

1. Company details

Name of entity:	Isentia Group Limited
ABN:	31 167 541 568
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	5.0% to	79,652
Profit from ordinary activities after tax attributable to the owners of Isentia Group Limited	up	82.5% to	18,740
Profit for the half-year attributable to the owners of Isentia Group Limited	up	82.5% to	18,740

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2016, declared on 23 August 2016. The final dividend was paid on 20 September 2016 to shareholders registered on 6 September 2016	4.430	4.430
Interim dividend for the year ending 30 June 2017, declared on 21 February 2017. The interim dividend will be paid on 23 March 2017 to shareholders registered on 9 March 2017.	3.100	3.100

Comments

The profit for the group after providing for income tax amounted to \$18,740,000 (31 December 2015: \$10,268,000).

Refer to 'Review of operations' in the Directors' Report for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(24.03)</u>	<u>(28.33)</u>

4. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Financial Report.

5. Attachments

The Half Year Financial Report of Isentia Group Limited for the half-year ended 31 December 2016 is attached.

6. Signed



Signed _____

Doug Flynn
Chairman
Sydney

Date: 21 February 2017

Isentia Group Limited

ABN 31 167 541 568

Half Year Financial Report - 31 December 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Isentia Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

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

Doug Flynn - Chairman and Independent Non-Executive Director
John Croll - CEO and Managing Director
Pat O'Sullivan - Independent Non-Executive Director
Fiona Pak-Poy - Independent Non-Executive Director
Dr Geoff Raby - Independent Non-Executive Director

Principal activities

During the financial half-year, the principal continuing activities of the group consisted of the provision of media intelligence services to public and private sector clients via media database access, media release distribution, media monitoring, social media monitoring and media analysis.

Review of operations

The profit for the group after providing for income tax amounted to \$18,740,000 (31 December 2015: \$10,268,000).

Total EBITDA (earnings before interest, tax, depreciation and amortisation) declined by 13% to \$18,843,000 (31 December 2015: \$21,761,000).

Total revenue for the half-year ended 31 December 2016 grew by 5% to \$79,652,000 (31 December 2015: \$75,841,000). ANZ revenue growth of 3% was mainly driven by Software-as-a-Service ('SaaS') growth of 3% reflecting FY 2016 price increase and copyright pass-through. ANZ Value Added Services ('VAS') growth was 15% underpinned by a strong performance of Insights revenue. Content Marketing remains a small component of ANZ business (7% of revenue).

Asia revenue growth of 13% was supported by increased number of VAS clients, low client churn, successful market entry into Korea and large client wins in Singapore in the second quarter of FY 2017.

Total operating expenses increased by 13% driven by increased costs in resetting of copyright agreement with Australian publishers, the transition to cloud technology, continued investment in R&D through acquiring highly skilled employees and executive options.

Other income includes a significant item of \$11,503,000 relating to the fair value adjustment relating to the contingent consideration payable on previous acquisitions.

The financial position of the group remains strong with high operating cash flow conversion for the half-year ended 31 December 2016.

Significant changes in the state of affairs

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

Outlook for financial year 2017 ('FY2017')

In relation to the Australia and New Zealand ('ANZ') and Asia, Software-as-a-Service ('SaaS') and Value added services ('VAS') (including head office), the group expects to deliver FY2017 revenue growth in the mid to high single digit range, EBITDA growth in the low single-digit range supported by continued growth in Asia and operational efficiencies in ANZ in the second half of FY2017. The second half EBITDA for ANZ and Asia SAAS and VAS is expected to provide double-digit growth compared with the first half of FY2017.

In relation to the Content Marketing service, the EBITDA for FY 2017 is expected to be a loss of \$3million.

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this Directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

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

Doug Flynn
Chairman

21 February 2017
Sydney

The Board of Directors
Isentia Group Limited
219-241 Cleveland Street
Strawberry Hills
SYDNEY NSW 2012

21 February 2017

Dear Board Members

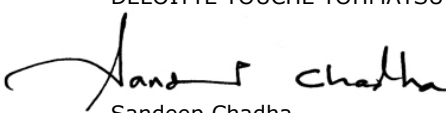
Isentia Group Limited

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

As lead audit partner for the review of the half-year financial report of Isentia Group Limited for the period ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Sandeep Chadha
Partner
Chartered Accountants

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		Consolidated	
	Note	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue	4	79,652	75,841
Other income	5	11,529	31
Expenses			
Copyright, consumables and other direct purchases		(18,967)	(16,006)
Employee benefits expense		(34,159)	(31,006)
Amortisation expenses	7	(6,950)	(6,057)
Depreciation expense		(970)	(681)
Occupancy costs		(2,862)	(2,495)
Other expenses		(4,823)	(4,573)
Finance costs		(1,508)	(1,354)
Profit before income tax expense		20,942	13,700
Income tax expense		(2,202)	(3,432)
Profit after income tax expense for the half-year attributable to the owners of Isentia Group Limited		18,740	10,268
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of cash flow hedges taken to equity, net of tax		191	77
Exchange differences on translating foreign operations		(2,232)	(1,818)
Other comprehensive income for the half-year, net of tax		(2,041)	(1,741)
Total comprehensive income for the half-year attributable to the owners of Isentia Group Limited		16,699	8,527
		Cents	Cents
Basic earnings per share	14	9.370	5.134
Diluted earnings per share	14	9.350	5.122

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

		Consolidated	
	Note	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Assets			
Current assets			
Cash and cash equivalents		8,581	8,139
Trade and other receivables	6	37,750	40,042
Prepayments		2,438	2,140
Total current assets		48,769	50,321
Non-current assets			
Property, plant and equipment		3,758	3,915
Intangibles	7	186,156	189,020
Deferred tax		7,827	8,057
Other		152	133
Total non-current assets		197,893	201,125
Total assets		246,662	251,446
Liabilities			
Current liabilities			
Trade and other payables	8	19,019	19,261
Borrowings	9	-	55,875
Derivative financial instruments		259	532
Current tax liabilities		259	2,774
Provisions		5,309	5,959
Contingent consideration		5,706	6,995
Total current liabilities		30,552	91,396
Non-current liabilities			
Borrowings	10	64,838	-
Deferred tax liabilities		11,797	11,787
Provisions		807	813
Contingent consideration		4,544	21,748
Total non-current liabilities		81,986	34,348
Total liabilities		112,538	125,744
Net assets		134,124	125,702
Equity			
Issued capital		403,662	403,662
Reserves		(252,745)	(251,287)
Accumulated losses		(16,793)	(26,673)
Total equity		134,124	125,702

Refer to note 13 for the finalisation of prior period business combinations which has resulted in comparatives being adjusted.

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2015	403,662	(251,781)	(35,925)	115,956
Profit after income tax expense for the half-year	-	-	10,268	10,268
Other comprehensive income for the half-year, net of tax	-	(1,741)	-	(1,741)
Total comprehensive income for the half-year	-	(1,741)	10,268	8,527
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	375	-	375
Dividends paid (note 11)	-	-	(7,600)	(7,600)
Balance at 31 December 2015	<u>403,662</u>	<u>(253,147)</u>	<u>(33,257)</u>	<u>117,258</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2016	403,662	(251,287)	(26,673)	125,702
Profit after income tax expense for the half-year	-	-	18,740	18,740
Other comprehensive income for the half-year, net of tax	-	(2,041)	-	(2,041)
Total comprehensive income for the half-year	-	(2,041)	18,740	16,699
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	583	-	583
Dividends paid (note 11)	-	-	(8,860)	(8,860)
Balance at 31 December 2016	<u>403,662</u>	<u>(252,745)</u>	<u>(16,793)</u>	<u>134,124</u>

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

Note	Consolidated	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	87,069	77,128
Payments to suppliers and employees (inclusive of GST)	(67,040)	(59,943)
Interest received	24	31
Other revenue	2	-
Interest and other finance costs paid	(1,590)	(1,275)
Income taxes paid	(4,477)	(3,197)
Net cash from operating activities	13,988	12,744
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	-	(26,486)
Payment for prior period's business acquisition	(7,033)	(130)
Payments for property, plant and equipment	(1,181)	(366)
Payments for intangibles	(4,467)	(2,909)
Payments to vendors for purchase of intangible asset acquisition	(1,005)	-
Net cash used in investing activities	(13,686)	(29,891)
Cash flows from financing activities		
Proceeds from borrowings	9,000	27,000
Dividends paid	(8,860)	(7,600)
Net cash from financing activities	140	19,400
Net increase in cash and cash equivalents	442	2,253
Cash and cash equivalents at the beginning of the financial half-year	8,139	5,713
Cash and cash equivalents at the end of the financial half-year	8,581	7,966

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

Note 1. General information

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

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

Level 3
219-241 Cleveland Street
Strawberry Hills NSW 2012

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2016 and are not expected to have any significant impact for the full financial year ending 30 June 2017. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The group has two geographical segments being Australia and New Zealand ('ANZ') and Asia/Rest of the World ('Asia/RoW') and a head office segment. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

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

The CODM does not regularly review segment assets and segment liabilities. Refer to statement of financial position for assets and liabilities.

Note 3. Operating segments (continued)

Types of revenue

The principal types of revenue are as follows:

Software-as-a-Service ('SaaS') The group has developed and hosts a number of SaaS platforms, such as its flagship Mediaportal that provide customers access to time critical and highly relevant information as well as tools to analyse and report on media intelligence.

Value Added Services ('VAS') The group provides social media insights and monitoring, customised quantitative and qualitative analysis, and in depth analysis required by customers.

Content Marketing The group develops comprehensive content marketing strategies and engaging digital content that empowers brands to increase profitability by communicating effectively with target audiences. The group uses Communiqué, a proprietary workflow management platform, to handle the production process from end-to-end and offer clients a transparent way to oversee briefing, delivery, publication and measurement of content in granular detail.

Operating segment information

	ANZ \$'000	Asia/ROW \$'000	Head Office \$'000	Total \$'000
Consolidated - 31 Dec 2016				
Revenue				
SaaS	44,688	8,388	-	53,076
VAS	11,085	8,016	-	19,101
Content Marketing	4,075	3,400	-	7,475
Total revenue	59,848	19,804	-	79,652
EBITDA (excluding fair value adjustment on contingent consideration)	22,124	2,757	(6,038)	18,843
Fair value adjustment on contingent consideration				11,503
Depreciation and amortisation				(7,920)
Interest revenue				24
Finance costs				(1,508)
Profit before income tax expense				20,942
Income tax expense				(2,202)
Profit after income tax expense				18,740
Consolidated - 31 Dec 2015				
Revenue				
SaaS	43,618	7,572	-	51,190
VAS	9,665	6,617	-	16,282
Content Marketing	5,069	3,300	-	8,369
Total revenue	58,352	17,489	-	75,841
EBITDA	24,746	3,508	(6,493)	21,761
Depreciation and amortisation				(6,738)
Interest revenue				31
Finance costs				(1,354)
Profit before income tax expense				13,700
Income tax expense				(3,432)
Profit after income tax expense				10,268

Note 4. Revenue

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Rendering of services	79,652	75,841

Note 5. Other income

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Government grants	2	-
Interest income	24	31
Fair value adjustment on contingent consideration (note 12)	11,503	-
Other income	11,529	31

Other income includes fair value adjustment on the contingent consideration that may have been payable on previous acquisitions. Specifically, longer than expected lead times to convert certain key projects and customers have resulted in lower estimated FY 2017 EBITDA (earnings before interest, tax, depreciation and amortisation) and revenue used to determine the earn-out payment. As a result, the fair value of contingent consideration has been adjusted.

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Trade receivables	31,901	34,759
Less: Provision for impairment of receivables	(562)	(426)
	31,339	34,333
Other receivables	5,367	4,668
Security deposits	1,044	1,041
	37,750	40,042

Note 7. Non-current assets - intangibles

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Goodwill - at cost	111,393	112,664
Less: Accumulated impairment	(6,670)	(6,668)
	<u>104,723</u>	<u>105,996</u>
Customer relationships and contracts - at cost	83,782	82,642
Less: Accumulated amortisation	(46,316)	(41,941)
Less: Accumulated impairment	(1,779)	(1,779)
	<u>35,687</u>	<u>38,922</u>
Software and capitalised development - at cost	51,711	47,403
Less: Accumulated amortisation	(30,563)	(28,020)
	<u>21,148</u>	<u>19,383</u>
Brands - at cost	24,598	24,719
	<u>186,156</u>	<u>189,020</u>

Reconciliations

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

Consolidated	Goodwill* \$'000	Customer relationships and contracts* \$'000	Software and capitalised development \$'000	Brands \$'000	Total \$'000
Balance at 1 July 2016	105,996	38,922	19,383	24,719	189,020
Additions	-	1,061	4,407	4	5,472
Exchange differences	(1,273)	32	(20)	(125)	(1,386)
Amortisation expense	-	(4,328)	(2,622)	-	(6,950)
Balance at 31 December 2016	<u>104,723</u>	<u>35,687</u>	<u>21,148</u>	<u>24,598</u>	<u>186,156</u>

*Refer to note 13 for the finalisation of prior period business combinations which has resulted in comparatives being adjusted.

Note 8. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Trade payables	3,284	5,884
Amounts received in advance	4,510	4,206
Accrued expenses	9,797	8,187
Other payables	1,428	984
	<u>19,019</u>	<u>19,261</u>

Note 9. Current liabilities - borrowings

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Bank loans	-	56,000
Prepaid facility costs	-	(125)
	-	55,875

Refer to note 10 for further information on assets pledged as security and financing arrangements.

Note 10. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Bank loans	65,000	-
Prepaid facility costs	(162)	-
	64,838	-

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Bank loans	65,000	56,000

Assets pledged as security

On 7 July 2016, the group entered into a second amendment and restatement deed and increased the total bank loans facility from \$65,000,000 to \$75,000,000. The bank loans are secured by fixed and floating charge over the group's assets. The renewed facility is for 3 years with a maturity date of 7 July 2019.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
Total facilities		
Bank loans	75,000	65,000
Used at the reporting date		
Bank loans	65,000	56,000
Unused at the reporting date		
Bank loans	10,000	9,000

Note 11. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Final dividend for the year ended 30 June 2016 (2015: 30 June 2015) of 4.43 cents (2015: 3.8 cents) per ordinary share	8,860	7,600

On 21 February 2017, the directors declared a fully franked interim dividend for the year ending 30 June 2017 of 3.1 cents per ordinary shares, to be paid on 23 March 2017 to eligible shareholders on the register as at 9 March 2017. This equates to a total estimated distribution of \$6,200,000, based on the number of ordinary shares on issue as at 31 December 2016. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2016 financial statements and will be recognised in subsequent financial reports.

Note 12. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Interest rate swap contracts - cash flow hedges	-	259	-	259
Contingent consideration	-	-	10,250	10,250
Total liabilities	-	259	10,250	10,509

Consolidated - 30 Jun 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Interest rate swap contracts - cash flow hedges	-	532	-	532
Contingent consideration	-	-	28,743	28,743
Total liabilities	-	532	28,743	29,275

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

The carrying values of financial assets and financial liabilities presented represent a reasonable approximation of fair value. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Contingent consideration is valued at each reporting date based on the likely settlement amount which is discounted to present value. The fair value is determined using a discounted cash flow method. Significant unobservable valuation inputs in relation to contingent consideration include, estimated earnings before interest, tax, depreciation and amortisation ('EBITDA'), revenue and the discount rate.

Note 12. Fair value measurement (continued)

Interest rate swap contracts have been valued at each reporting date using quoted market rates. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counter parties. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

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

Consolidated	Contingent consideration \$'000	Total \$'000
Balance at 1 July 2016	(28,743)	(28,743)
Gains recognised in profit or loss	11,503	11,503
Exchange differences	(45)	(45)
Contingent consideration payout	7,033	7,033
Balance at 31 December 2016	<u>(10,252)</u>	<u>(10,252)</u>

The level 3 liabilities' unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration - King Content	EBITDA	Range of \$900,000 to \$1,100,000 (average \$1,000,000)	10% increase/(decrease) in EBITDA would increase/(decrease) in fair value by \$192,000.
Contingent consideration - SNC Korea	Revenue	Range of \$5,920,000 to \$7,235,000 (average \$6,578,000)	10% increase/(decrease) in revenue would increase/(decrease) in fair value by \$494,000.
Contingent consideration - Beyond Korea	Revenue	Range of \$3,560,000 to \$4,351,000 (average \$3,956,000)	10% increase/(decrease) in revenue would increase/(decrease) in fair value by \$178,000.
Contingent consideration - New Point Marketing Limited	Revenue	Range of \$1,689,000 to \$2,064,000 (average \$1,877,000)	10% increase/(decrease) in revenue would increase/(decrease) in fair value by \$142,000.

A discount rate of 4% was applied in the discounted cash flow model. A 0.50% change in the discount rate would increase/decrease the fair value of the contingent consideration liability by \$40,000.

Note 13. Business combinations

Isentia SNC Korea Co. Ltd & The Beyond Co. Ltd. (comparative period)

In the prior year, the group acquired 100% of the ordinary shares of Isentia SNC Korea Co. Ltd ('SNC') and 51% of the ordinary shares of The Beyond Co. Ltd. ('Beyond') for a total consideration of \$11,305,000.

These business combinations were finalised in the current financial period and this has resulted in the recognition of a customer relationships and contracts intangible asset of \$4,321,000, deferred tax liability of \$1,296,000 and a decrease in goodwill of \$3,025,000. These balances were recognised as adjustments to the balance sheet as at 30 June 2016.

Note 13. Business combinations (continued)

Finalisation of provisional accounting did not impact the comparative period statement of profit or loss and other comprehensive income or opening accumulated losses.

Details of the acquisitions are summarised as follows, and have been updated accordingly:

	Fair value \$'000
Cash and cash equivalents	73
Trade receivables	436
Prepayments	11
Property, plant and equipment	52
Customer relationships and contracts	4,321
Other non-current assets	93
Trade and other payables	(288)
Deferred tax liability	(1,296)
Net assets acquired	3,402
Goodwill	7,903
Acquisition-date fair value of the total consideration transferred	<u>11,305</u>

Note 14. Earnings per share

	Consolidated 31 Dec 2016 \$'000	31 Dec 2015 \$'000
Profit after income tax attributable to the owners of Isentia Group Limited	<u>18,740</u>	<u>10,268</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	200,000,001	200,000,001
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>434,616</u>	<u>465,456</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>200,434,617</u>	<u>200,465,457</u>
	Cents	Cents
Basic earnings per share	9.370	5.134
Diluted earnings per share	9.350	5.122

Note 15. Events after the reporting period

Apart from the dividend declared as disclosed in note 11, no other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Doug Flynn
Chairman

21 February 2017
Sydney

Independent Auditor's Review Report to the members of Isentia Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Isentia Group Limited, which comprises the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 17.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 Isentia Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

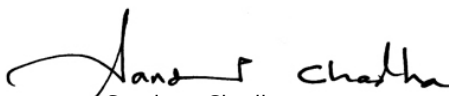
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Isentia Group Limited, would be in the same terms if given to the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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants
Sydney, 21 February 2017