PACIFIC STAR NETWORK LIMITED
ABN 20 009 221 630

APPENDIX 4D

Interim Financial Report
for the half year ended 31 December 2019

This half year financial report provided to the ASX under Listing Rule 4.2A should be read in conjunction with the Annual Report for the year ended 30 June 2019.

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Appendix 4D

Results for announcement to the market

1. Company Details

Name of Entity	Pacific Star Network Limited
ABN	20 009 221 630
Half Year Ended (current period) Half Year Ended (previous period)	31 December 2019 31 December 2018

2. Results for announcement to the market

	Change %		**31 December 2019 $000s**	** Restated* 31 December 2018 $000s
2.1 Revenues from ordinary activities	Up 13%	to	38,686	34,296
2.2 EBITDA (underlying)[1] from ordinary activities	Down 3%	to	4,825	4,991
2.3 Pre AASB 16 EBITDA (underlying)[1, 2] from ordinary activities	Down 20%	to	4,017	4,991
2.4 Profit from ordinary activities after tax attributable to members	Down 34%	to	1,220	1,837
2.5 Net profit from ordinary activities after tax attributable to members	Down 34%	to	1,220	1,837

3. Dividends

After careful consideration, the directors have taken the decision to not pay an interim dividend to enable the ongoing investment across the Group.

4. Net Tangible Asset (NTA) Backing

	31 December 2019	** Restated* 31 December 2018
Net tangible asset backing per ordinary security	(7.7) cents	0.8 cents
Net asset backing per ordinary security	22.5 cents	20.7 cents

* Comparative period was restated to reflect the finalisation of provisional accounting for the Crocmedia Business combination. Refer Note 10.

[1] Underlying results exclude once-off significant transaction costs of $0.194 million associated with the acquisitions of Rapid TV, Precision Talent, and the narrowband radio licences. Similarly, the Underlying results for 2018 exclude $0.479 million of restructuring and transaction costs associated with the acquisitions of Crocmedia, Melbourne United, and AFL Record, as well as the transaction costs and profit on disposal ($0.506 million) of the Morrison Media subsidiary.

[2] Underlying excludes the impact of application of AASB 16 *Leases*. Refer to note 2 detailing the changes to the Group's policies and application of AASB 16 on the half year result.

Appendix 4D

Results for announcement to the market

5. Control gained or lost over businesses during the period

Name of business	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
	31 December 2019 %	31 December 2018 %	**31 December 2019 $000s**	31 December 2018 $000s
Control Gained				
Rapid TV Pty Ltd [1]	**100%**	Nil%	**-**	-
Rapid Broadcast Pty Ltd [1]	**100%**	Nil%	**-**	-
Precision Talent Management	**100%**	Nil%	**63**	-

6. Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
	31 December 2019 %	31 December 2018 %	**31 December 2019 $000s**	31 December 2018 $000s
D R B Melbourne Pty Ltd	**18%**	18%	**(6)**	(26)
Melbourne United Basketball Club Pty Ltd [2]	**25%**	25%	**-**	-

[1] The control gained in Rapid TV Pty Ltd and Rapid Broadcast Pty Ltd are anticipated to reduce production costs in the Rainmaker TV content division, however a contribution to the Group's net profit is not determinable at the half year and the estimated contribution is not material to the Group's result.

[2] Due to the seasonality of the Melbourne United operations an accurate contribution to the Group's net profit is not determinable and the estimated contribution is not material to the Group's result.

Note:

The information contained in this Appendix 4D and the attached Half Year Financial Report, do not include all of the notes of the type normally included in the annual financial statements.

Accordingly, these reports are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The directors of Pacific Star Network Limited ("the Company"), submit herewith the half-year financial report of the consolidated entity consisting of the Company and the entities it controlled ("the Group") for the period ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

Directors

The following persons held office as directors of Company during and since the end of the financial period:

Name	Particulars
Craig Coleman	Appointed Non-Executive Director and Chairman on 15 November 2017
Colm O'Brien	Appointed Non-Executive Director on 8 September 2015
Andrew Moffat	Appointed Non-Executive Director on 15 November 2017
Craig Hutchison	Appointed Chief Executive Officer & Managing Director on 29 March 2018
Chris Giannopoulos	Appointed Executive Director on 29 March 2018
Ronald Hall	Appointed as an alternative Non-Executive Director on 18 November 2017

Principal Activities

Pacific Star Network Limited is a sports media content and entertainment business, which through its other complementary business units, has capabilities to deliver brand stories to national, metropolitan and regional audiences with unique and exclusive content via multiple platforms including radio, print, television, online, in-stadium and events.

Review of Operations

- For the half year ended 31 December 2019, the Group delivered a pleasing financial result with total revenue from continuing operations of $38.7 million up by 16% and underlying EBITDA at $4.825 million down by 3% on the comparative period. All areas of the business continued to grow revenue in a declining radio advertising market as the business continues to invest in long-term strategic initiatives.
- The Group's half year ended 31 December 2019 results reflect the adoption of the new Accounting Standard AASB 16 Leases. The Group has adopted AASB 16 using the modified retrospective approach and, as a result, prior period comparatives have not been restated. The Group's underlying EBITDA for the half year pre application of AASB16 was $4.017 million, down by 20% on the comparative period.
- On 2 July 2019, the Group signed an agreement to acquire 23 narrowband area radio licences for total cash consideration of $6.875 million less $0.250 million paid in December 2018, with the remaining $6.625 million paid in July 2019 on completion.

  The licences will transform the Group's radio platform ownership, significantly expanding its radio audience reach and providing opportunity to leverage its extensive content portfolio. The licences cover several regional radio markets as well as Brisbane, Adelaide, Sydney, Perth, Darwin, Alice Springs and Gold Coast.
- On 19 July 2019, the Group acquired 100% of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd for a cash consideration of $2.223 million, deferred contingent consideration of up to $0.400 million in cash and an issuance of 600,000 performance rights to acquire the fully paid ordinary shares in the Companies. Both the deferred contingent consideration and the exercising of the performance rights are subject to the achievement of performance targets during the first twelve months following acquisition.

  Rapid TV provides live satellite and internet-based vision transfer services through state-of-the-art facilities, in Australia and internationally and will integrate seamlessly with the Group's Rainmaker division providing dedicated television production services to both broadcasters and brands, including production, filming, editing, talent sourcing and delivery.
- On 21 August 2019, the Group signed an agreement to acquire 100% of the business assets in Precision Talent Management Pty Ltd for a total consideration of $1.000 million. The purchase price was funded through 50% existing cash reserves and 50% PNW scrip.

  Precision aligns with the Group's 'Whole of Sport' offering, representing over 80 past and present AFL and AFLW players and coaches, cricketers and other media talent.

Directors' Report

Significant Changes in the State of Affairs

Other than the matters referred to above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half year ended 31 December 2019.

Profit/(loss) per Share

The basic profit per share was 0.60 cents (restated 2018: 0.90 cents) and the diluted profit per share was 0.58 cents (restated 2018: 0.87 cents). Underlying earnings per share was 0.69 cents (restated 2018: 0.89 cents).

The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic loss per share was 203,945,818 shares (2018: 202,849,078 shares).

Events since the end of the Financial Half Year

Acquisition of Lifestyle1

On 20 January 2020, the Group signed an agreement to acquire 100% of the business assets in Lifestyle1 publishing business for a total cash consideration of $0.080 million, with $0.046 million paid in December 2019, and the balance paid upon completion.

Likely Developments and Expected Results of Operations

Certain information regarding likely developments in the operations of the Group in future financial years is set out above or elsewhere in the Financial Report. The disclosure of other information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group or any entity that is part of the Group. Accordingly, the directors have chosen not to disclose this information in this report.

Dividends

Directors have resolved to not declare a final dividend for the half year (2018: 0.0 cents).

Directors have formed the view that free cash flow should be directed towards the future growth of the business and ongoing investment across the Group.

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31 December 2019 as required under Section 307(c) of the Corporations Act 2001 has been received and is located on page 7.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of Amounts

In accordance with ASIC Legislative Instrument 2016/191, amounts shown in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors,

Craig Coleman

Chairman

Melbourne, 26 February 2020

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DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF PACIFIC STAR NETWORK LIMITED

As lead auditor for the review of Pacific Star Network Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pacific Star Network Limited and the entities it controlled during the period.

David Garvey
Director

BDO Audit Pty Ltd

Melbourne, 26 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pacific Star Network Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pacific Star Network Limited (the Company) and its subsidiaries (the Group), 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

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

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 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 Group's financial position as at 31 December 2019 and its financial 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 the Group, 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.

Independence

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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

David Garvey
Director

Melbourne, 26 February 2020

Directors' Declaration

In the opinion of the Directors of Pacific Star Network Limited

a) the financial statements and notes set out on pages 11 to 30 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019, and of its performance for the half year ended on that date; and

   (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and other mandatory professional reporting requirements; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001

On behalf of the Directors,

Craig Coleman

Chairman

Melbourne, 26 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Half Year Ended 31 December 2019

	Notes	31 December 2019 $'000s	* Restated 31 December 2018 $'000s
REVENUE	**3**	**38,686**	33,420
Sales and marketing expenses		**(12,476)**	(10,600)
Occupancy expenses		**(424)**	(699)
Administration expenses		**(3,870)**	(2,296)
Technical expenses		**(10,371)**	(11,517)
Production / creative expenses		**(5,163)**	(1,407)
Significant / restructuring costs		**(194)**	(479)
Corporate expenses		**(1,550)**	(1,884)
Depreciation and amortisation		**(2,351)**	(1,550)
Finance costs		**(459)**	(284)
Loss on investments accounted for using the equity method		**(6)**	(26)
EXPENSES		**(36,864)**	(30,742)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**1,822**	2,678
Income tax expense		**(602)**	(1,436)
PROFIT FOR THE HALF YEAR AFTER INCOME TAX FROM CONTINUING OPERATIONS		**1,220**	1,242
Profit after income tax expense from discontinued operations	**11**	**-**	595
PROFIT FOR THE HALF YEAR AFTER INCOME TAX		**1,220**	1,837
Other comprehensive income net of tax		**-**	-
COMPREHENSIVE INCOME FOR THE HALF YEAR		**1,220**	1,837

** Comparative period was restated to reflect the finalisation of provisional accounting for the Crocmedia Business combination. Refer Note 10.*

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Half Year Ended 31 December 2019

	Notes	**31 December 2019** $'000s	* Restated 31 December 2018 $'000s
EARNINGS PER SHARE FOR PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE OWNERS			
Basic (cents per share)	**4**	**0.60**	0.61
Diluted (cents per share)	**4**	**0.58**	0.59
EARNINGS PER SHARE FOR PROFIT FROM DISCONTINUING OPERATIONS ATTRIBUTABLE TO THE OWNERS			
Basic (cents per share)	**4**	**Nil**	0.29
Diluted (cents per share)	**4**	**Nil**	0.28
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE OWNERS			
Basic (cents per share)	**4**	**0.60**	0.90
Diluted (cents per share)	**4**	**0.58**	0.87

** Comparative period was restated to reflect the finalisation of provisional accounting for the Crocmedia Business combination. Refer Note 10.*

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 31 December 2019

	Notes	31 December 2019 $'000s	30 June 2019 $'000s
CURRENT ASSETS			
Cash and cash equivalents		**4,538**	4,934
Trade and other receivables		**9,573**	13,850
Prepayments		**4,737**	2,870
TOTAL CURRENT ASSETS		**18,848**	21,654
NON-CURRENT ASSETS			
Property, plant and equipment		**8,904**	6,362
Right-of-use assets		**13,581**	-
Deferred tax assets		**920**	736
Investments accounted for using the equity method		**933**	938
Intangibles	**5**	**48,293**	39,726
Other non-current assets		**-**	1,375
TOTAL NON-CURRENT ASSETS		**72,631**	49,137
TOTAL ASSETS		**91,479**	70,791
CURRENT LIABILITIES			
Trade and other payables		**9,788**	9,416
Borrowings	**6**	**4,288**	101
Lease liabilities		**1,243**	-
Income tax payable		**599**	998
Deferred revenue		**400**	404
Provisions		**1,556**	1,625
TOTAL CURRENT LIABILITIES		**17,874**	12,544
NON-CURRENT LIABILITIES			
Borrowings	**6**	**9,040**	8,347
Lease liabilities		**12,200**	-
Deferred tax liability		**5,050**	4,637
Deferred revenue		**800**	978
Provisions		**461**	243
TOTAL NON-CURRENT LIABILITIES		**27,551**	14,205
TOTAL LIABILITIES		**45,425**	26,749
NET ASSETS		**46,054**	44,042
EQUITY			
Issued capital	**7**	**55,243**	54,716
Share-based payment reserve		**1,206**	941
Accumulated losses		**(10,395)**	(11,615)
TOTAL EQUITY		**46,054**	44,042

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Financial Half Year Ended 31 December 2019

	Notes	Issued Capital $'000s	Share Based Payment Reserve $'000s	Accumulated Losses $'000s	Total $'000s
TOTAL EQUITY AT 1 JULY 2019		**54,716**	**941**	**(11,615)**	**44,042**
Profit after income tax		**-**	**-**	**1,220**	**1,220**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**1,220**	**1,220**
Transactions with owners in their capacity as owners					
Issue of share capital	**7**	**531**	**(31)**	**-**	**500**
Share issue costs	**7**	**(4)**	**-**	**-**	**(4)**
Share Based Payments		**-**	**296**	**-**	**296**
TOTAL EQUITY AT 31 DECEMBER 2019		**55,243**	**1,206**	**(10,395)**	**46,054**
				** Restated*	
TOTAL EQUITY AT 1 JULY 2018		54,642	748	(15,634)	39,756
Profit after income tax **Restated*		-	-	1,837	1,837
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	1,837	1,837
Transactions with owners in their capacity as owners					
Issue of share capital	**7**	74	-	-	74
Share Based Payments		-	288	-	288
TOTAL EQUITY AT 31 DECEMBER 2018		54,716	1,036	(13,797)	41,955

** Comparative period was restated to reflect the finalisation of provisional accounting for the Crocmedia Business combination. Refer Note 10.*

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the Financial Half Year Ended 31 December 2019

	Notes	31 December 2019 $'000s	31 December 2018 $'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**45,558**	42,568
Payments to suppliers and employees (inclusive of GST)		**(36,432)**	(38,053)
Interest received		**1**	5
Interest and other costs of finance paid		**(357)**	(289)
Income taxes paid		**(1,201)**	(628)
Net operating cash flows provided by operating activities		**7,569**	3,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		**(1,765)**	(1,021)
Payment for intangible assets – radio licences		**(5,964)**	-
Payment for intangible assets – computer software		**(147)**	-
Payment for the acquisition of AFL Record		**(1,752)**	(2,238)
Payment for the acquisition of Rapid TV	**10**	**(2,223)**	-
Payment for the acquisition of Precision Talent	**10**	**(500)**	-
Payment for the acquisition of Lifestyle1	**9**	**(46)**	-
Payments for the investment in an associate		**-**	(1,000)
Proceeds from the disposal of subsidiary	**11**	**-**	1,233
Net cash used in investing activities		**(12,397)**	(3,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	74
Proceeds from borrowings		**5,000**	2,800
Repayment of borrowings		**(131)**	(2,771)
Repayment of lease liabilities		**(437)**	-
Net cash provided by financing activities		**4,432**	103
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(396)**	680
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE HALF YEAR		**4,934**	7,981
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR		**4,538**	8,661

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. In addition, significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The financial statements are for the consolidated entity consisting of Pacific Star Network Limited ("the Company") and its subsidiaries ("the Group").

Basis of Preparation

This general purpose half-year financial report has been prepared by a for-profit entity in accordance with AASB 134 *"Interim Financial Reporting"* and the *Corporations Act 2001*.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *"Interim Financial Reporting"*.

The financial statements are for the consolidated entity, comprising Pacific Star Network Limited ("the Company") and its subsidiaries.

The consolidated financial statements have been prepared under the historical cost convention, except for where applicable, the evaluation of certain non-current assets and financial instruments.

Cost is based on the valuation of consideration given. The accounting policies utilised in preparing the half-year financial report are consistent with those adopted for previous periods, but the half-year report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2019 and any public announcements made during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

Statement of Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards (IFRS) as adopted in Australia. The financial statements and notes of Pacific Star Network Limited comply with International Financial Reporting Standards (IFRS).

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Pacific Star Network Limited (the parent entity) and all entities that the parent entity controlled from time to time during the half year and at reporting date.

The financial statements of controlled entities are prepared for the same reporting half year as the parent entity, using consistent accounting policies.

All intercompany balances and transactions have been eliminated in full.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to "rounding off" of amounts in the financial report.

Amounts in the financial report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise indicated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

2. Changes in Accounting Policies

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities (included in finance costs).

The group has adopted AASB 16 using the modified retrospective approach from 1 July 2019, as such has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact on the financial performance and position of the consolidated entity from the adoption of AASB 16 is detailed in note 2 (c).

a) Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

b) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

2. Changes in Accounting Policies cont'd

c) Impact on transition

On transition to AASB 16, the Group recognised the right-of-use assets and lease liabilities. The impact on transition is summarised below.

	1 July 2019
	$'000s
Right-of-use assets	**12,859**
Lease liabilities	**12,592**
Make good provision	**267**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.43%.

	1 July 2019
	$'000s
Operating lease commitments disclosed as at 30 June 2019	6,441
Discounted using the incremental borrowing rate of at the date of initial application	(2,487)
Add: adjustments as a result of a different treatment of extension and termination options	8,638
Lease liability recognised as at 1 July 2019	**12,592**
Being:	
- Current lease liabilities	**1,268**
- Non-current lease liabilities	**11,324**
	12,592

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

2. Changes in Accounting Policies cont'd

d) Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income

The impact on the consolidated profit and loss for the half-year ended 31 December 2019 as a result of the adoption of the new leases standard is set out below. The "Historical" profit and loss reflects the trading results of the Group as reported in the Statement of Profit or Loss, prepared in accordance with the new leasing standard AASB16.

	Historical	Impact	Reported
	$'000s	**$'000s**	**$'000s**
Revenue	**38,686**	**-**	**38,686**
Sales and marketing expenses	(12,476)	-	(12,476)
Occupancy expenses	(1,061)	637	(424)
Administration expenses	(3,870)	-	(3,870)
Technical expenses	(10,371)	-	(10,371)
Production / creative expenses	(5,299)	136	(5,163)
Significant / restructuring costs	(229)	35	(194)
Corporate expenses	(1,550)	-	(1,550)
Depreciation and amortisation	(1,736)	(615)	(2,351)
Finance costs	(265)	(194)	(459)
Loss on investments accounted for using the equity method	(6)	-	(6)
EXPENSES	**(36,863)**	**(1)**	**(36,864)**
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	**1,823**	**(1)**	**1,822**
Income tax expense	(602)	-	(602)
PROFIT FOR THE HALF YEAR AFTER INCOME TAX FROM CONTINUING OPERATIONS	**1,221**	**(1)**	**1,220**
Profit after income tax expense from discontinued operations	-	-	-
PROFIT FOR THE HALF YEAR AFTER INCOME TAX	**1,221**	**(1)**	**1,220**

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

3. Revenue from Continuing Activities

	31 December 2019	31 December 2018
	$'000s	$'000s
Revenue from contracts with customers		
Media revenue	**31,537**	27,692
Complementary Services revenue	**7,083**	5,728
	38,620	33,420
Other revenue		
Interest revenue	**1**	-
Other revenue	**65**	-
	66	-
Revenue from continuing operations	**38,686**	33,420

4. Earnings per Share

Basic and diluted earnings per Share

The profit and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	31 December 2019	31 December 2018
Weighted average number of ordinary shares on issued for calculation of:	**No. '000s**	No. '000s
Basic ordinary shares	**203,946**	202,849
Diluted ordinary shares	**211,933**	209,659
	$'000s	$'000s
Continued operations		** Restated*
Profit for the half year	**1,220**	1,242
Basic earnings / (loss) (cents per share)	**0.60**	0.61
Diluted earnings / (loss) (cents per share)	**0.58**	0.59
Discontinued operations		
Profit for the half year	**-**	595
Basic earnings (cents per share)	**-**	0.29
Diluted earnings (cents per share)	**-**	0.28
Total operations		
Profit for the half year	**1,220**	1,837
Basic earnings / (loss) (cents per share)	**0.60**	0.90
Diluted earnings / (loss) (cents per share)	**0.58**	0.87

** Comparative period was restated to reflect the finalisation of provisional accounting for the Crocmedia Business combination. Refer Note 10.*

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

5. Intangible Assets

	31 December 2019	30 June 2019
	$'000s	$'000s
Broadcasting & Media		
Goodwill – indefinite useful life	8,694	8,358
Radio licences - indefinite useful life	8,169	8,169
Patents and trademarks – indefinite useful life	134	132
Broadcast rights – finite useful life	9,280	9,280
Broadcast rights – amortisation	(1,624)	(1,160)
	7,656	8,120
Supplier relationships – finite useful life	7,437	7,437
Supplier relationships – amortisation	(1,301)	(930)
	6,136	6,507
Website and computer software – finite useful life	1,154	658
Website and computer software – amortisation	(274)	(176)
	880	482
Total Broadcasting & Media	**31,669**	31,768
Regional Radio Licences		
Radio licences - indefinite useful life	7,316	-
Total Regional Radio Licences	**7,316**	-
AFL Record		
Brand and distribution rights – indefinite useful life	7,958	7,958
Total AFL Record	**7,958**	7,958
Complimentary Services – Precision Talent Management		
Talent contracts – finite useful life	1,429	-
Talent contracts – amortisation	(79)	-
	1,350	-
Total Complimentary Services – Precision Talent Management	**1,350**	-
Total Intangible Assets	**48,293**	39,726

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

5. Intangible Assets cont'd

a) Reconciliation of net book value

	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relationships	Talent Contracts	Patents and Trademarks	Mastheads	Websites and Computer software	Total
Net Book Value	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Balance at 1 July 2019	8,358	7,958	8,169	8,120	6,507	-	132	-	482	39,726
Acquired on business combination	336	-	-	-	-	1,429	-	-	-	1,765
Additions	-	-	7,316	-	-	-	2	-	496	7,814
Amortisation	-	-	-	(464)	(371)	(79)	-	-	(98)	(1,012)
Balance at 31 December 2019	**8,694**	**7,958**	**15,485**	**7,656**	**6,136**	**1,350**	**134**	**-**	**880**	**48,293**

	Goodwill	Brand and distribution rights	Radio licences	Broadcast rights	Supplier relationships	Talent Contracts	Patents and Trademarks	Mastheads	Websites and Computer software	Total
Net Book Value	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Balance at 1 July 2018	8,358	-	8,169	9,046	7,252	-	122	1,280	163	34,390
Acquired on business combination	-	7,958	-	-	-	-	-	-	-	7,958
Disposals	-	-	-	-	-	-	-	(1,280)	-	(1,280)
Amortisation	-	-	-	(977)	-	-	-	-	(33)	(1,010)
Restatement	-	-	-	513	(372)	-	-	-	-	141
Balance at 31 December 2018	**8,358**	**7,958**	**8,169**	**8,582**	**6,880**	**-**	**122**	**-**	**130**	**40,199**

The Group has performed an assessment of impairment indicators at the end of the reporting period, following the full impairment testing that was conducted at 30 June 2019.

It was identified that the Broadcasting & Media CGU had under performed when compared to the impairment testing at 30 June 2019. Therefore an impairment test was performed at 31 December 2019 which confirmed no impairment was required.

There were no other indicators of impairment identified that required a full impairment test to be conducted at the end of the reporting period for the other CGU's.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

6. Borrowings

	31 December 2019	30 June 2019
	$'000s	$'000s
Bank loan – current	**4,288**	101
Bank loan – non-current	**9,040**	8,347
	13,328	8,448

Debt Maturity

The Company has a $15.100 million facility with the Commonwealth Bank of Australia which expires on 31 August 2021.

Included in current bank loans is a $4.000 million market rate loan, which is subject to an annual review, however is payable on the maturity date of the facility on 31 August 2021.

Debt Covenants

The Company was fully compliant with banking covenants for the reporting period.

Debt Security

CBA have first ranking security over all assets of the Company and its subsidiaries.

Debt Facility - Financial Undertakings

The agreement under which the Commonwealth Bank of Australia facilities have been made available contains financial undertakings typical for facilities of this nature.

The undertakings include financial undertakings that are to be tested at financial year end and financial half-year end based on the preceding 12-month period.

The financial undertakings relate to both leverage and interest coverage and include:

- Annual financial statements to be provided by 30 November of each calendar year;
- Group management accounts to be provided within 45 days of end of the quarter;
- Compliance certificate to be provided within 45 days of each calendar quarter;
- Budgets for next financial year to be provided by 31 July each year; and
- ASX notices are to be advised within seven days of release to the market.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

7. Issued Capital

Contributed Equity

	31 December 2019	31 December 2018
	No.	No.
Number of shares on issue	**204,827,185**	202,941,469
	$'000s	$'000s
Total amount paid on these shares	**55,243**	54,716

	31 December 2019		31 December 2018	
	No. '000s	**$'000s**	No. '000s	$'000s
Fully Paid Ordinary Share Capital				
Balance at beginning of half year	**202,941**	**54,716**	202,691	54,642
Issue of shares – EEIP	**100**	**31**	250	74
Issue of shares – Business Combination	**1,786**	**500**	-	-
Share issue costs	**-**	**(4)**	-	-
Total issued shares during the half year	**1,886**	**527**	250	74
Balance at the end of the half year	**204,827**	**55,243**	202,941	54,716

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity but are recognised as expenses through the Statement of Profit or Loss and Other Comprehensive Income.

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up in proportion to the number of and amounts paid on shares held.

The fully paid ordinary shares have no par value.

Terms and Conditions of Issued Capital Ordinary Shares

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts of paid up shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of shareholders.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

8. Segment Information

The company operates in the Media industry in Australia.

There are three operating segments – media, complementary services, and head office.

AASB 8 requires operating segments to be disclosed in a manner that reflects the management information reviewed by the CODM. The financial performance of each segment is reviewed by CODM at the level of earnings before interest, tax, depreciation and amortisation (EBITDA), pre AASB 16 Leases adjustments.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Accordingly, reporting segments have been determined based on business and cash generating units at the reporting date, as this forms the basis of reporting to the Board (CODM).

Unallocated items

Income tax expense is not allocated to operating segments as they are not considered part of the core operations of any segment.

Accounting policies adopted

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

Intersegment transactions

Internally determined management fees are set for intersegment activities and all such transactions are eliminated on consolidation of the financial statements.

	Media	**Complem-entary**	**Head Office**	**Total**
31 December 2019	**$'000s**	**$'000s**	**$'000s**	**$'000s**
Segment Revenue	**31,537**	**7,083**	**66**	**38,686**
Underlying EBITDA pre AASB 16	**7,738**	**1,845**	**(5,566)**	**4,017**
Rent expense adjustment from AASB 16	**136**	**-**	**672**	**808**
Depreciation & Amortisation	**(218)**	**-**	**(2,133)**	**(2,351)**
Earnings before interest, tax & significant items	**7,656**	**1,845**	**(7,027)**	**2,474**
Net finance cost	**-**	**-**	**(458)**	**(458)**
Significant / restructuring costs	**(74)**	**-**	**(120)**	**(194)**
Segment profit / (loss) before tax	**7,582**	**1,845**	**(7,605)**	**1,822**

	Media[1]	Complem-entary	Head Office	Total
31 December 2018	$'000s	$'000s	$'000s	$'000s
Segment Revenue	27,692	5,728	-	33,420
Underlying EBITDA	7,222	1,497	(3,728)	4,991
Depreciation & Amortisation	(208)	-	(1,342)	(1,550)
Earnings before interest, tax & significant items	7,014	1,497	(5,070)	3,441
Net finance cost	-	-	(284)	(284)
Restructuring costs	(8)	-	(471)	(479)
Segment profit / (loss) before tax	7,006	1,497	(5,825)	2,678

[1] excludes discontinued operations segment revenue of $0.876 million and segment profit before tax of $0.633 million recorded through the discontinued operations of Morrison Media.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

9. Events subsequent to reporting date

Other than the matters set out below, there have been no matters or circumstances occurring subsequent to the end of the half-year, that has significantly effected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Acquisition of Lifestyle1

On 20 January 2020, the Group signed an agreement to acquire 100% of the business assets in Lifestyle1 publishing business for a total cash consideration of $0.080 million with $0.046 million paid in December 2019, and the balance payable upon completion.

10. Business Combinations

Crocmedia

At 31 December 2018, this business combination had been accounted for on a provisional basis in accordance with AASB 3 Business Combinations. Therefore, the fair value of assets acquired, liabilities and contingent liabilities assumed were initially estimated by the Group, taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and therefore may have an impact on the assets and liabilities, depreciation and amortisation reported.

The Group finalised the accounting for this business combination in June 2019, and in doing so recognised Supplier Relationships as intangible assets. As noted above the finalised accounting is retrospective. The adjustment therefore impacts the 31 December 2018 financial year reported comparatives.

Set out below is the impact the finalisation of the provisional accounting had on the 31 December 2018 financial statements.

Adjustments to the 31 December 2018 Consolidated Statement of Profit or Loss and Other Comprehensive income:

	Profit before income tax	Tax (expense) / credit	Net (Loss) for year
	$'000s	**$'000s**	**$'000s**
Provisional accounting basis	**2,537**	**(1,436)**	**1,101**
Adjustments to finalise provisional accounting:			
Amortisation – supplier relationships	(372)	-	(372)
Amortisation – broadcasting contracts	513	-	513
Post provisional accounting adjustments	**2,678**	**(1,436)**	**1,242**

Details of the original purchase consideration terms, fair value of the net assets acquired as recorded on the provisional basis and the final position as impacting the fair value of net assets acquired, and intangible assets are as follows:

	Provisional Fair Value	Movement	Final Fair Value
	$'000s	**$'000s**	**$'000s**
Cash and cash equivalents	1,306	-	1,306
Trade and other receivables	5,741	-	5,741
Prepayments	1,903	-	1,903
Property, plant and equipment	2,476	-	2,476
Borrowings	(2,771)	-	(2,771)
Trade and other payables	(5,849)	-	(5,849)
Deferred revenue	(242)	-	(242)
Provisions	(135)	-	(135)
Deferred tax asset	-	280	280
Income tax receivables	-	131	131
Net Identifiable Assets Acquired	**2,429**	**411**	**2,840**

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

10. Business Combinations cont'd

Crocmedia cont'd

Goodwill arising on the acquisition was as follows:

	Provisional	Movement	Final
	$'000s	**$'000s**	**$'000s**
Purchase consideration – shares issued	22,900	-	22,900
Less: Fair value of net identifiable assets acquired	(2,429)	(411)	(2,840)
Less: Fair value of intangible contracts acquired	(9,280)	(7,437)	(16,717)
Add: Deferred tax liability – on intangibles	-	5,015	5,015
Goodwill arising on acquisition	**11,191**	**(2,833)**	**8,358**

Rapid TV

On 19 July 2019, the Group acquired 100% of Rapid TV Pty Ltd and Rapid TV Broadcast Pty Ltd for a cash consideration of $2.223 million, deferred contingent consideration of up to $0.400 million in cash and an issuance of 600,000 performance rights to acquire the fully paid ordinary shares in the Company, both of which have been determined to be performance incentives and do not form a component of the purchase consideration. The deferred contingent consideration and the exercising of the performance rights are subject to the achievement of performance targets during the first twelve months following acquisition.

Rapid TV provides live satellite and internet-based vision transfer services through state-of-the-art facilities, in Australia and internationally and will integrate seamlessly with the Group's Rainmaker division providing dedicated television production services to both broadcasters and brands, including production, filming, editing, talent sourcing and delivery.

Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	Fair Value
	$'000s
Fair Values of assets and liabilities assumed at the date of acquisition	
Property, plant and equipment	1,887
Net Identifiable Assets Acquired	**1,887**
Settlement of purchase consideration	$'000s
Cash paid	2,223
Purchase consideration	**2,223**

The Group will finalise its fair value assessment for the acquisition of Rapid TV in the financial statements of the Group for the year ending 30 June 2020.

The provisional goodwill arising on the acquisition was as follows:

	$'000s
Purchase consideration	2,223
Less: provisional value of net identifiable assets acquired	(1,887)
Provisional goodwill arising on acquisition	**336**

An amount of $0.029 million for the half year ended 31 December 2019 has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant/restructuring costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs.

The acquired business contributed an immaterial revenue and net profit after tax for the five months from acquisition up to 31 December 2019.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

10. Business Combinations cont'd

Precision Talent Management

On 21 August 2019, the Group signed an agreement to acquire 100% of the business assets in Precision Talent Management Pty Ltd for a total consideration of $1.000 million. The effective date where the Group obtained control of the business was 1 August 2019. The purchase price was funded from 50% existing cash reserves and 50% PNW scrip.

Precision aligns with the Group's 'Whole of Sport' offering, representing over 80 past and present AFL and AFLW players and coaches, cricketers and other media talent.

Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

	Fair Value
	$'000s
Fair Values of assets and liabilities assumed at the date of acquisition	
Intangibles – Talent Contracts	1,429
Deferred tax liabilities	(429)
Net Identifiable Assets Acquired	**1,000**

Settlement of purchase consideration	$'000s
Cash paid	500
Equity instruments (1,785,716 shares)	500
Purchase consideration	**1,000**

The Group will finalise its fair value assessment for the acquisition of Precision Talent Management in the financial statements of the Group for the year ending 30 June 2020.

The provisional goodwill arising on the acquisition was as follows:

	$'000s
Purchase consideration – shares issued	500
Purchase consideration – cash	500
Less: Fair value of identifiable assets	-
Less: Fair value of intangible contracts acquired – Talent Contracts	(1,429)
Add: Deferred tax liability – on intangibles recognised	429
Provisional goodwill arising on acquisition	**-**

An amount of $0.026 million for the half year ended 31 December 2019 has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the significant/restructuring costs line item relating to once-off legal, due diligence, corporate advisory and independent report costs.

The acquired business contributed revenues of $0.284 million and net profit after tax of $ 0.063 million for the five months to 31 December 2019. Had the business combination occurred as of the beginning of the reporting period, the results would not have been materially different.

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

11. Discontinued Operations

On 13 September 2018, the Group sold 100% of the Morrison Media Services Pty Ltd business which created the Frankie Press and Smith Journal publications. Total sale consideration was $2.400 million less working capital adjustments with 70% payable on completion ($1.233 million received) and 30% on 28 June 2019 ($0.720 million received). The proceeds of sale exceeded the carrying amount of the related net assets and, accordingly, a profit on sale was recognised.

The disposal aligns with the Group's strategic direction focusing on sport related content and complementary assets.

The disposal was completed on 13 September 2018, on which date control of the Frankie Press and Smith Journal operations passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of profit on disposal, are disclosed below.

	31 December 2018
	$'000s
Details of the Disposal	
Total sale consideration	2,400
Carrying amount of net assets disposed	(1,525)
Disposal costs	(369)
Profit on sale before income tax	**506**
Profit on sale after income tax	**506**
Carrying amounts of assets and liabilities disposed	
Inventories	81
Property, Plant and Equipment	164
Trade and other payables – deferred consideration	1,280
Total Assets	**1,525**
Net Assets	**1,525**

	31 December 2019	31 December 2018
	$'000s	$'000s
Cash flow information		
Net increase in cash from operating activities	-	(84)
Net increase / (decrease) in cash from investing activities	-	1,233
Net (decrease) / increase in cash and cash equivalents from discontinued operations	-	1,149

Notes to the Consolidated Financial Statements for the Financial Half Year Ended 31 December 2019

11. Discontinued Operations cont'd

	31 December 2019	31 December 2018
	$'000s	$'000s
Financial performance information		
Revenue	-	876
Sales and marketing expenses	-	(167)
Occupancy expenses	-	(15)
Administration expenses	-	(472)
Technical expenses	-	(76)
Depreciation and amortisation	-	(21)
Finance costs	-	2
Total Expenses	-	(749)
Profit before income tax expenses	-	127
Income tax expense	-	(38)
Profit after income expense	-	89
Profit on disposal before income tax expense	-	506
Income tax expense	-	-
Profit on disposal after income tax expense	-	506
Profit after income tax expense from discontinued operations	-	595

12. Contingent Liabilities

The Company and its subsidiaries are not engaged in any litigation proceedings, which could have a material impact on the results for future reporting periods.