainment Publications business.

The Group's segment results include a corporate category reflecting head office operations costs. This does not qualify as an operating segment in its own right.

The Group has not disclosed the results of the discontinued operation within the segment disclosures. This decision was based on the fact that the Group did not separately review the results of this division since the decision to dispose of it.

The results of the discontinued operations are disclosed in note 9.

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Revenue by Geographical Location

Revenue, excluding revenue from discontinued operations, attributable to external customers is disclosed below based on the country in which the revenue is derived and billed

	Half Year ended 31-Dec-18 \$'000	Half Year ended 31-Dec-17 Restated* \$'000
Australia	41,263	29,929
New Zealand	3,098	3,404
Total	44,361	33,333

*Refer to note 9

Note 4 | Other assets

Accounting policy

Prepayments relate to prepaid sales commissions paid for the sale of memberships and costs incurred for the development of the following year's membership package (see note 2).

	Consolidated Group	
	Half Year ended 31-Dec-18 \$'000	Year ended 30-Jun-18 Restated* \$'000
CURRENT		
Short term investment	227	1,267
Other current assets	968	1,826
Prepayments	8,020	8,558
TOTAL OTHER ASSETS	9,215	11,651

*See note 9.

Note 5 | Intangible Assets

Accounting policy

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of the following items, over the acquisition date fair value of net identifiable assets acquired:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in the profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment at least annually and/or when other indicators of impairment exist and is allocated to the Group's cash-generating units or groups of cash-generating units, ("CGUs"). These CGUs represent the lowest level at which goodwill is monitored but are not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill of the entity that has been sold. Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Goodwill on the acquisition of franchises which are not held for re-sale is included in intangible assets and tested for impairment at least annually.

Technology, software and Database assets

Technology and software assets acquired separately are capitalised at cost. Where the technology and software asset has been acquired as part of a business acquisition, these assets are recognised at fair value as at the date of acquisition.

The useful lives of these assets are then assessed to be either finite or indefinite. Assets with a finite life are amortised over that life with the expense being recognised in the Profit and Loss. Expenditure on the development of technology and software assets are capitalised until the software is ready for use and then amortised over their expected useful life of 4 - 5 years.

These assets are tested for impairment at least annually, within their cash generating unit.

Brand names and international rights

The brand names and international rights were acquired in a separate transaction. These assets are recognised using the cost model, which requires an intangible asset to be recorded at cost less any accumulated amortisation and any accumulated impairment losses.

These intangible assets have been assessed as having an indefinite useful life as neither brand names nor international rights are subject to contractual or statutory time limits. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. As a result no amortisation will be charged.

These assets are tested for impairment at least annually, within their cash generating unit.

Development costs

Development costs consist of costs incurred in designing, developing and contracting new territories. Recognition of the development costs only occurs when feasibility studies confirm that franchise proliferation is expected to deliver future economic benefits, these benefits can be measured reliably and there are adequate resources available to complete the development. The development costs are amortised over their useful life starting from the time the development of a territory is complete. The franchise agreements are for a term of 10 years and this will be used as the useful life for the purposes of amortisation.

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment includes the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed at least annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

Movements in Intangible Assets

	GOODWILL	TECHNOLOGY AND SOFTWARE	BRAND NAME & INTERNAT-IONAL RIGHTS	DEVELOP- MENT COSTS	OTHER INTANGIBLES	TOTAL
	\$'000	\$'000	\$'000	\$'000		\$'000
Balance as at 1 July 2017	52,425	13,585	6,610	5,355	-	77,975
Additions	-	4,809	-	1,164	37	6,010
Acquisition of franchises	93	-	-	-	-	93
Disposals	-	(335)	-	-	-	(335)
Additions through business combinations	3,792	2,971	-	-	1,692	8,455
Amortisation charge	-	(4,737)	-	-	(37)	(4,774)
Impairment	(26,969)	(1,705)	(2,951)	(6,519)	-	(38,144)
BALANCE AS AT 30 JUNE 2018	29,341	14,588	3,659	-	1,692	49,280
Balance as at 1 July 2018	29,341	14,588	3,659	-	1,692	49,280
Reclassified as held for sale	-	(7,409)	-	-	(1,181)	(8,590)
Balance as at 1 July 2018 restated*	29,341	7,179	3,659	-	511	40,690
Additions	-	1,178	-	-	-	1,178
Acquisition of franchises	-	-	-	-	-	-
Disposals*	-	(198)	(659)	-	-	(857)
Amortisation charge	-	(762)	-	-	-	(762)
Impairment	-	-	-	-	-	-
BALANCE AS AT 31 DECEMBER 2018	29,341	7,397	3,000	-	511	40,249

*As a result of the business restructuring, the assets will not produce any future economic benefits to the Group, as such, the assets were disposed in the period.

At 31 December 2018, the market capitalisation of the Group was below the carrying value of the Group's net assets. Under the requirements of Australian Accounting Standards, this is a trigger event for assessing whether the carrying value of the Group's goodwill and other non-current assets may be impaired.

In line with this requirement, the recoverable amount of the cash-generating unit is determined based on a value-in-use calculation, covering a detailed five-year forecast, followed by an expected cash flow for the unit's remaining useful life using the growth rates determined by management. Where appropriate the value of any proposed sale of CGU's has been considered and the model includes a sensitivity analysis allowing for a range of growth rates.

The following assumptions were used in the value-in-use calculations:

2019- 2023	Growth Rates 2019-2023	Growth rates 2023 onward	DISCOUNT RATE/WEIGHTED AVERAGE COST OF CAPITAL
Entertainment Publications	2.5%	2.5%	12.0%

Cash flows used in the value-in-use calculations are based on forecasts produced by management. These forecasts use growth rates consistent with historical performance and take into account cost growth assumptions and inflation expectations appropriate to the locations in which the Group operates.

As at 31 December 2018 the estimated recoverable amounts determined using the method outlined above were found to exceed the carrying values of the assets of each CGU and accordingly, no impairment was required.

Note 6 | Provisions

Accounting policy

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

In line with the ASX announcement on 22 December 2017, the Group has been undertaking a restructure program. The restructure intends to delivery efficiencies across the Group's operating entities, primarily in respect of occupancy and employees costs. As at 31 December 2018, \$65,000 remained on the Group's balance sheet.

	Consolidated Group		
	EMPLOYEE BENEFITS	RESTRUCTURING PROVISION	TOTAL
	\$'000	\$'000	\$'000
YEAR ENDED 30 JUNE 2018			
Balance as at 1 July 2018 as previously stated	4,174	2,600	6,774
Reclassified as held for sale	(1,585)	-	(1,585)
Balance as at 1 July 2018 restated*	2,589	2,600	5,189
Movements	(264)	-	(264)
Released	(684)	(2,535)	(3,219)
BALANCE AS AT 31 Dec 2018	1,641	65	1,706

Note 7 | Borrowings

Accounting policy

Non-derivative loans and borrowings are financial liabilities with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

During the period the Group drew down \$2.7m of its \$3.0m overdraft facility and borrowed an additional \$4.0m to facilitate existing operations. Additionally, the Group renegotiated its covenant arrangements with the bank and agreed to repay its borrowings on the following schedule:

- \$1m towards the Market Rate Facility on or before 31 March 2019;
- \$1.5m towards the Market Rate Facility on or before 30 April 2019;
- \$1.5m towards the Market Rate Facility on or before 31 May 2019;
- \$0.5m towards the Overdraft Facility on or before 31 May 2019; and
- \$2.5m towards the Overdraft Facility on or before 28 June 2019.

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Terms

Overdraft facility

Balance Standard credit interest rate	
\$0.00 - \$99,999.99 0.00% p.a.	0.00%pa
\$100,000.00 and over 0.75% p.a.	0.75%pa

Maturity dates	
\$0.5m	31/05/2019
\$2.5m	28/06/2019

Bank term loan

Balance Standard interest rate	
\$0.4m	2.16%pa
\$100,000.00 and over 0.75% p.a.	0.75%pa

Maturity dates	
\$1m	31/03/2019
\$1.5m	30/04/2019
\$1.5m	31/05/2019

These principal repayments are expected to be made from operating cashflows in the second half of FY2019.

	Consolidated Group	
	Half Year ended	Year ended
	31-Dec-18	30-Jun-18
	\$'000	\$'000
CURRENT		
Secured liabilities:		
Bank term loan	4,000	-
Overdraft	2,686	-
TOTAL CURRENT BORROWINGS	6,686	-

Note 8 | Deferred revenue

Accounting policy

Deferred revenue relates to performance obligations to the members of Entertainment Publications that have not yet been satisfied. Most of the balance relates to the 18-19 membership book, where the effective period runs from 1st of June 2018 to 31st of May 2019, therefore this balance relates to the performance obligations still to be delivered from 1st of January to 31st of May (See note 2).

	Consolidated Group	
	Half Year ended	Year ended
	31-Dec-18	30-Jun-18
	\$'000	\$'000
CURRENT		
Deferred Revenue	11,674	20,854
TOTAL DEFERRED REVENUE	11,674	20,854

Note 9 | Discontinued operations

Bartercard business

On 14 September 2018 the Group announced its intention to exit the Bartercard business. A binding share sale agreement to divest the Bartercard business was signed on 14 September 2018 and the sale transaction closed on 19 November 2018. As such, this business is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The financial performance and cash flow information presented are for the period 1 July 2018 to 18 November 2018 (comparatives for the six month period ended 31 December 2017).

Financial performance and cash flow information

	Half Year ended 31-Dec-18 \$'000	Half Year ended 31-Dec-17 \$'000
Revenue	9,340	17,088
Expenses	(8,702)	(46,714)
Inter company loan written off	1,349	-
Profit before income tax	1,987	(29,626)
Income tax	-	(30)
Profit/(Loss) after income tax of discontinued operation	1,987	(29,656)
Loss on sale of the subsidiary after income tax	(7,352)	-
Loss from discontinued operation	(5,365)	(29,656)
Exchange differences on translation of discontinued operations	(322)	-
Other comprehensive income from discontinued operations	(322)	-
Net cash inflow from operating activities	953	1,534
Net cash inflow/(outflow) from investing activities	(1,100)	(172)
Net cash (outflow) from financing activities	273	-
Net increase in cash generated by the division	126	1,362

Details of the sale of the subsidiaries

	Half Year ended 31-Dec-18 \$'000
Cash	2,000
Deferred consideration	2,878
Total disposal consideration	4,878
Carrying amount of net assets sold	(12,552)
Loss on sale before income tax and reclassification of foreign currency translation reserve	(7,674)
Reclassification of foreign currency translation reserve	322
Income tax expense on loss	-
Loss on sale after income tax	(7,352)

There is no 'earn out' clause in the sale agreement, additional cash consideration of \$3.0m is receivable over three years to November 2021. At the time of the sale the present value of the consideration receivable was determined to be \$2.8m, in return for the sale of the share capital of the following subsidiary entities:

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- Bartercard Group Pty Ltd
- Trade Exchange Software Services Pty Ltd
- BPS Financial Ltd
- Bucqi Australia Pty Ltd
- Bartercard Operations AUS Pty Ltd
- Bartercard Operations NZ Ltd
- Bartercard Services Pty Ltd
- Bartercard Operations UK Ltd
- Bartercard New Zealand GP Ltd
- Bartercard New Zealand LP
- Tindalls Dream Ltd
- Valeo Corporation Ltd

The carrying amounts of assets and liabilities as at the date of sale (19 November 2018) were:

	Half Year ended 19-Nov-18 \$'000
Cash and cash equivalents	1,413
Trade and other receivables	6,515
Inventories	32
Other assets	313
Property, plant and equipment	1,124
Intangible assets	7,024
Total assets	16,421
Trade and other payables	2,381
Vendor loans	107
Current tax liabilities	-
Deferred revenue	335
Provisions	1,046
Total liabilities	3,869
Net assets	12,552

Government Division

On 19 November 2018 the Group announced its intention to exit the Government division. The business was sold on 13 December 2018 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The financial performance and cash flow information presented are for the period 1 July 2018 to 13 December 2018. As the government division was acquired as part of the Gruden entities in May 2018, comparative financial information is not provided.

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Financial performance and cash flow information

	Half Year ended 31-Dec-18 \$'000
Revenue	2,773
Expenses	(3,684)
Inter company written on	696
Loss before income tax	(215)
Income tax	-
Loss after income tax of discontinued operation	(215)
Gain on sale of the subsidiary after income tax	706
Profit from discontinued operation	491
Other comprehensive income from discontinued operations	-
Net cash outflow from operating activities	(489)
Net cash outflow from investing activities	(5)
Net cash inflow/(outflow) from financing activities	-
Net decrease in cash generated by the division	(494)

Details of the sale of the subsidiary

	Half Year ended 31-Dec-18 \$'000
Cash	1,238
Deferred consideration	410
Total disposal consideration	1,648
Carrying amount of net assets sold	(942)
Gain on sale before income tax	706
Income tax expense on gain	-
Gain on sale after income tax	706

There is no 'earn out' clause in the sale agreement, additional cash consideration of \$0.412m will be receivable. At the time of the sale the present value of the consideration receivable was determined to be \$0.410m.

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The carrying amounts of assets and liabilities as at the date of sale (13 December 2018) were:

	Half Year ended 13-Dec-18 \$'000
Cash and cash equivalents	132
Trade and other receivables	774
Other assets	9
Intangible assets	1,577
Total assets	2,492
Trade and other payables	1,225
Deferred revenue	148
Provisions	177
Total liabilities	1,550
Net assets	942

Note 10 | Correction of prior period error

As announced to the market on 17 July 2018, the Group has identified that the 31 December 2017 half year unearned revenue and associated prepaid commissions to our fundraising partners balances were understated in the consolidated interim statement of financial position at 31 December 2017. Consequently, the revenue from operating activities and direct expenses of providing services were overstated in the consolidated interim statement of profit or loss and other comprehensive income for the 31 December 2017 half year. As a result, prior year financial statements had to be restated.

The following table shows the adjustments recognised for each individual line item in respect of the consolidated interim statement of profit or loss and other comprehensive income. Line items that were not affected by the changes have not been included. Adjustments recognised in the consolidated interim statement of changes in equity are separately disclosed in the consolidated interim statement of changes in equity.

Statement of profit or loss and other comprehensive income (extract)	31-December-2017		
	As originally presented \$'000	Adjustment	Restated \$'000
Revenue	38,854	(5,521)	33,333
Direct expenses of providing services	(23,690)	2,486	(21,204)
Other expenses	(1,074)	(507)	(1,581)
Profit/(Loss) before income tax	(8,113)	(3,542)	(11,655)
Net Profit/(Loss) for the period	(6,883)	(3,542)	(10,425)
Net loss attributable to:			
- Members of the parent entity	(36,538)	(3,542)	(40,080)
Total comprehensive income/(loss) for the period	(36,772)	(3,542)	(40,314)
Earnings/(Loss) per share			
Basic earnings/(loss) per share (cents)			
Loss from continuing operations	(9.6)	(1.3)	(10.9)
Loss from discontinued operations	(31.1)	-	(31.1)
Total	(40.7)	(1.3)	(42.0)

Note 11 | Fair Value Measurement

Financial assets and liabilities are measured at either fair value or amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There have been no changes in the nature of the financial assets or liabilities or changes to the way the Group measures fair value since 31 Dec 2018. Refer to the 30 June 2018 consolidated financial statements for further information. All of the carrying amounts of financial assets and liabilities recognised in the consolidated interim financial statements approximate their fair value.

Note 12 | Events after the end of the Interim Period

On 28 February 2019 the Company announced a placement of 14,425,000 ordinary shares to a major shareholder, raising approximately \$1.154m before costs.

There have been no other significant events since the closing of the half year ended 31 December 2018.

Note 13 | Contingent liability

The company has received a claim from a former executive in relation to their prior employment. The Board of Directors have considered the claim and, based on advice received, determined that the likelihood of any material future payment is remote.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE PERIOD ENDED 31 DECEMBER 2018

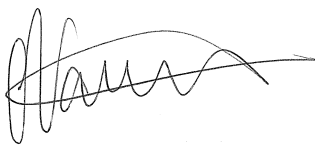
Directors' Declaration

In accordance with a resolution of the directors of Incentiapay Limited the Directors of the company declare that:

1. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The financial statements and notes, as set out on pages 4 to 21, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standard AASB 134:Interim Financial Reporting, and
 - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of the performance for the half year ended on that date.

The declaration is made in accordance with the resolution of the Board of Directors.

Dated this 28th day of February 2019



Naseema Sparks AM
Chair

Independent Auditor's Review Report

To the shareholders of IncentiaPay Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of IncentiaPay Limited.

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 IncentiaPay Limited 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 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2018
- Consolidated interim statement of profit or loss and other comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises IncentiaPay Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1, "Going Concern" in the Half-year Financial Report. The conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

Restatement of comparatives – emphasis of matter

We draw attention to Note 10 to the Half-year Financial Report, which describes the overstatement of revenue and direct expenses of providing services to fundraising partners and subsequent correction of these balances and disclosed as comparatives in this Half-year Financial Report. Our review opinion is not modified in respect of this matter. The Half-year Financial Report of IncentiaPay Limited for the period ended 31 December 2017 was reviewed by another auditor who issued an unmodified conclusion on that Half-year Financial Report on 28 February 2018.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. 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 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of IncentiaPay 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.

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

KPMG

John Wigglesworth

Partner

Sydney

28 February 2019