

**CrowdSpark Ltd**  
**ABN 27 078 661 444**

**Appendix 4D**

**1. Details of the reporting period and previous reporting period**

This half year report is for the six months ended 31 December 2017. The previous corresponding period is the six months ended 31 December 2016.

**2. Results for announcement to the market**

Revenue from ordinary activities	down \$101,243 (9%)	to \$1,049,685
Operating loss before corporate expenses, significant non-cash items and income tax	down \$685,586 (28%)	to \$1,760,579
Loss from ordinary activities after tax attributable to members	down \$1,968,397 (55%)	to \$1,595,210
Total comprehensive loss from the period attributable to members	down \$1,532,814 (46%)	to \$1,821,286

**Explanation of results**

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

<b>Dividends</b>	Amount per security	Franked amount per security
Interim dividend	N/A	N/A
Record date for determining entitlements to the dividend	N/A	

**3. Net tangible assets per security with the comparative figure for the previous corresponding period**

	31 December 2017	31 December 2016
Net tangible asset backing per share	0.00 cents	0.00 cents

**4. Details of entities over which control has been gained or lost during the period**

Not applicable

**5. Dividend paid or reinvested.**

No dividends have been declared or are payable for the period ended 31 December 2017.

## **6. Review report**

This report is based on the consolidated financial statements for the half year ended 31 December 2017 of the Company and its controlled entities, which have been reviewed by Nexia Australia. The Independent Auditor's Review Report provided by Nexia Australia that is included in the consolidated financial statements is unmodified and includes an emphasis of matter paragraph about a material uncertainty regarding the Company's continuation as a going concern.

## **7. Attachments**

Additional disclosure requirements can be found in the attached Condensed interim financial report for the period ended 31 December 2017.

This information is to be read in conjunction with the annual report for the year ended 30 June 2017



**CrowdSpark Ltd**  
**(Formerly Newzulu Limited)**

31 December 2017  
Condensed interim financial report  
ABN 27 078 661 444

# CrowdSpark Ltd

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# CrowdSpark Ltd

## Directors' Report

The directors present their report together with the condensed interim financial report of CrowdSpark Ltd and its subsidiaries ("the Group") for the half-year ended 31 December 2017 and the review report thereon.

### 1. Directors and Company Secretary

The directors, key officers, and company secretary of the Company at any time during or since the end of the half-year are:

Name		Period of directorship
Charles Koones	Non-executive Director and Independent Chairman	Appointed 12 February 2016
Marc Milgrom	Chief Executive Officer	Appointed 1 June 2016
Clive Dickens	Non-Executive Director	Appointed 30 August 2016
Ed Wilson	Independent Non-Executive Director	Appointed 31 August 2016
Chris Adams	Independent Non-Executive Director	Appointed 20 September 2017
James Bodel	Independent Non-Executive Director	Appointed 18 March 2015, Resigned 19 September 2017
Leanne Ralph	Company Secretary	Appointed 14 February 2018
Karen Logan	Company Secretary	Appointed 2 February 2015 Resigned 14 February 2018

### 2. Financial Results and Operating Review

CrowdSpark Ltd ("CrowdSpark" or "Company") is an all-in-one solution for brands and media companies to build connections and community by gathering, managing and publishing user-generated content. During the 1H FY 2018, the Company has continued the process of change and renewal. As part of this process, the Company rebranded itself to CrowdSpark Ltd - ASX code: CSK (formerly Newzulu Limited – ASX code: NWZ). The rebranding and new name CrowdSpark has reintroduced us to the marketplace allowing us to redevelop our connection with various stakeholders and better position the Company to clients and investors. The name CrowdSpark better reflects the value the Company delivers to clients – increased revenue through crowd-sourced content and the spark such content brings when delivered via the Company's world class platform.

During the first half of the year management continued its focus on three main areas: building a sustainable cost structure; building on our leading-edge technology; and building a first-class sales team. We have seen progress in each of these three areas and are excited to continue the momentum for the remainder of the year.

#### Successful and Sustainable Cost Reduction

During the first half of the year the Company continued to maintain and sustain a lean cost structure. Throughout the Company and across cost categories savings made by the Company were sustainable and continue to this day. During the first half of the year the Company made investments in sales and marketing. During the 1H FY 2018, the Company had expenses from operating activities of \$2,952,416 compared to the same period in the prior year of \$4,568,540, a decrease of \$1,616,124 or 35%.

During the 1H FY 2018, the Company had a loss from operating activities of \$1,902,731 compared to a loss of \$3,417,567 in the same period in the prior year. A decrease in loss of \$1,514,836 or 44% decrease. This significantly improved operating performance and right-sized cost structure going forward positions the company to deliver enhanced financial results.

# CrowdSpark Ltd

## Directors' Report

### Technology Leadership and Enhancements

During the first half of the year the Company continued to add to its technology leadership position. CrowdSpark was excited to announce it has built artificial intelligence (AI) into the CrowdSpark User-Generated Content Platform. This new machine-learning solution will empower clients with the ability to automatically flag and identify explicit pieces of content, add rich contextual tags and keywords, and identify celebrities and relevant landmarks. This new AI functionality will improve search engine optimisation ("SEO") on client sites, increase the efficiency of clients' moderation and curation of content, all in support of increasing revenue and their brand protection.

During the first half of the year the Company also announced the release of new mobile apps and contributor tools. The new apps available on both iOS and Android, together with a new contributor desktop site allows anybody, anywhere, with a mobile device and a story, to share news, get published and get paid. The new mobile apps give contributors the ability to receive geolocated push notifications for news calls sent by CrowdSpark's editorial team, increasing sales opportunities and providing distribution partners like Associated Press (AP), Getty Images, Agence France-Presse (AFP) and the Australian Associated Press (AAP) with more of the content they need.

### Sales Momentum

During the first half of the year, CrowdSpark announced a number of key customer wins including Drive and The Motor Report, Seven West Media "Summer of Sport", The Green Room, Ontario Centres of Excellence, Diana Food, MACSF and Edmond de Rothschild.

During the 1H FY 2018, the Company had revenues of \$1,049,685 compared to revenues of \$1,150,928 in the same period in the prior year, a decrease of \$101,243 or 9%. This decrease resulted from a decrease in CrowdSpark Creative revenues compared to the same period in the prior year. The CrowdSpark Creative decrease is primarily related to a one-time project that occurred in the prior year that did not occur during the current fiscal year.

With the Company's restructuring and re-branding complete, the Company shifted its focus to growing the business, and the Company continues to make investments in sales and marketing. The Company has adapted its sales process and targeting to reduce the sales timeline, and continues to build a sales pipeline that is greater in both breadth and depth. During the second half of the year, Management will continue to focus its efforts on securing new sales and building sales momentum.

### 3. Significant Events After Reporting Date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in the future financial year.

# CrowdSpark Ltd


## Directors' Report

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

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the half-year ended 31 December 2017.

Dated at Sydney this 27<sup>th</sup> day of February 2018

Signed in accordance with a resolution of the directors:



Charles Koones  
Chairman

# CrowdSpark Ltd

## Condensed consolidated statement of financial position

<i>In AUD</i>	Note	Consolidated	
		31 Dec 2017	30 Jun 2017
<b>Current Assets</b>			
Cash and cash equivalents	7	2,443,890	5,001,740
Restricted cash	7	20,412	20,042
Trade and other receivables	7	335,902	500,604
Other current assets		247,213	222,782
<b>Total current assets</b>		<b>3,047,417</b>	<b>5,745,168</b>
<b>Non-current assets</b>			
Property, plant and equipment		28,692	97,004
Other non-current assets		-	-
Intangible assets		-	-
<b>Total non-current assets</b>		<b>28,692</b>	<b>97,004</b>
<b>Total assets</b>		<b>3,076,109</b>	<b>5,842,172</b>
<b>Current Liabilities</b>			
Trade and other payables	7	672,434	914,595
Loans and borrowings from related parties	6	-	683,903
Employee benefits		150,420	169,260
Other current liabilities		312,411	318,890
<b>Total current liabilities</b>		<b>1,135,265</b>	<b>2,086,648</b>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		-	198,308
Employee benefits		1,110	692
<b>Total non-current liabilities</b>		<b>1,110</b>	<b>199,000</b>
<b>Total liabilities</b>		<b>1,136,375</b>	<b>2,285,648</b>
<b>Net assets</b>		<b>1,939,734</b>	<b>3,556,524</b>
<b>Equity</b>			
Issued capital	5	57,020,877	56,994,964
Reserves		2,583,366	2,630,859
Accumulated losses		(57,664,509)	(56,069,299)
<b>Total equity</b>		<b>1,939,734</b>	<b>3,556,524</b>

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



# CrowdSpark Ltd

## Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December

<i>In AUD</i>	Note	2017	2016
Revenue		1,049,685	1,150,928
Other income		-	45
<b>Employee benefit expenses</b>		(1,652,640)	(1,976,176)
Share based payments		(71,010)	(41,586)
Consultants		(31,248)	(72,837)
Rent		(188,389)	(308,093)
Depreciation and amortisation		(71,142)	(929,816)
Impairment of related party loans		-	(12,145)
Other expenses	8	(937,987)	(1,227,887)
<b>Results from operating activities</b>		<b>(1,902,731)</b>	<b>(3,417,567)</b>
Finance income		193,706	11,593
Finance expenses		(82,645)	(157,633)
<b>Net financial income/(expenses)</b>		<b>111,061</b>	<b>(146,040)</b>
<b>Loss before income tax</b>		<b>(1,791,670)</b>	<b>(3,563,607)</b>
Income tax benefit		196,460	-
<b>Loss after income tax attributable to Owners of the Company</b>		<b>(1,595,210)</b>	<b>(3,563,607)</b>
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations		(226,076)	209,507
<b>Total comprehensive loss attributable to Owners of the Company</b>		<b>(1,821,286)</b>	<b>(3,354,100)</b>
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company</b>			
Basic and diluted loss per share (cents)	5	(0.0497)	(0.001)

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

# CrowdSpark Ltd

## Condensed consolidated statement of changes in equity

For the six months ended 31 December

<i>In AUD</i>	Note	Attributable to shareholders of the Company					Total equity
		Share capital	Share option reserve	Translation reserve	Other equity contributions	Accumulated losses	
Balance at 1 July 2017		56,994,964	2,442,660	(769,432)	957,631	(56,069,299)	3,556,524
Total comprehensive loss for period							
Loss for the period		-	-	-	-	(1,595,210)	(1,595,210)
<i>Other comprehensive income</i>							
Foreign currency translation differences		-	-	(226,076)	-	-	(226,076)
Total comprehensive loss for period		-	-	(226,076)	-	(1,595,210)	(1,821,286)
Transactions with Owners							
Share based payments	5a.	25,913	-	-	-	-	25,913
Share based rights and options	5b.	-	24,131	-	-	-	24,131
Employee Share scheme payments	5b.	-	20,967	-	-	-	20,967
Capital raising, net of equity costs		-	-	-	-	-	-
Fair value gains recognised directly in equity		-	-	-	-	-	-
Share Issue Reserve		-	-	-	133,485	-	133,485
Total transactions with Owners		25,913	45,098	-	133,485	-	204,496
Balance at 31 December 2017		57,020,877	2,487,758	(995,508)	1,091,116	(57,664,509)	1,939,734
Balance at 1 July 2016		49,730,545	2,432,980	(486,008)	2,929,938	(45,860,723)	8,746,732
Total comprehensive loss for period							
Loss for the period		-	-	-	-	(3,563,607)	(3,563,607)
<i>Other comprehensive income</i>							
Foreign currency translation differences		-	-	209,507	-	-	209,507
Total comprehensive loss for period		-	-	209,507	-	(3,563,607)	(3,354,100)
Transactions with Owners							
Share based payments		-	41,585	-	-	-	41,585
Capital raising, net of equity costs		1,839,544	-	-	-	-	1,839,544
Fair value gains recognised directly in equity		-	-	-	-	-	-
Share Issue Reserve		-	-	-	(1,838,820)	-	(1,838,820)
Total transactions with Owners		1,839,544	41,585	-	(1,838,820)	-	42,309
Balance at 31 December 2016		51,570,089	2,474,565	(276,501)	1,091,118	(49,424,330)	5,434,941

The above statement should be read in conjunction with the accompanying notes.

# CrowdSpark Ltd

## Condensed consolidated statement of cash flows

For the six months ended 31 December

In AUD

	Note	2017	2016
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,368,921	1,353,154
Cash paid to suppliers and employees		(3,415,908)	(4,869,292)
Interest received		36,927	-
<b>Net cash used in operating activities</b>		<b>(2,010,060)</b>	<b>(3,516,138)</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(3,658)	(3,146)
Acquisition of intangible asset		-	(340,080)
Proceeds from disposal of plant and equipment		-	22,956
<b>Net cash used in investing activities</b>		<b>(3,658)</b>	<b>(320,270)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	6	(683,903)	-
Proceeds from share issues		204,497	-
Costs of raising equity		(71,012)	-
<b>Net cash used in financing activities</b>		<b>(550,418)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,564,136)</b>	<b>(3,836,408)</b>
Cash and cash equivalents at 1 July		5,021,782	5,510,535
Effect of exchange rate fluctuations on cash held		6,656	(2,799)
<b>Cash and cash equivalents at 31 December</b>	<b>7</b>	<b>2,464,302</b>	<b>1,671,328</b>

The accompanying notes form part of these financial statements

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### 1. REPORTING ENTITY

CrowdSpark Ltd (the "Company") is a company domiciled in Australia. The condensed interim financial report of the Company as at and for the six months ended 31 December 2017 comprises the consolidated results and the position of the Company and its subsidiaries (collectively 'the Group'). The Group is primarily involved in the provision of crowd sourced news services.

The annual financial report of the Company as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at Level 12, 225 George Street, Sydney, NSW 2000 or at [investors.crowdspark.com](http://investors.crowdspark.com).

### 2. BASIS OF PREPARATION

#### (a) Statement of Compliance

The condensed interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2017.

The condensed interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Company for the year ended 30 June 2017.

This condensed interim financial report was approved by the Board of Directors on 27 February 2018.

#### (b) Use of estimates and judgements

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the financial statements for the year ended 30 June 2017.

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### (c) Going concern

For the half year ended 31 December 2017, the Group incurred a loss after tax of \$1,595,210 (2016: \$3,563,607). During the half-year ended 31 December 2017, the Group used cash of \$2,010,060 in its operations (2016: \$3,516,138). As at that date the Group reported a surplus of current assets over current liabilities of \$1,912,152 including cash of \$2,443,890.

Management has prepared a cash flow forecast. The cash flow forecast for the 12 month period subsequent to the date of this report on the basis that the company is a going concern which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

Should the Group be unable to achieve its business plan, including the establishment and anticipated growth in its business and/or identify new opportunities and projects to achieve a sustainable business and/or be unable to raise sufficient capital when required, there is a material uncertainty which may cast doubt as to whether the Group will continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

### 3. ACCOUNTING POLICIES

#### (a) Significant Accounting Policies

The accounting policies applied by the Group in the condensed interim financial statements are the same as those applied by the Group in its financial statements for the year ended 30 June 2017, except as noted in note 3(b) below.

#### (b) New Accounting Standards

The following new standards are not yet effective for the half year ended 31 December 2017, may impact the Group, and have not been applied in preparing these financial statements:

##### **AASB 9 Financial Instruments**

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: *Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2019 financial statements. Retrospective application is generally required, although there are exceptions. The Group is currently assessing the impact of this standard.

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### (b) New Accounting standards (continued)

#### **AASB 15 Revenue from Contracts with Customers**

AASB 15 Revenue from Contracts with Customers contains a single model that applies to contracts with Customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. AASB 15 will become mandatory for the Group's 30 June 2019 financial statements. Choice of retrospective application, or as of the application date using the "cumulative effect approach" is required. The Group receives revenue from the sale of photos and videos, the licencing of software applications and the sale of crowd sourced creative film and video production. *AASB 15 Revenue from Contracts with Customers* may have a material impact on the Group's financial statements. The Group is currently making detailed assessments on the impact of this standard.

#### **AASB 16 Leases**

AASB 16 Leases removes the lease classification test for lessees and requires most leases (including operating leases) to be brought onto the balance sheet. AASB 16 will become mandatory for the Group's 30 June 2020 financial statements, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Group does have operating leases as at 31 December 2017. AASB 16 Leases may have a material impact on the Group's financial report. The Group is currently making detailed assessments on the impact of this standard.

### **4. SUBSEQUENT EVENTS**

Other than as mentioned above or elsewhere in this report, financial statements or notes thereto, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### 5. CAPITAL AND RESERVES

#### (a) Share Capital

At 31 December 2017, the Company had 37,021,288 ordinary shares on issue (30 June 2017: 7,310,162,145).

<i>In AUD</i>	31 Dec 2017 No.	31 Dec 2016 No.
On issue at 1 July	7,310,162,145	1,242,242,950
Shares issued for cash	-	208,816,689
Share based payments	22,814,627	-
Employee Share Scheme	357,148	-
Consolidation of capital	(7,296,312,632)	-
<b>Total Share Capital</b>	<b>37,021,288</b>	<b>1,451,059,639</b>

On 16 November 2017, the Company issued 22,814,627 shares to a Director Ed Wilson in place of directors' fees valued at \$25,913. These shares were in place of directors' fees for the period from 1 March to 30 September 2017.

On 30 November 2017, the Company completed a consolidation of shares: every 200 shares have been consolidated to 1 share. Loss per share has increased due to this consolidation, from (0.001) per share as at the 31 December 2016 to (0.0497) as at 31 December 2017. Without the share consolidation the loss per share would be (0.0002).

On 7 December 2017, the company issued 357,148 Employee Shares as a cost-effective mechanism to incentivise eligible employees of the company. The Employee share trust plan was approved by shareholders at a general meeting of shareholders on 16 November 2017.

<i>In AUD</i>	31 Dec 2017 \$
Opening share capital 1 July 2017	56,994,964
Shares issued less issuance costs	25,913
<b>Closing Share capital balance 31 December 2017</b>	<b>57,020,877</b>

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### (b) Reserves – Share Option Reserve

In AUD

	31 Dec 2017 \$
Opening Share Option reserve 1 July 2017	2,442,660
M Milgrom Performance rights (i)	24,131
Employee Share scheme (ii)	20,967
<b>Closing Share capital balance 31 December 2016</b>	<b>2,487,758</b>

- (i) On 13 October 2017, the company issued the following performance rights to Marc Milgrom, (CEO):
- 100,000 Class A Performance Rights – to vest upon holder remaining an employee until the first anniversary of 1 December 2016 (Commencement Date). The entire fair value of the Class A performance rights \$11,572 was expensed as at 31 December 2017.
  - 100,000 Class B Performance Rights – to vest upon holder remaining an employee until the second anniversary of commencement date. \$6,268 of the Class B performance rights was expensed as at 31 December 2017, based on the vesting conditions.
  - 100,000 Class C Performance Rights – to vest upon the holder remaining an employee until the third anniversary of the commencement date. \$4,179 of the Class C performance rights was expensed as at 31 December 2017, based on the vesting conditions.

The total expense for Class A to C Performance rights recognised for the six months to 31 December 2017 was \$22,019.

### Performance Rights valuation assumptions

Assumptions	Class A	Class B	Class C
Grant Date	16 Nov 17	16 Nov 17	16 Nov 17
Spot price	\$0.20	\$0.20	\$0.20
Exercise price	\$0.20	\$0.20	\$0.20
Vesting hurdle (remain employed)	1 year	2 years	3 years
Expiry date	01 Dec 21	01 Dec 21	01 Dec 21
Vesting date	01 Dec 17	01 Dec 18	01 Dec 19
Expected future volatility	80%	80%	80%
Dividend yield	Nil	Nil	Nil



# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### Fair Value of Performance Rights

Performance Rights	Class A \$	Class B \$	Class C \$	Total
Value per right	0.11572	0.11572	0.11572	
Number of rights	100,000	100,000	100,000	
<b>Total value</b>	<b>11,572</b>	<b>11,572</b>	<b>11,572</b>	<b>34,716</b>

On 16 November 2017, the company issued the following performance rights to an executive Marc Milgrom:

- 200,000 Class D Performance rights - to vest upon the Parent Entity achieving a market price of its fully paid ordinary shares of \$0.60 for a period of ten (10) trading days in aggregate on or prior to the date that is five (5) years from 1 June 2017.
- 200,000 Class E Performance rights - to vest upon the Parent Entity achieving a market price of its fully paid ordinary shares of \$1.00 for a period of ten (10) trading days in aggregate on or prior to the date five (5) years from 1 June 2017.
- 200,000 Class F Performance rights - to vest upon the Parent Entity achieving a market price of its fully paid ordinary shares of \$1.40 for a period of ten (10) trading days in aggregate on or prior to the date five (5) years from 1 June 2017.
- 200,000 Class G Performance rights - to vest upon the Parent Entity achieving a market price of its fully paid ordinary shares of \$1.80 for a period of ten (10) trading days in aggregate on or prior to the date five (5) years from 1 June 2017.

The 800,000 Class D to G Performance rights were valued at \$80,620. The total expense for Class D to G Performance rights recognised for the 6 months to 31 December 2017 was \$2,112.

### Performance Rights valuation assumptions

Assumptions	Class D	Class E	Class F	Class G
Grant Date	16 Nov 17	16 Nov 17	16 Nov 17	16 Nov 17
Spot price	\$0.20	\$0.20	\$0.20	\$0.20
Exercise price	\$0.20	\$0.20	\$0.20	\$0.20
Vesting hurdle (10 day)	\$0.60	\$1.00	\$1.40	\$1.80
Expiry date	31 May 22	31 May 22	31 May 22	31 May 22
Expected Vesting date	12 Aug 21	17 Apr 22	31 May 22	31 May 22
Expected future volatility	80%	80%	80%	80%
Risk free rate	2.18%	2.18%	2.18%	2.18%
Dividend yield	Nil	Nil	Nil	Nil

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### Fair Value of Performance Rights

Performance Rights	Class D \$	Class E \$	Class F \$	Class G \$	Total
Value per right	0.1188	0.1066	0.0940	0.0837	
Number of rights	200,000	200,000	200,000	200,000	
<b>Total value</b>	<b>23,760</b>	<b>21,320</b>	<b>18,800</b>	<b>16,740</b>	<b>80,620</b>

### Employee Share scheme

(ii) On the 7 December 2017, the company issued 357,148 Employee Shares as part of an Employee Share Trust Plan (ESTP). Under the terms of the Employee Share Trust Plan, the shares issued to the employees will vest as follows:

- 50% of the ESTP units will vest 12 months from the date of issue;
- 50% will vest 24 months from date of issue.
- \$1,039 has been recognised to 31 December 2017 for the Employee Share Plan issued 7 December 2017
- \$3,955 has been recognised to 31 December 2017 for the Employee Share Plan issued 1 June 2017 and;
- \$15,973 has been recognised to 31 December 2017 for the Employee Share Plan issued 22 June 2016.

## 6. RELATED PARTY LOANS

### Loans from related parties

<i>In AUD</i>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
<i>Current</i>		
Loan from Mr Peter Scarf	-	683,903
<b>Balance at end of period</b>	<b>-</b>	<b>683,903</b>

The loan from Mr Peter Scarf was interest free and was repaid in full on 4 July 2017. The loan was recorded on an amortised cost basis using a 20% discount rate.

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### 7. FINANCIAL INSTRUMENTS

The Group has exposure to credit, liquidity and market risks from the use of financial instruments. The Group's objectives, policies and processes implemented for measuring and managing risk exposure to each of the risk has not changed from those disclosed in the Group's annual consolidated financial statements as at and for the year ended 30 June 2017.

The following tables shows the carrying amounts of financial assets and financial liabilities.

<b>Financial assets</b>			
<i>In AUD</i>	<i>Note</i>	<b>31 Dec 2017</b>	<b>30 June 2017</b>
<u>Current Assets</u>			
Trade and other receivables		335,902	500,604
Cash and cash equivalents		2,443,890	5,001,740
Restricted cash		20,412	20,042
		<u>2,800,204</u>	<u>5,522,386</u>

Restricted cash is \$CAD 20,000 term deposit in Canada. Variance from the prior period is exchange rate variance.

<b>Financial liabilities</b>			
<i>In AUD</i>	<i>Note</i>	<b>31 Dec 2017</b>	<b>30 June 2017</b>
<u>Current Liabilities</u>			
Trade and other payables		672,434	914,595
Credit card facility		32,358	44,400
Related party loans	6	-	683,903
		<u>704,792</u>	<u>1,642,898</u>

# CrowdSpark Ltd

## Notes to the condensed consolidated interim financial statements

### 8. OTHER EXPENSES

A number of significant expenses are reported in Other Expenses:

<i>In AUD</i>	31 Dec 2017	31 Dec 2016
Computer expenses	353,241	370,648
Travel and accommodation	41,553	86,673
Accounting fees	72,234	169,212
Contributor fees	165,565	230,673
Advertising, promotion and business development	102,310	51,028
Legal fees	38,693	2,173
Stationery, postage & office costs	19,954	41,687
Entertainment	7,844	9,723
Other general expenses	136,593	266,070
<b>Total</b>	<b>937,987</b>	<b>1,227,887</b>

### 9. OPERATING SEGMENTS

The chief operating decision makers and those charged with governance receive operating results for the Group as a whole, therefore the Group is deemed to be one operating segment.

## **CrowdSpark Ltd**


### **Directors' declaration**

In the opinion of the directors of CrowdSpark Ltd ("the Company"):

1. The condensed financial statements and notes set out on pages 6 to 18 are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. For the reasons set out in Note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 27th day of February 2018.

Signed in accordance with a resolution of the directors:



Charles Koonas  
Chairman

## Independent Auditor's Review Report to the members of CrowdSpark Limited

### Conclusion

We have reviewed the accompanying interim financial report of CrowdSpark Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, notes comprising a summary of accounting policies, other explanatory notes, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the interim period.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of CrowdSpark Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 (c) of the interim financial report which indicates the Group's need to achieve its business plan, including the establishment and anticipated growth in its business and/or identify new opportunities and projects to achieve a sustainable business and/or raise sufficient capital when required. These events or conditions, along with other matters as set forth in Note 2 (c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

### Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine are necessary to enable the preparation of the interim 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 interim 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 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 2017 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CrowdSpark Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report. A review of an interim 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 audit, 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 CrowdSpark Limited, would be in the same terms if given to the directors as at the time of this review report.

NPAS

**Nexia Perth Audit Services Pty Ltd**

Amar Nathwani

**Amar Nathwani**  
**Director**

Perth, 27 February 2018

**Auditor's independence declaration under section 307C of the Corporations Act 2001**

To the directors of CrowdSpark Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2017 there have been:

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

NPAS

**Nexia Perth Audit Services Pty Ltd**

Amar Nathwani

**Amar Nathwani  
Director**

Perth, 27 February 2018