

1. Company details

Name of entity:	Pureprofile Ltd
ABN:	37 167 522 901
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	27.1% to	37,875,428
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	down	161.6% to	(456,684)
Loss from ordinary activities after tax attributable to the owners of Pureprofile Ltd	down	58.8% to	(10,702,985)
Loss for the year attributable to the owners of Pureprofile Ltd	down	58.8% to	(10,702,985)

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 \$10,702,985 (30 June 2018: \$25,979,877).

EBITDA for the financial year amounted to a loss of \$456,684 (30 June 2018: profit of \$740,914).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents earnings before interest, tax, depreciation and amortisation adjusted for non-specific non-cash and significant items.

The following table summarises key reconciling items between statutory loss after income tax and EBITDA from continuing and discontinued operations:

	Consolidated 2019 \$	2018 \$
Loss after income tax	(10,702,985)	(25,979,877)
Add: Depreciation and amortisation	3,803,103	5,251,229
Add: Impairment of assets	2,453,010	17,994,882
Add: Loss on disposal of intangible assets	1,027,054	1,058,000
Less: Interest income	(3,246)	(5,584)
Add: Finance costs	2,522,508	1,574,900
Less: Income tax expense/(benefit)	443,872	847,364
EBITDA	<u>(456,684)</u>	<u>740,914</u>

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(16.80)</u>	<u>(11.00)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Name of entities (or group of entities)	Cohort Holdings Australia Pty Limited and its controlled entities
Date control lost	1 March 2019
	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(3,190,002)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	(18,629,601)

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

The financial statements are in the process of being audited and an unqualified opinion is expected to be issued.

10. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Pureprofile Ltd for the year ended 30 June 2019 is attached.

11. Signed

Signed 

Date: 28 August 2019

Andrew Edwards
Non-Executive Chairman
Sydney

Pureprofile Ltd

ABN 37 167 522 901

Preliminary Financial Report - 30 June 2019

Pureprofile Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Revenue from continuing operations	2	26,804,299	25,365,966
Other income	3	232,055	57,471
Interest revenue calculated using the effective interest method		1,145	786
Expenses			
Direct costs of revenue		(11,281,904)	(10,492,712)
Employee benefits expense		(11,037,117)	(10,702,569)
Foreign exchange loss		(360,666)	(123,354)
Depreciation and amortisation expense	4	(3,439,595)	(2,729,882)
Loss on disposal of intangible assets		(424,665)	-
Technology, engineering and licence fees		(2,637,564)	(2,653,058)
Share-based payment expense		-	(82,425)
Restructuring, acquisition and IPO costs		-	(24,666)
Occupancy costs		(1,202,259)	(1,372,564)
Other expenses		(1,931,355)	(2,451,619)
Finance costs	4	(2,377,093)	(1,338,138)
Loss before income tax expense from continuing operations		(7,654,719)	(6,546,764)
Income tax expense	5	(443,872)	(847,364)
Loss after income tax expense from continuing operations		(8,098,591)	(7,394,128)
Loss after income tax expense from discontinued operations	6	(2,604,394)	(18,585,749)
Loss after income tax expense for the year attributable to the owners of Pureprofile Ltd		(10,702,985)	(25,979,877)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		34,597	17,581
Other comprehensive income for the year, net of tax		34,597	17,581
Total comprehensive loss for the year attributable to the owners of Pureprofile Ltd		<u>(10,668,388)</u>	<u>(25,962,296)</u>
Total comprehensive loss for the year is attributable to:			
Continuing operations		(8,063,994)	(7,376,547)
Discontinued operations		(2,604,394)	(18,585,749)
		<u>(10,668,388)</u>	<u>(25,962,296)</u>

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

Pureprofile Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 \$ Cents	2018 \$ Cents
Earnings per share for loss from continuing operations attributable to the owners of Pureprofile Ltd			
Basic earnings per share	22	(6.81)	(6.32)
Diluted earnings per share	22	(6.81)	(6.32)
Earnings per share for loss from discontinued operations attributable to the owners of Pureprofile Ltd			
Basic earnings per share	22	(2.19)	(15.89)
Diluted earnings per share	22	(2.19)	(15.89)
Earnings per share for loss attributable to the owners of Pureprofile Ltd			
Basic earnings per share	22	(9.00)	(22.22)
Diluted earnings per share	22	(9.00)	(22.22)

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

Pureprofile Ltd
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	7	524,322	2,481,770
Trade and other receivables	8	6,413,738	12,430,953
Contract assets		412,903	268,481
Other	9	688,267	516,938
Total current assets		<u>8,039,230</u>	<u>15,698,142</u>
Non-current assets			
Property, plant and equipment	10	222,226	377,982
Intangibles	11	14,621,341	19,144,187
Deferred tax	12	-	422,870
Total non-current assets		<u>14,843,567</u>	<u>19,945,039</u>
Total assets		<u>22,882,797</u>	<u>35,643,181</u>
Liabilities			
Current liabilities			
Trade and other payables	13	9,029,793	11,327,255
Contract liabilities		331,421	385,556
Borrowings	14	2,069,339	5,628,290
Income tax		95,174	303,676
Provisions	15	1,997,449	1,977,229
Total current liabilities		<u>13,523,176</u>	<u>19,622,006</u>
Non-current liabilities			
Borrowings	16	14,400,000	10,000,000
Provisions	17	80,568	132,085
Total non-current liabilities		<u>14,480,568</u>	<u>10,132,085</u>
Total liabilities		<u>28,003,744</u>	<u>29,754,091</u>
Net assets/(liabilities)		<u>(5,120,947)</u>	<u>5,889,090</u>
Equity			
Issued capital	18	41,461,502	41,803,151
Reserves	19	268,800	234,203
Accumulated losses		<u>(46,851,249)</u>	<u>(36,148,264)</u>
Total equity/(deficiency)		<u>(5,120,947)</u>	<u>5,889,090</u>

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

Pureprofile Ltd
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	39,937,294	126,010	(10,168,387)	29,894,917
Loss after income tax expense for the year	-	-	(25,979,877)	(25,979,877)
Other comprehensive income for the year, net of tax	-	17,581	-	17,581
Total comprehensive loss for the year	-	17,581	(25,979,877)	(25,962,296)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	1,865,857	-	-	1,865,857
Share-based payments	-	90,612	-	90,612
Balance at 30 June 2018	<u>41,803,151</u>	<u>234,203</u>	<u>(36,148,264)</u>	<u>5,889,090</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2018	41,803,151	234,203	(36,148,264)	5,889,090
Loss after income tax expense for the year	-	-	(10,702,985)	(10,702,985)
Other comprehensive income for the year, net of tax	-	34,597	-	34,597
Total comprehensive loss for the year	-	34,597	(10,702,985)	(10,668,388)
<i>Transactions with owners in their capacity as owners:</i>				
Share buy-back	(341,649)	-	-	(341,649)
Balance at 30 June 2019	<u>41,461,502</u>	<u>268,800</u>	<u>(46,851,249)</u>	<u>(5,120,947)</u>

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

Pureprofile Ltd
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		44,802,722	54,824,312
Payments to suppliers and employees (inclusive of GST)		(42,797,944)	(55,080,118)
		2,004,778	(255,806)
Interest received		3,246	5,584
Interest and other finance costs paid		(2,226,449)	(1,574,900)
Income taxes (paid)/refunded		(152,357)	(452,673)
Net cash used in operating activities	21	(370,782)	(2,277,795)
Cash flows from investing activities			
Final payments for prior period's purchase of subsidiary		-	(4,298,856)
Payment for expenses relating to acquisitions		-	(24,666)
Payments for property, plant and equipment	10	(52,848)	(306,354)
Payments for intangibles	11	(2,742,282)	(3,914,542)
Proceeds from disposal of business		650,000	-
Proceeds from disposal of intangibles		9,354	-
Net cash used in investing activities		(2,135,776)	(8,544,418)
Cash flows from financing activities			
Share issue transaction costs		-	(810)
Proceeds from borrowings		4,400,000	15,628,291
Repayment of borrowings		(3,883,147)	(4,000,000)
Net cash from financing activities		516,853	11,627,481
Net increase/(decrease) in cash and cash equivalents		(1,989,705)	805,268
Cash and cash equivalents at the beginning of the financial year		2,481,770	1,676,502
Effects of exchange rate changes on cash and cash equivalents		32,257	-
Cash and cash equivalents at the end of the financial year	7	<u>524,322</u>	<u>2,481,770</u>

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

Note 1. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments:

- Data & Insights;
- Media; and
- Performance

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

Other segments represent the corporate headquarters of the consolidated entity.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services

The principal products and services are as follows:

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

Major customers

During the years ended 30 June 2019 and 30 June 2018 no single customer contributed more than 10% to the Group's external revenue.

Operating segment information (continuing and discontinued operations)

	Data & Insights \$	Media \$	Performance \$	Other segments \$	Total \$
Consolidated - 2019					
Revenue					
Sales to external customers	18,445,893	11,574,006	7,852,283	-	37,872,182
Interest	-	-	-	3,246	3,246
Total revenue	18,445,893	11,574,006	7,852,283	3,246	37,875,428
EBITDA	6,585,769	2,235,106	(271,496)	(9,006,063)	(456,684)
Depreciation and amortisation	(2,493,136)	(405,550)	(686,834)	(217,583)	(3,803,103)
Impairment of assets	-	-	(2,453,010)	-	(2,453,010)
Loss on disposal of intangible assets	(212,987)	(602,389)	(211,678)	-	(1,027,054)
Interest revenue	-	-	-	3,246	3,246
Finance costs	-	-	-	(2,522,508)	(2,522,508)
Profit/(loss) before income tax expense	3,879,646	1,227,167	(3,623,018)	(11,742,908)	(10,259,113)
Income tax expense					(443,872)
Loss after income tax expense					(10,702,985)

Note 1. Operating segments (continued)

	Data & Insights \$	Media \$	Performance \$	Other segments \$	Total \$
Consolidated - 2018					
Revenue					
Sales to external customers	16,058,862	16,359,632	19,565,615	-	51,984,109
Interest	-	-	-	5,584	5,584
Total revenue	<u>16,058,862</u>	<u>16,359,632</u>	<u>19,565,615</u>	<u>5,584</u>	<u>51,989,693</u>
EBITDA	5,417,563	1,428,644	1,370,476	(7,475,769)	740,914
Depreciation and amortisation	(2,154,816)	(433,136)	(2,346,525)	(316,752)	(5,251,229)
Impairment of assets	-	-	(17,994,882)	-	(17,994,882)
Loss on disposal of intangible assets	-	-	(1,058,000)	-	(1,058,000)
Interest revenue	-	-	-	5,584	5,584
Finance costs	-	-	-	(1,574,900)	(1,574,900)
Profit/(loss) before income tax expense	<u>3,262,747</u>	<u>995,508</u>	<u>(20,028,931)</u>	<u>(9,361,837)</u>	<u>(25,132,513)</u>
Income tax expense					(847,364)
Loss after income tax expense					<u>(25,979,877)</u>

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis.

Revenue by geographical area (continuing and discontinued operations)

The group operates in 3 (2018: 3) regions. The sales revenue for each region is as follows:

	Consolidated 2019 \$	2018 \$
Sales to external customers		
Australasia	30,740,479	45,861,718
Europe	5,749,659	5,245,252
United States	<u>1,382,044</u>	<u>877,139</u>
	<u><u>37,872,182</u></u>	<u><u>51,984,109</u></u>

Note 2. Revenue

	Consolidated 2019 \$	2018 \$
From continuing operations		
Data & Insights	18,445,893	16,058,862
Media	6,145,245	5,890,299
Performance	<u>2,213,161</u>	<u>3,416,805</u>
Revenue from continuing operations	<u><u>26,804,299</u></u>	<u><u>25,365,966</u></u>

Note 3. Other income

	Consolidated 2019 \$	2018 \$
Net gain on disposal of property, plant and equipment	10,203	-
Rental income	171,950	57,471
Other income	49,902	-
	<u>232,055</u>	<u>57,471</u>
Other income	<u>232,055</u>	<u>57,471</u>

Note 4. Expenses

	Consolidated 2019 \$	2018 \$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Office and computer equipment	147,693	207,901
<i>Amortisation</i>		
Software	2,900,551	2,521,982
Membership base	391,351	-
Total amortisation	3,291,902	2,521,982
Total depreciation and amortisation	3,439,595	2,729,883
<i>Finance costs</i>		
Interest and finance charges paid/payable	2,377,093	1,338,138
<i>Superannuation expense</i>		
Defined contribution superannuation expense	697,096	655,753
<i>Share-based payments expense</i>		
Share-based payments expense	-	90,612
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	10,340,021	10,046,815

Note 5. Income tax expense

	Consolidated 2019 \$	2018 \$
<i>Income tax expense</i>		
Current tax	21,002	116,814
Deferred tax - origination and reversal of temporary differences	422,870	805,551
Adjustment recognised for prior periods	-	(75,001)
Aggregate income tax expense	<u>443,872</u>	<u>847,364</u>
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets (note 12)	<u>422,870</u>	<u>805,551</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(7,654,719)	(6,546,764)
Loss before income tax expense from discontinued operations	<u>(2,604,394)</u>	<u>(18,585,749)</u>
	<u>(10,259,113)</u>	<u>(25,132,513)</u>
Tax at the statutory tax rate of 30%	(3,077,734)	(7,539,754)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	8,723	20,157
Share-based payments	-	20,610
Eligible research and development expenditure	95,843	146,795
Impairment/Revaluation on Cohort earn-out payment	-	4,991,455
Merger and acquisition expenditure	-	7,064
Disposal of intangible assets	-	317,400
Sundry items	<u>102</u>	<u>(15,509)</u>
	(2,973,066)	(2,051,782)
Adjustment recognised for prior periods	-	(75,001)
Current year tax losses not recognised	2,531,529	2,169,532
Derecognition of deferred tax liability on sale of subsidiary	(211,087)	-
Reversal of deferred tax asset on carried forward losses	422,870	-
Prior year deferred tax balances no longer recognised	729,415	962,283
Difference in overseas tax rates	40,054	33,202
Research and development tax concession)	(95,843)	(176,773)
Tax refund previously not provided for	-	(14,097)
Income tax expense	<u>443,872</u>	<u>847,364</u>

	Consolidated 2019 \$	2018 \$
<i>Tax losses not recognised</i>		
Potential unused tax benefit for which no deferred tax asset has been recognised	<u>4,987,551</u>	<u>2,464,379</u>

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

Note 6. Discontinued operations

Description

On 4 October 2018, the group entered into a binding agreement to sell its media trading business unit ('Media Trading Business') which acquired as part of the acquisition of Sparcmedia in 2015. The Media Trading Business was sold for total consideration of \$541,499 comprising \$200,000 which was paid in cash and \$341,499 by way of a buy-back of the company's shares.

On 1 March 2019, the group sold 100% of its interest in Cohort Holdings Australia Pty Ltd and its controlled entities to Unity4. The sale price for the transaction is \$450,000 which was paid in cash.

Financial performance information

	Consolidated 2019 \$	2018 \$
Revenue from contracts with customers	11,067,883	26,618,143
Interest revenue calculated using the effective interest method	2,101	4,798
Total revenue	<u>11,069,984</u>	<u>26,622,941</u>
Other income	179,738	1,366,000
Direct cost of sales	(7,877,896)	(17,294,958)
Employee benefits expense	(2,141,435)	(5,289,646)
Foreign exchange gain/(loss)	(57,167)	(27,318)
Depreciation and amortisation expense	(363,508)	(2,521,347)
Impairment of assets	(2,453,010)	(17,994,882)
Loss on disposal of intangible assets	(602,389)	(1,058,000)
Technology, engineering and licence fees	(290,295)	(903,176)
Share-based payment expense	-	(8,187)
Occupancy costs	(225,026)	(282,978)
Other expenses	(206,229)	(957,436)
Finance costs	(145,415)	(236,762)
Total expenses	<u>(14,362,370)</u>	<u>(46,574,690)</u>
Loss before income tax expense	(3,112,648)	(18,585,749)
Income tax expense	-	-
Loss after income tax expense	<u>(3,112,648)</u>	<u>(18,585,749)</u>
Gain on disposal before income tax	508,254	-
Income tax expense	-	-
Gain on disposal after income tax expense	<u>508,254</u>	<u>-</u>
Loss after income tax expense from discontinued operations	<u><u>(2,604,394)</u></u>	<u><u>(18,585,749)</u></u>

Note 6. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated 2019 \$	2018 \$
Cash and cash equivalents	164,114	-
Trade and other receivables	1,660,648	-
Property, plant and equipment	25,478	-
Intangibles	167,991	-
Total assets	<u>2,018,231</u>	<u>-</u>
Trade and other payables	1,623,470	-
Provisions	107,092	-
Total liabilities	<u>1,730,562</u>	<u>-</u>
Net assets	<u><u>287,669</u></u>	<u><u>-</u></u>

Details of the disposal

	Consolidated 2019 \$	2018 \$
Total sale consideration	991,499	-
Carrying amount of net assets disposed	(287,669)	-
Less working capital adjustment	<u>(195,576)</u>	<u>-</u>
Gain on disposal before income tax	508,254	-
Gain on disposal after income tax	<u><u>508,254</u></u>	<u><u>-</u></u>

Note 7. Current assets - cash and cash equivalents

	Consolidated 2019 \$	2018 \$
Cash at bank	513,991	2,289,560
Cash on deposit*	<u>10,331</u>	<u>192,210</u>
	<u><u>524,322</u></u>	<u><u>2,481,770</u></u>

* Cash on deposit of \$10,331 (2018: \$192,210) is a restricted cash balance which is held and maintained as security over the group's bank overdraft facility, bank guarantees and leased properties.

Note 8. Current assets - trade and other receivables

	Consolidated 2019 \$	2018 \$
Trade receivables	6,560,276	12,894,416
Less: Allowance for expected credit losses	(266,091)	(615,897)
	<u>6,294,185</u>	<u>12,278,519</u>
Other receivables	119,553	152,434
	<u>6,413,738</u>	<u>12,430,953</u>

Note 9. Current assets - other

	Consolidated 2019 \$	2018 \$
Prepayments	<u>688,267</u>	<u>516,938</u>

Note 10. Non-current assets - property, plant and equipment

	Consolidated 2019 \$	2018 \$
Office and computer equipment - at cost	862,755	1,235,488
Less: Accumulated depreciation	(640,529)	(857,506)
	<u>222,226</u>	<u>377,982</u>

Reconciliations

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

Consolidated	Office and computer equipment \$
Balance at 1 July 2017	356,863
Additions	306,354
Depreciation expense	<u>(285,235)</u>
Balance at 30 June 2018	377,982
Additions	55,407
Disposals	(1,401)
Sale of businesses	(25,478)
Exchange differences	2,231
Depreciation expense	<u>(186,515)</u>
Balance at 30 June 2019	<u>222,226</u>

Note 11. Non-current assets - intangibles

	Consolidated 2019 \$	2018 \$
Goodwill - at cost	19,003,285	19,003,285
Less: Impairment	<u>(13,396,158)</u>	<u>(13,396,158)</u>
	5,607,127	5,607,127
Software - at cost	23,854,594	22,745,638
Less: Accumulated amortisation	<u>(11,982,825)</u>	<u>(9,467,946)</u>
Less: Impairment	<u>(4,598,724)</u>	<u>(4,598,724)</u>
	7,273,045	8,678,968
Customer contracts and partner network arrangement - at cost	3,622,000	3,622,000
Less: Accumulated amortisation	<u>(1,168,990)</u>	<u>(896,428)</u>
Less: Impairment	<u>(2,453,010)</u>	<u>-</u>
	-	2,725,572
Membership base - at cost	2,694,410	2,694,410
Less: Accumulated amortisation	<u>(1,047,241)</u>	<u>(655,890)</u>
	1,647,169	2,038,520
Brand names - at cost	94,000	94,000
	<u>14,621,341</u>	<u>19,144,187</u>

Reconciliations

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

	Goodwill \$	Software \$	Customer contracts and partner network arrangement \$	Membership base \$	Brand names \$	Total \$
Consolidated						
Balance at 1 July 2017	19,003,285	13,388,843	3,270,697	2,433,696	1,152,000	39,248,521
Additions	-	3,914,542	-	-	-	3,914,542
Disposals	-	-	-	-	(1,058,000)	(1,058,000)
Impairment of assets	(13,396,158)	(4,598,724)	-	-	-	(17,994,882)
Amortisation expense	-	(4,025,693)	(545,125)	(395,176)	-	(4,965,994)
Balance at 30 June 2018	5,607,127	8,678,968	2,725,572	2,038,520	94,000	19,144,187
Additions	-	2,742,880	-	-	-	2,742,880
Disposals	-	(1,028,137)	-	-	-	(1,028,137)
Sale of businesses	-	(167,991)	-	-	-	(167,991)
Impairment of assets	-	-	(2,453,010)	-	-	(2,453,010)
Amortisation expense	-	(2,952,675)	(272,562)	(391,351)	-	(3,616,588)
Balance at 30 June 2019	<u>5,607,127</u>	<u>7,273,045</u>	<u>-</u>	<u>1,647,169</u>	<u>94,000</u>	<u>14,621,341</u>

Note 12. Non-current assets - deferred tax

	Consolidated 2019 \$	2018 \$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	-	422,870
Allowance for expected credit losses	21,346	137,315
Prepayments	(1,769)	(936)
Capitalised expenditure	(1,350,800)	(1,802,235)
Membership base	-	(792,107)
Brand names	(28,200)	(28,200)
Employee benefits	235,493	216,943
Accrued expenses and other payables	97,829	146,352
Provision for reward redemptions	321,238	349,105
Other assets	(533,746)	5,507
Unrealised foreign exchange loss	-	(15,312)
Business related capital expenditure	326,245	535,218
Research and development expenditure	853,930	1,205,199
Borrowing costs	-	43,151
Unrealised FX Loss	58,434	-
Deferred tax asset	<u>-</u>	<u>422,870</u>
<i>Movements:</i>		
Opening balance	422,870	1,228,421
Charged to profit or loss (note 5)	(422,870)	(805,551)
Closing balance	<u>-</u>	<u>422,870</u>

Note 13. Current liabilities - trade and other payables

	Consolidated 2019 \$	2018 \$
Trade payables	4,153,807	5,276,716
Accrued expenses	3,485,675	4,493,178
Other payables	1,390,311	1,557,361
	<u>9,029,793</u>	<u>11,327,255</u>

Note 14. Current liabilities - borrowings

	Consolidated 2019 \$	2018 \$
Trade receivables financing facility	<u>2,069,339</u>	<u>5,628,290</u>

Note 15. Current liabilities - provisions

	Consolidated 2019 \$	2018 \$
Employee benefits	453,584	529,616
Reward redemption	1,155,052	1,277,019
Rent straight-lining	388,813	170,594
	<u>1,997,449</u>	<u>1,977,229</u>

Note 16. Non-current liabilities - borrowings

	Consolidated 2019 \$	2018 \$
Bank loans	<u>14,400,000</u>	<u>10,000,000</u>

Bank loan facility

The loan comprises 3 facilities as follows:

- Facility A is \$10,000,000 (2018: \$10,000,000). Interest is fixed at 20% per annum and is payable on the date the loan expires. The facility expires on 1 October 2020. As at 30 June 2019, the facility is fully used and there are no unused amounts.
- Facility B is \$3,000,000 (2018: \$nil). Interest is fixed at 20% per annum and is payable on the date the loan expires. The facility expires on 1 October 2020. As at 30 June 2019, the facility is fully used and there are no unused amounts.
- Facility C is \$2,600,000 (2018: \$nil). Interest is fixed at 20% per annum and is payable on the date the loan expires. The facility expires on 1 October 2020. As at 30 June 2019, \$1,400,000 of the facility was drawn down and \$1,200,000 remains available to be drawn.

The borrowings are secured over all the assets of the group.

Note 17. Non-current liabilities - provisions

	Consolidated 2019 \$	2018 \$
Employee benefits	<u>80,568</u>	<u>132,085</u>

Note 18. Equity - issued capital

	2019 Shares	2018 Shares	Consolidated 2019 \$	2018 \$
Ordinary shares - fully paid	<u>117,526,063</u>	<u>120,495,625</u>	<u>41,461,502</u>	<u>41,803,151</u>

Note 18. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	111,171,611		39,937,294
Shares issued on acquisition of Cohort	8 November 2017	8,888,889	\$0.21	1,866,667
Conversion of performance rights to ordinary shares	7 May 2018	435,125	\$0.00	-
Less: share issue costs net of taxation		-	\$0.00	(810)
Balance	30 June 2018	120,495,625		41,803,151
Share buy-back	24 December 2018	(2,969,562)	\$0.12	(341,499)
Less: adjustment for prior year share issue costs net of taxation		-	\$0.00	(150)
Balance	30 June 2019	<u>117,526,063</u>		<u>41,461,502</u>

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.

Share buy-back

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

Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the previous period.

Note 19. Equity - reserves

	Consolidated 2019 \$	2018 \$
Foreign currency reserve	(180,441)	(215,038)
Share-based payments reserve	<u>449,241</u>	<u>449,241</u>
	<u>268,800</u>	<u>234,203</u>

Note 19. 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.

Note 20. Equity - dividends

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

Note 21. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated 2019 \$	2018 \$
Loss after income tax expense for the year	(10,702,985)	(25,979,877)
Adjustments for:		
Depreciation and amortisation	3,803,103	5,251,229
Impairment of intangibles	2,453,010	17,994,882
Share-based payments	-	90,612
Net loss on disposal of non-current assets	1,041,379	1,058,000
Foreign currency differences	-	17,581
Payment for expenses relating to acquisitions	-	24,666
Revaluation of earn-out liability	-	(1,356,699)
Gain on Sale of businesses	(508,253)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,760,248	(349,591)
Increase in contract assets	(144,421)	(186,290)
Decrease in deferred tax assets	102,827	889,887
Decrease/(increase) in prepayments	(250,815)	278,175
Increase/(decrease) in trade and other payables	(1,258,587)	768,948
Decrease in contract liabilities	(53,606)	-
Decrease in provision for income tax	(130,018)	(410,860)
Increase/(decrease) in deferred tax liabilities	320,043	(84,336)
Decrease in employee benefits	(69,553)	(32,387)
Increase/(decrease) in other provisions	266,846	(251,735)
Net cash used in operating activities	<u>(370,782)</u>	<u>(2,277,795)</u>

Note 22. Earnings per share

	Consolidated 2019 \$	2018 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Pureprofile Ltd	<u>(8,098,591)</u>	<u>(7,394,128)</u>

Note 22. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	118,966,097	116,934,616
Weighted average number of ordinary shares used in calculating diluted earnings per share	118,966,097	116,934,616
	Cents	Cents
Basic earnings per share	(6.81)	(6.32)
Diluted earnings per share	(6.81)	(6.32)
	Consolidated 2019	Consolidated 2018
	\$	\$

Earnings per share for loss from discontinued operations

Loss after income tax attributable to the owners of Pureprofile Ltd	(2,604,394)	(18,585,749)
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	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	118,966,097	116,934,616
Weighted average number of ordinary shares used in calculating diluted earnings per share	118,966,097	116,934,616
	Cents	Cents
Basic earnings per share	(2.19)	(15.89)
Diluted earnings per share	(2.19)	(15.89)
	Consolidated 2019	Consolidated 2018
	\$	\$

Earnings per share for loss

Loss after income tax attributable to the owners of Pureprofile Ltd	(10,702,985)	(25,979,877)
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	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	118,966,097	116,934,616
Weighted average number of ordinary shares used in calculating diluted earnings per share	118,966,097	116,934,616
	Cents	Cents
Basic earnings per share	(9.00)	(22.22)
Diluted earnings per share	(9.00)	(22.22)

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

Note 23. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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.