



Appendix 4D

Half Year Report

31st December 2019

Impelus Limited

ABN: 24 089 805 416

Appendix 4D Half Year Report
For the period 1 July 2019 to 31 December 2019

Appendix 4D

The following information sets out the requirements of the Appendix 4D of Impelus Limited and its controlled entities.

This Appendix 4D covers the reporting period from 1 July 2019 to 31 December 2019. The previous corresponding period is 1 July 2018 to 31 December 2018.

Results for Announcement to the Market

	FHY20 \$	FHY19 \$	Change \$	Change %
Revenue from ordinary activities	5,079,889	6,117,374	(1,037,485)	-16.96%
Impairment of DCB Assets	(719,695)	(2,854,922)	2,135,227	74.79%
Impairment of Debtors	(460,127)	-	(460,127)	(100.00%)
Impairment of Subsidiary Asset	(240,919)	(2,500,000)	2,259,081	90.36%
Disposal of Asset - Clipp	-	(1,553,895)	1,553,895	100.00%
Net Loss before tax including depreciation and impairment	(4,214,287)	(9,260,145)	5,045,858	54.49%
Exchange difference on translating foreign operations*	-	(6,092)	6,092	100.00%
Total comprehensive Loss for the half year	(3,926,086)	(8,479,185)	4,553,099	53.70%
Profit/loss from ordinary activities (EBITDA)	72,907	(368,944)	441,851	119.76%

***Exchange difference on translating foreign operations** – The Company operates wholly owned subsidiaries in the UK and Singapore; on converting these entities' financial accounts to Australian dollars an unrealized exchange gain or loss occurs.

Dividends

No dividend has been proposed or declared in respect of the period ended 31 December 2019.

Capital

Total issued and paid up ordinary shares: 692,216,518.

Cashflow

Period	2 nd Quarter FY20	1 st Quarter FY20	Half Year FY20
	3 months	3 months	6 months
	AUD	AUD	AUD
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by / (used in) operating activities	347,981	(361,621)	(13,640)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used in) investing activities	(222,382)	(114,481)	(336,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (used in) / provided by financing activities	(69,376)	425,225	355,849
Net (decrease) in cash held	56,223	(50,877)	5,346
Cash at beginning of financial year period	1,155,824	1,206,701	1,206,701
Cash at end of financial year	1,212,047	1,155,824	1,212,047

Comments

EBITDA from ordinary activities is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and non-ordinary items. The directors consider EBITDA from ordinary activities to reflect the core earnings of the consolidated group.

Directors' Report

Your directors submit the financial report of the consolidated Group for the half year ended 31 December 2019.

Directors

The names of directors who held office during or since the end of the half year:

Brendan Birthistle <i>(appointed 04 December 2018)</i>	Non-executive Chairman
Neil Wiles <i>(appointed 18 July 2017 & ceased 15 November 2019)</i>	Chief Executive Officer & Managing Director
David Andrew Haines	Non-executive Director
Craig Poole <i>(appointed 28 October 2019)</i> <i>(resigned 18 January 2020)</i>	Executive Director
Maureen Smith <i>(appointed 18 January 2020)</i>	Executive Director

Review of Operations

Impelus Limited posted a Normalised Profit/(Loss) from ordinary activities (EBITDA) of \$0.07 million and an NPAT (including provisions for impairment) of (\$3.93) million for the half year end results.

The principal activities of the consolidated entity are technology led Digital Customer Acquisition utilising its Digital Performance Marketing (DPM) infrastructure.

The consolidated entity helps businesses to cost effectively find customers through digital channels, at scale, globally. For more information please see: www.impelus.com.

There were no other significant changes in the nature of the consolidated group's principal activities during the period.

The Company

Impelus Limited (ASX:IMS) is a technology led Digital Customer Acquisition company that is building out its Digital Performance Marketing (DPM) Platforms and infrastructure globally. This infrastructure utilises its proprietary technology, tools and data assets in the UK, Australia and New Zealand to seamlessly connect and engage consumers with products they value, enabling better customer generation for businesses at scale via digital channels and devices.

Impelus is expanding its catalogue of Digital Performance Marketing products to provide increasing value and market opportunity to its clients and partners.

Businesses globally are urgently seeking to alleviate the growing complexities of marketing through digital channels such as advertising fraud, viewability, transparency, brand safety and overall marketing spend wastage. Impelus enables businesses, through its technology, engagement mechanics and data assets, to attain measurable ROI (Return on Investment) for every dollar spent, addressing these complexities and simplifying digital customer acquisition for businesses.

Businesses can reach and acquire their best customers, at scale, through digital channels and most importantly, on the devices where consumers are choosing to spend more and more of their time.

Legal Proceedings

Impelus Limited advises of the following update on legal action previously instituted. As announced in the Company's 2018 annual statutory accounts (refer Post Balance Date events and Note 29) contained within the 2018 Annual Report, and the Market update of 30 November 2018, the Company had commenced legal action in the Federal Court against the vendors (and associated parties) of C2B Solutions Pty Ltd in relation to the acquisition of that company by Impelus.

The Company announced on 5 April 2019 that it had reached a settlement with the vendors and was continuing to vigorously pursue related claims against other associated parties.

The Board is pleased to advise that the Company has reached a settlement with the other associated parties which is satisfactory to Impelus. (ASX released on 8 October 2019)

Impelus advises that it has received service of process instituting action against The Performance Factory (TPF), a wholly-owned, non-trading, subsidiary of Impelus, for the recovery of payments made to TPF between January and May 2017 in the ordinary course of its commercial relationship with Careers Australia Group Limited (CAG) which is now in liquidation.

The liquidators for CAG have commenced proceedings against Telstra Corporation and sixteen further defendants, including TPF, to recover payments made to the defendants by CAG, and which they allege to be voidable as insolvent transactions under section 588FC of the Corporations Act 2001 (Cth.). They are seeking to recover an amount of \$909,209 from TPF. (ASX released on 12 Nov 2019)

TPF and the Liquidators of CAG have reached an in principle agreement to settle the proceedings. The terms of the agreement are still to be finalised.

Impairment

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include 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.

This restructuring of the Balance Sheet positions the business for a healthier future.

Cash

The Company's Cash at Bank was \$1.21 million as at 31 December 2019 compared to \$1.12 million as at 31 December 2018.

Financial Position

The directors believe the Group is in a stable financial position to expand and grow its current operations being able to fund future operations through share issues, debt instruments, control of costs and the continued commercialisation of its business-to-business activities.

The Company is presently in discussions with the Commonwealth Bank of Australia to extend the Loan Facility for a further 24 months.

Outlook

Impelus is now well advanced in establishing itself with a platform to grow as a digital-led customer acquisition business underpinned by the very best technology platforms.

In a rapidly changing marketing landscape, leading companies and brands are demanding better outcomes from their promotional partners, including delivery of more qualified customer leads, improved customer lifetime value, and greater cost effectiveness. Impelus' platforms are now doing this. In H2FY2019 the Company will focus on the further development and on building scale of its higher value lead generation capability.

The Company will increase its investment in the growth and development of the new DPM assets throughout H2FY2020, given they are expected to generate higher average revenue per transaction.

The UK operations are trading well, and new client relationships are being established with growth opportunities identified in other European markets. IMS sees considerable scope for growth in the UK operations, and the Company is well advanced with plans to establish a greater presence there to deliver organic revenue and earnings growth. Updates to the market will be provided in due course.

After Balance Date Events

Mr Craig Poole has resigned as an executive director of the Company on 28 Jan 2020. Ms Maureen Smith has been appointed to fill the vacancy on the board as a director.

On 4 Feb 2020, the Company issued 111,129,568 fully paid ordinary shares upon conversion of convertible notes to Mr. Brendan Birthistle indirect holdings under Connaught Consultants (Finance) Pty Ltd <Super Fund A/C>.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 for the half year ended 31 December 2019.

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



Brendan Birthistle
Non-executive Chairman
28 February 2020



**IMPELUS LIMITED ABN 24 089 805 416
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IMPELUS LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been no contraventions of:

- a. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. any applicable code of professional conduct in relation to the review.

MNSA Pty Ltd
MNSA Pty Ltd

Sam Danieli
Director

Sydney
Dated this 28th day of February 2020

Consolidated Statement of Profit or Loss and other comprehensive income for the half year ended 31 December 2019

	Notes	Consolidated Group	
		31.12.19	31.12.18
		\$	\$
Continuing Operations			
Revenue from Continuing Operations rendered		5,079,889	5,372,683
Cost of sales		(2,979,897)	(2,732,727)
		2,099,992	2,639,956
Interest income		1,828	7,393
Litigation Settlement	9	400,000	-
Service providers and commissions		(33,026)	(9,995)
Administration expenses		(6,662)	(48,530)
Advertising and marketing expenses		-	(132,050)
Finance costs		(294,579)	(217,868)
Depreciation and amortisation expense		(2,573,701)	(1,810,593)
Impairment of other assets		(719,695)	(2,854,922)
Impairment of Subsidiary		(240,919)	-
Impairment of Debtors		(460,127)	-
Impairment of Goodwill		-	(2,500,000)
Employee benefits expense		(1,760,494)	(1,919,517)
Legal expenses		(91,149)	(110,464)
Occupancy expenses		(41,366)	(136,435)
Operational expenses		(250,758)	(305,574)
Other expenses from ordinary activities		(243,631)	(307,651)
(Loss) before income tax		(4,214,287)	(7,706,250)
Income tax benefit/(expense)		288,201	787,052
Net (loss) from continuing operations		(3,926,086)	(6,919,198)
Discontinued operations			
Net (Loss) from discontinued operations after tax		-	(1,553,895)
Net (Loss) for the period		(3,926,086)	(8,473,093)
Other comprehensive income		-	-
Exchange differences on translating foreign operations		-	(6,092)
Income tax relating to other comprehensive income		-	-
		-	(6,092)
Outside Equity Interest			
Other comprehensive income/(Loss) for the year net of tax		-	-
Total comprehensive income/(Loss) for the year		(3,926,086)	(8,479,185)
Basic loss per share (cents per share)		(0.01)	(0.01)
Diluted loss per share (cents per share)		(0.01)	(0.01)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2019

	Notes	Consolidated Group	
		31.12.19	30.06.19
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,212,047	1,206,701
Trade and other receivables		1,773,807	2,316,581
Other assets		923,288	1,350,934
Income Tax Receivable		5,797	74,748
TOTAL CURRENT ASSETS		3,914,939	4,948,964
NON-CURRENT ASSETS			
Trade and other receivables		-	252,992
Plant and equipment		369,229	499,695
Intangible assets	4	4,767,813	6,670,800
Right-of-use Assets		249,569	385,697
Deferred Tax Assets		1,237,136	-
Other non-current assets		6,300	6,300
TOTAL NON-CURRENT ASSETS		6,630,047	7,815,484
TOTAL ASSETS		10,544,986	12,764,448
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,414,623	1,474,968
Borrowings	6	4,547,667	1,529,698
Short-term provisions		725,580	849,803
TOTAL CURRENT LIABILITIES		6,687,870	3,854,469
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,461,251	502,485
Borrowings	6	1,417,654	4,362,752
Provisions		39,490	39,490
TOTAL NON-CURRENT LIABILITIES		2,918,395	4,904,727
TOTAL LIABILITIES		9,606,265	8,759,196
NET ASSETS		938,721	4,005,252
EQUITY			
Issued capital		50,896,338	50,227,338
Reserves		38,887	38,887
(Accumulated Losses)		(49,397,739)	(45,471,653)
Parent interest		1,537,486	4,794,572
Foreign currency translation reserve		(598,765)	(789,320)
TOTAL EQUITY		938,721	4,005,252

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the half year ended 31 December 2019

	Consolidated Group	
	31.12.19	31.12.18
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,159,516	5,882,390
Payments to suppliers and employees	(5,520,194)	(8,261,384)
Proceed from Litigation Settlement	400,000	-
Interest Received	1,828	7,406
Income tax Refund	78,780	194,470
Interest Paid	(133,570)	(195,430)
Net cash (used in) operating activities	(13,640)	(2,372,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of Clipp	-	300,000
Purchase of property, plant and equipment	(15,898)	(8,294)
Purchase of intangible assets	(320,965)	(205,718)
Net cash (used in)/ Provided by investing activities	(336,863)	85,988
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	(171,512)	(1,696,512)
Lease Payment	(322,639)	-
Proceeds from borrowings	850,000	-
Proceeds from Issue of capital	-	1,813,500
Costs of Issue of capital	-	(44,000)
Net cash provided by financing activities	355,849	72,988
Net increase / (decrease) in cash held	5,346	(2,213,572)
Cash at beginning of half year	1,206,701	3,334,276
Cash at end of half year	1,212,047	1,120,704

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2019

Consolidated Group

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Foreign Currency Reserve \$	Total Equity \$
Balance 1 Jul 2018	48,453,838	(33,377,840)	98,222	(669,103)	14,505,117
Issued Capital	1,817,500	-	-	-	1,817,500
Profit for the half year	-	(12,271,242)	-	-	(12,271,242)
Share issued costs	(44,000)	-	-	-	(44,000)
Accumulated Adjustment for Previous Periods	-	177,429	-	-	177,429
Option reserve: options issued	-	-	-	-	-
Option reserve: options expired	-	-	(59,335)	-	(59,335)
Option reserve: options converting to capital	-	-	-	-	-
Foreign exchange (loss) / gain from OCI	-	-	-	(120,217)	(120,217)
Outside Equity Interest	-	-	-	-	-
Balance 30 Jun 2019	50,227,338	(45,471,653)	38,887	(789,320)	4,005,252
Balance 1 Jul 2019	50,227,338	(45,471,653)	38,887	(789,320)	4,005,252
Issued Capital	669,000	-	-	-	669,000
Loss for the half year	-	(3,926,086)	-	-	(3,926,086)
Share issued costs	-	-	-	-	-
Option reserve: options issued	-	-	-	-	-
Option reserve: options expired	-	-	-	-	-
Option reserve: options converting to capital	-	-	-	-	-
Foreign exchange (loss) / gain from OCI	-	-	-	190,555	190,555
Outside Equity Interest	-	-	-	-	-
Balance 31 Dec 2019	50,896,338	(49,397,739)	38,887	(598,765)	938,721

The accompanying notes form part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including 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 Impelus Limited and its controlled entities (referred to as the Consolidated Group or the 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 2019, together with any public announcements made during the following half year.

Going Concern

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

As at 31 December 2019, the Group had net current assets of (\$2,772,931) (Dec 2018: \$3,073,239). During the year the group cash at bank increased by \$5,346 (Dec 2018 reduced by: \$2,213,572) with an operating profit (impact of cash) of \$72,907 (Dec 2018: Loss (\$368,944)) and a non-operating loss (Impairment charges) (\$1,420,741) (Dec 2018: (\$5,354,922)). The ability of the Company to continue as a going concern is dependent upon the Company being successful in: Increased revenue for the Australian operations, continued vigilance in relation to cost control, and capital raising. Across the reporting period the UK operations have continued to trade well and remain cash flow positive.

The Company is presently in discussions with the Commonwealth Bank of Australia to extend the Loan Facility for a further 24 months. The Board believes the extension will be approved soon and the loan will be reclassified as non-current liability.

After the reclassification of the loan, the directors believe the Group will be able to pay its debts as and when they fall due and to fund near term anticipated activities due to implementing the above strategies. The Company is also regularly considering whether it needs to undertake any fundraising initiatives in order to ensure that the Company has the financial capacity to progress its business activities at an appropriate rate.

Accordingly, in the Directors opinion, there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, and that it is appropriate to prepare these accounts on a going concern basis. As a result, the accounts have been prepared on the basis that the consolidated entity can meet its commitments as and when they fall due and can therefore continue business activities and can realise its assets and extinguish its liabilities in the ordinary course of business.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except in relation to the matters discussed below.

Principles of Consolidation

The consolidated financial statements incorporated all of the assets, liabilities and results of the parent Impelus Limited and all of the subsidiaries. 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. A list of subsidiaries is provided in Note 3: Interest in Subsidiaries.

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 on which that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Note 1: Summary of Significant Accounting Policies (Continued)

Equity interest in a subsidiary not attributable, directly or indirectly, to the Group is presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiaries net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and 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 within the Group.

Adoption of new and revised Accounting Standards

The accounting policies applied by the Group in this Interim Report are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2019.

The Group early adopted AASB 16 Leases from 1 July 2018 and included in the 30 June 2019 Financial Statements.

New Accounting Standards and Interpretations issued but not yet applied by the entity

There are no other standards that are not yet effective and that are expected to have impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Note 2. Operating Segments

Segment Information

A. Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and / or services provided by segment;
- The type or class of customer for the products or services;
- The distribution method; and
- Any external regulatory requirements.

B. Types of products and services by segment

i. M Marketing

The Company through its DPM customer acquisition platforms and other infrastructure, enables businesses to generate customers at scale. The Company utilises its proprietary and integrated partner technology, tools and data assets from its offices in the UK and Australia to seamlessly connect and engage consumers with products they value, enabling better customer generation for businesses via digital channels and devices.

ii. Carrier Billing

The Company enables itself and its partners integrated customer acquisition, management and carrier billing via mobile devices. Consumers seamlessly engage with digital product and service offers and utilise carrier billing to conveniently pay for them on their mobile devices.

C. Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statement of the Group.

ii. Intersegment transactions

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is the representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Note 2. Operating Segments (continued)

Intersegment loans payable and receivable are initially recognised at the consideration received / to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Impairment of assets and other non-recurring items of revenue or expense;
- Income tax expense;
- Deferred tax assets and liabilities;
- Current tax liabilities;
- Other financial liabilities; and
- Intangible assets.

Note 2. Operating Segments (continued)

D. Segment performance

31 December 2019

	C Billing \$	M Marketing \$	Total \$
REVENUE			
External sales	314,090	5,165,799	5,479,889
Interest revenue	1,818	10	1,828
Total segment revenue	315,908	5,165,809	5,481,717
Segment gross profit	276,220	2,185,913	2,462,133
Segment net profit / (loss) before tax	63,069	490,195	553,264
Reconciliation of segment result to group net profit / loss before tax			
Amounts not included in segment results but reviewed by the Board:			
Depreciation and amortisation and impairment	-	-	(3,994,443)
Unallocated items:	-	-	-
Corporate charges	-	-	(773,108)
Net profit / (loss) before tax	-	-	(4,214,287)

31 December 2018

	C Billing \$	M Marketing \$	Clipp \$	Total \$
REVENUE				
External sales	710,510	4,662,174	744,690	6,117,374
Interest revenue	3,613	3,780	13	7,406
Total segment revenue	714,123	4,665,954	744,703	6,124,780
Segment gross profit	714,123	1,933,226	11,117	2,658,466
Segment net profit / (loss) before tax	296,586	1,049,983	(38,866)	1,307,704
Reconciliation of segment result to group net profit/ loss before tax				
Amounts not included in segment results but reviewed by the Board:				
Depreciation and amortisation and impairment	-	-	-	(7,164,643)
Loss on disposal of asset	-	-	-	(1,515,029)
Net Interest	-	-	-	-
Unallocated items:	-	-	-	-
Corporate charges:	-	-	-	(1,888,177)
Net profit / (loss) before tax	-	-	-	(9,260,145)

Note 3. Interest in Subsidiaries

Controlled Entities Consolidated

Name of Entity	Country of Incorporation	Ownership Interest	
		31.12.19 %	31.12.18 %
Parent Entity:			
Impelus Limited	Australia		
Subsidiaries of Impelus Limited:			
Global One Mobile Entertainment Pty Ltd	Australia	100	100
Divolution Limited	Australia	100	100
Solvers Pty Ltd (formerly 1st Screen)	Australia	100	100
6G Pty Ltd	Australia	100	100
Lead Proof Pty Ltd (formerly 7A Pty Ltd)	Australia	100	100
8Z Pty Ltd	Australia	100	100
Convey Pty Ltd (formerly Level 3 Pty Ltd)	Australia	100	100
Mobipay Pty Ltd (formerly Convey Pty Ltd)	Australia	100	100
Convey Global Pte Ltd	Singapore	100	100
The Performance Factory Pty Ltd	Australia	100	100
Impelus EMEA Limited (formerly Eggmobi UK Limited)	UK	100	100
Addglu Pty Ltd (formerly Vizmond Pty Ltd)	Australia	100	100
Vizmond Media Pty Ltd	Australia	100	100
Marketing Punch Limited	UK	100	100
Impelus APAC Pty Ltd (formerly Marketing Punch Pty Ltd)	Australia	100	100

Note 4. Intangible Assets

	Consolidated Group	
	Dec 2019 \$	Jun 2019 \$
Software systems from acquisitions	8,973,654	8,973,654
Accumulated amortisation	(4,904,526)	(3,691,558)
Provision for Impairment	(1,046,972)	(1,046,972)
Net carrying value	3,022,156	4,235,124
Software development	12,567,889	12,242,778
Accumulated amortisation	(10,635,505)	(9,620,375)
Provision for Impairment	(186,727)	(186,727)
Net carrying value	1,745,657	2,435,676
Content and web development costs	74,649	74,649
Accumulated amortisation	(74,649)	(74,649)
Net carrying value	-	-
Total Intangibles	4,767,813	6,670,800

Note 4. Intangible Assets (Continued)

Movements in Carrying Amounts

Movement in the carrying amount for each class of intangible assets between the beginning and the end of the current year.

Consolidated Group:	Software and Development	Total
	\$	\$
Year ended 30 June 2019		
Balance at the beginning of the year	10,129,446	10,129,446
Additions: external acquired		
Software acquired through acquisition	-	-
Software	-	-
Additions: internally developed		
Software	778,942	778,942
Disposals	(1,209,851)	(1,209,851)
FX Difference	310,860	310,860
Amortisation / impairment	(3,338,597)	(3,338,597)
	6,670,800	6,670,800
Half Year ended 31 December 2019		
Balance at the beginning of the year	6,670,800	6,670,800
Additions: external acquired		
Software acquired through acquisition	-	-
Software	-	-
Additions: internally developed		
Software	210,872	210,872
FX Difference	51,776	51,776
Amortisation / impairment	(2,165,635)	(2,165,635)
	4,767,813	4,767,813

Note 5. Fair Value Measurement

The Group has a number of financial instruments which are measured at fair value in the statement of financial position. These had the following fair values as at 31 December 2019.

	31.12.2019	
	Carrying amount	Fair value
Current receivables		
• Trade and other receivables	1,773,807	1,773,807
	1,773,807	1,773,807
Current liabilities		
• Trade and other payables	1,414,623	1,414,623
• Borrowings	672,667	672,667
	2,087,290	2,087,290
Non-Current liabilities		
• Borrowings	5,292,654	5,292,654

Due to their short-term nature, the carrying amounts of current receivables and current payables are assumed to approximate their fair value.

Note 6. Borrowings

	Notes	31.12.19	30.06.19
Current			
Bank Loan - Secured	1	372,667	329,698
Bank Facility – Secured	2	4,175,000	1,200,000
		<u>4,547,667</u>	<u>1,529,698</u>
Non-current			
Bank Loan - Secured	1	67,654	267,752
Bank Facility - Secured	2	-	2,975,000
Director's Loan		1,350,000	1,120,000
		<u>1,417,654</u>	<u>4,362,752</u>
Notes			
1.	Loan: 5-year term, monthly payments expiring March 2021.		
2.	\$7 million-dollar loan amortising over 3 years with monthly payments from the 22 January 2018.		

Note 7. Earnings Per Share

	Consolidated Group	
	HY2020	HY2019
	\$	\$
A. Reconciliation of earnings to profit or loss:		
(Loss) / Profit	(3,926,086)	(8,479,185)
(Loss) / Profit attributable to non-controlling equity interest		
Earnings used to calculate basic EPS	(3,926,086)	(8,479,185)
Earnings used in the calculation of dilutive EPS	(3,926,086)	(8,479,185)
B. Reconciliation of earnings to profit or loss from continuing operations:		
Profit from continuing operations	(3,926,086)	(6,919,198)
Profit attributable to non-controlling equity interest in respect of continuing operations		
Earnings used to calculate basic EPS from continuing operations	(3,926,086)	(6,919,198)
Earnings used in the calculation of dilutive EPS from continuing operations	(3,926,086)	(6,919,198)
C. Reconciliation of earnings to profit or loss from discontinued operations:		
Loss from discontinued operations	-	(1,553,895)
Loss attributable to non-controlling equity interest		-
Earnings used to calculate basic EPS from discontinued operations	-	(1,553,895)
D. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. 692,216,518	No. 557,525,130
Weighted average number of dilutive options outstanding	<u>2,327,586</u>	<u>3,000,000</u>
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>694,544,104</u>	<u>560,525,130</u>

Note 8. Legal updates

Impelus Limited advises of the following update on legal action previously instituted. As announced in the Company's 2018 annual statutory accounts (refer Post Balance Date events and Note 29) contained within the 2018 Annual Report, and the Market update of 30 November 2018, the Company had commenced legal action in the Federal Court against the vendors (and associated parties) of C2B Solutions Pty Ltd in relation to the acquisition of that company by Impelus. The Company announced on 5 April 2019 that it had reached a settlement with the vendors and was continuing to vigorously pursue related claims against other associated parties. The Board is pleased to advise that the Company has reached a settlement with the other associated parties which is satisfactory to Impelus. (ASX released on 8 October 2019)

Impelus advises that it has received service of process instituting action against The Performance Factory (TPF), a wholly-owned, non-trading, subsidiary of Impelus, for the recovery of payments made to TPF between January and May 2017 in the ordinary course of its commercial relationship with Careers Australia Group Limited (CAG) which is now in liquidation. The liquidators for CAG have commenced proceedings against Telstra Corporation and sixteen further defendants, including TPF, to recover payments made to the defendants by CAG, and which they allege to be voidable as insolvent transactions under section 588FC of the Corporations Act 2001 (Cth.). They are seeking to recover an amount of \$909,209 from TPF. (ASX released on 12 Nov 2019)

TPF and the Liquidators of CAG have reached an in principle agreement to settle the proceedings. The terms of the agreement are still to be finalised.

Note 9. Litigation Settlement

In October 2019, the action commenced in the Federal court against the associated parties of C2B Solutions in relation to the acquisition of that company by Impelus reached a settlement of \$400,000.

Note 10. After Balance Date Events

Mr Craig Poole has resigned as an executive director of the Company on 28 Jan 2020. Ms Maureen Smith has been appointed to fill the vacancy on the board as a director.

On 4 Feb 2020, the Company issued 111,129,568 fully paid ordinary shares upon conversion of convertible notes to Mr. Brendan Birthistle indirect holdings under Connaught Consultants (Finance) Pty Ltd <Super Fund A/C>.

Directors' Declaration

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

1. The financial statements and notes, as set out on the pages 6 to 18, are in accordance with the Corporations Act 2001, including:
 - a. Complying with Accounting Standards AASB 134 Interim Financial Reporting; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at the 31 December 2019 and of its performance for the half year ended on that date.
2. In the director's opinion there are reasonable grounds to that the company will be able to pay its debts as and when they become due and payable.



Brendan Birthistle
Non-executive Chairman
28 February 2020



**IMPELUS LIMITED ABN 24 089 805 416
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
IMPELUS LIMITED**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Impelus Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Impelus Limited's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Impelus 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 review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

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

Conclusion

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

- (i) giving a true and fair view of Impelus Limited's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw your attention to Note 1, "Going Concern" in the Financial Report. The conditions disclosed in Note 1, may cast 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.

MNSA Pty Ltd

MNSA Pty Ltd

Sam Danieli

Director

Sydney

Dated this 28th day of February 2020