**Pureprofile Ltd.**
**Appendix 4E**
**Preliminary final report**

## 1. Company details

| | |
|---|---|
| Name of entity: | Pureprofile Ltd. |
| ABN: | 37 167 522 901 |
| Reporting period: | For the year ended 30 June 2015 |
| Previous period: | For the year ended 30 June 2014 |

## 2. Results for announcement to the market

To aid comparability, the following information relates to Pureprofile Ltd. as a continuation of an existing business through the corporate/group reorganisation, and not from the date from acquisition.

| | | | | $ |
|---|---|---|---|---|
| Revenues from ordinary activities | up | 8.8% | to | 9,358,820 |
| Normalised Earnings Before Interest, Tax, Depreciation and Amortisation (Normalised EBITDA) | up | 94.4% | to | (374,607) |
| Loss from ordinary activities after tax attributable to the owners of Pureprofile Ltd. | up | 112.9% | to | (1,438,839) |
| Loss for the year attributable to the owners of Pureprofile Ltd. | up | 112.9% | to | (1,438,839) |

*Dividends*
There were no dividends paid, recommended or declared during the current financial period.

*Comments*
The loss for the group after providing for income tax amounted to $1,438,839 (30 June 2014: $675,759).

Normalised EBITDA loss for the financial year amounted to $374,607 (30 June 2014: $192,691).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items.

The following table summarises key reconciling items between statutory loss after income tax and normalised EBITDA:

| | Consolidated | |
|---|---|---|
| | 2015 $ | 2014 $ |
| Loss after income tax | (1,438,839) | (675,759) |
| Add: Depreciation and amortisation | 719,236 | 548,898 |
| Less: Interest income | (6,012) | (5,575) |
| Add: Share-based payment expense | 211,056 | 104,791 |
| Add: Restructuring, acquisition and IPO costs | 1,035,728 | - |
| Less: Income tax benefit | (895,776) | (165,046) |
| Normalised EBITDA | (374,607) | (192,691) |

Refer to Market announcement issued on 27 August 2015 for further commentary.

## 3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---|---|
| Net tangible assets per ordinary security | (3.81) | (4.66) |

The net tangible assets per ordinary shares is calculated based on 2 ordinary shares on issue as at 30 June 2014 and 29,999,998 ordinary shares that would have been in existence had the corporate/group reorganisation occurred as at 30 June 2014.

## 4. Control gained over entities

On 6 November 2014 Pureprofile Ltd. acquired Pureprofile Global Pty Ltd and Pureprofile.com, Inc. and their subsidiaries. For accounting purposes the acquisition has been treated as a corporate/group reorganisation.

## 5. Loss of control over entities

Not applicable.

## 6. Dividend reinvestment plans

Not applicable.

## 7. Details of associates and joint venture entities

Not applicable.

## 8. Foreign entities

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

Not applicable.

## 9. Audit qualification or review

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

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

## 10. Attachments

*Details of attachments (if any):*

The Pro forma results and Preliminary Financial Report of Pureprofile Ltd. for the financial year ended 30 June 2015 is attached.

Pureprofile

## 11. Signed

Signed ______________________

Date: 27 August 2015

Fredrick Swaab
Chairman
Sydney

## Pro forma adjustments to the statutory income statement

The table below sets out the adjustment to the Statutory Results for 2015 to primarily reflect the acquisitions that Pureprofile Ltd. has made since 1 July 2015 as if they had occurred as at 1 July 2014 and the full year impact of the operating and capital structure that is in place following completion of the Initial Public Offering ('IPO') (on 29 July 2015) as if it was in place as at 1 July 2014. In addition, certain other adjustments to eliminate non-recurring items have been made. These adjustments are summarised below:

| | Pro forma Actual Consolidated 30 June 2015 $m | Prospectus Pro forma Forecast 30 June 2015 $m | Change % |
|---|---|---|---|
| **Statutory revenue** | **9.4** | **9.2** | **2%** |
| Pro forma impact of acquisition[1] | 12.3 | 11.4 | 8% |
| **Pro forma revenue** | **21.7** | **20.6** | **5%** |
| **Statutory NPAT** | **(1.4)** | **(0.7)** | **(100%)** |
| Pro forma impact of acquisition[1] | 0.6 | 0.4 | 50% |
| Non-recurring expenses[2] | 0.7 | 0.6 | 17% |
| Non-recurring share-based payment expense | 0.2 | - | 100% |
| Non-recurring IPO expenses[3] | 0.6 | - | 100% |
| Non-recurring M&A expenses[4] | 0.4 | - | 100% |
| Amortisation of intangible upon acquisition[5] | (0.3) | (0.3) | 0% |
| IPO-related remuneration costs[6] | (0.2) | (0.2) | 0% |
| Public company costs[7] | (0.4) | (0.4) | 0% |
| Tax effect[8] | 0.1 | 0.1 | 0% |
| **Total pro forma adjustments** | **1.7** | **0.2** | **750%** |
| **Pro forma NPAT** | **0.3** | **(0.5)** | **160%** |

The pro forma adjustments made to statutory revenue and NPAT of Pureprofile reflects the following events and assumptions:

1. **Pro forma impact of acquisition** represents the full impact of Sparc** revenue and NPAT as if Pureprofile controlled Sparc since 1 July 2014.
2. **Non-recurring expenses** represents the pro forma adjustment for non-recurring 'one-off' business expenditure incurred by Pureprofile which are specific to circumstances at the time, and include such items as recruitment fees, consultant fees and salaries as a result of the transition of key management roles.
3. **Non-recurring IPO expenses** relates to 'one-off' legal, auditor, corporate advisor and accounting services expenditure incurred in relation to the IPO on the Australian Securities Exchange.
4. **Non-recurring M&A expenses** relates to 'one-off' legal, auditor and accounting services expenditure incurred in relation to the acquisition of Sparc.
5. **Amortisation of intangible upon acquisition** represents the amortisation expense over four years stemming from the identifiable intangibles of the Sparc acquisition
6. **IPO-related remuneration costs** adjustment for increases in senior management remuneration on completion of the IPO and to remove the impact of one-off share-based payment expense relating to the issue of 3,371,000 options to directors, senior executive and staff of Pureprofile.
7. **Public company costs** based on Pureprofile's estimate of the incremental annual costs that it will incur as a listed public company. These costs include incremental increase to non-executive director remuneration, company secretary costs, additional audit and legal costs, listing fees, share registry fees, directors' and officers' insurance premiums as well as annual general meeting and annual report costs.
8. **Tax-effect of pro forma adjustments** relating to 1 to 7 above has been reflected in this adjustment as appropriate.

** Sparc Media Pty Limited, Adsparc Pty Limited, Future Students Pty Limited, Funbox India Private Limited (India) and Sparc Media sp. z o.o. (Poland) (collectively referred to as 'Sparc').

Pureprofile

## Pro forma consolidated income statements: Financial year ended 30 June 2015 compared to financial year ended 30 June 2014

The pro forma consolidated income statement for the financial year ended 30 June 2015 and 30 June 2014 has been prepared on the same basis as the pro forma consolidated financial income statement for the year ended 30 June 2015 and 30 June 2014 published in the Pureprofile Ltd. IPO prospectus issued in July 2015.

The table below sets out the pro forma consolidated income statement for the financial years ended 30 June 2015 and 30 June 2014.

| | Pro forma Actual | | Forecast Results[1] | Forecast v Actual |
|---|---|---|---|---|
| | 30 June 2014 $m | 30 June 2015 $m | 30 June 2015 $m | 30 June 2015 % |
| *Revenue* | | | | |
| - Research | 7.3 | 8.6 | 8.5 | 1% |
| - Media | 9.0 | 12.5 | 11.6 | 8% |
| - Platform | 0.9 | 0.6 | 0.5 | 20% |
| **Total revenue** | **17.2** | **21.7** | **20.6** | **5%** |
| Cost of sales | 8.1 | 10.9 | 10.9 | 0% |
| **Gross Profit** | **9.1** | **10.8** | **9.7** | **11%** |
| **Operating EBITDA[2]** | **(1.1)** | **0.6** | **0.3** | **100%** |
| Depreciation | 0.1 | 0.1 | 0.1 | 0% |
| Amortisation | 0.7 | 1.0 | 1.0 | 0% |
| **NPAT before non-recurring items[3]** | **(1.4)** | **0.3** | **(0.5)** | **160%** |
| **NPATA before non-recurring items[4]** | **(1.1)** | **0.6** | **(0.2)** | **400%** |

Notes:

1. **Forecast results** are as presented in the Pureprofile Prospectus dated 19 June 2015.
2. **Operating EBITDA** represents EBITDA before the impact of non-recurring items.
3. **NPAT before non-recurring items** represent net profit after tax before the impact of non-recurring items.
4. **NPATA before non-recurring items** is net profit after tax but prior to the amortisation of intangibles relating to acquisitions (net of tax effect), before the impact of non-recurring items.

## Summary key operating metrics

*Summary key operating metrics: Financial year ended 30 June 2015 compared to financial year ended 30 June 2014*

| | Pro forma | | |
|---|---|---|---|
| | 30 June 2015 | 30 June 2014 | Change |
| *Key financial metrics* | | | |
| - Revenue growth | 26% | 6% | 333% |
| - Gross profit margin | 50% | 53% | (6%) |
| - EBITDA growth | 153% | (219%) | 170% |
| - EBITDA margin | 3% | (6%) | 150% |
| - NPATA growth | 155% | (265%) | 158% |
| - NPATA margin | 3% | (7%) | 143% |

Pureprofile

# Pureprofile Ltd.

**ABN 37 167 522 901**

# Preliminary Financial Report - 30 June 2015

**Pureprofile Ltd.**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2015**

Pureprofile

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| **Revenue** | 4 | 9,358,820 | 8,604,053 |
| Other income | | 54,403 | 81,928 |
| **Expenses** | | | |
| Survey fees and other direct costs | | (3,155,261) | (3,108,961) |
| Employee benefits expense | | (2,848,949) | (2,985,997) |
| Foreign exchange loss | | (44,931) | (16,455) |
| Depreciation and amortisation expense | | (719,236) | (548,898) |
| Technology, engineering and licence fees | | (2,075,224) | (1,261,481) |
| Share-based payment expense | | (211,056) | (104,791) |
| Restructuring, acquisition and IPO costs | | (1,035,728) | - |
| Other expenses | | (1,657,453) | (1,500,203) |
| **Loss before income tax benefit** | | (2,334,615) | (840,805) |
| Income tax benefit | | 895,776 | 165,046 |
| **Loss after income tax benefit for the year attributable to the owners of Pureprofile Ltd.** | 16 | (1,438,839) | (675,759) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | (135,084) | (16,113) |
| Other comprehensive income for the year, net of tax | | (135,084) | (16,113) |
| **Total comprehensive income for the year attributable to the owners of Pureprofile Ltd.** | | (1,573,923) | (691,872) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 19 | (4.21) | (2.25) |
| Diluted earnings per share | 19 | (4.21) | (2.25) |

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

**Pureprofile Ltd.**
**Statement of financial position**
**As at 30 June 2015**

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 733,118 | 998,604 |
| Trade and other receivables | 6 | 3,261,482 | 2,186,064 |
| Income tax receivable | | 925,920 | 420,555 |
| Other | 7 | 503,833 | 320,938 |
| Total current assets | | 5,424,353 | 3,926,161 |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 119,601 | 44,143 |
| Intangibles | 9 | 2,581,869 | 1,338,285 |
| Deferred tax | | 1,235,587 | 714,844 |
| Other | | 43,419 | - |
| Total non-current assets | | 3,980,476 | 2,097,272 |
| **Total assets** | | 9,404,829 | 6,023,433 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 4,162,970 | 2,487,594 |
| Borrowings | 11 | 426,956 | 425,000 |
| Provisions | 12 | 2,384,842 | 2,596,052 |
| Deferred revenue | | 248,000 | 39,822 |
| Total current liabilities | | 7,222,768 | 5,548,468 |
| **Non-current liabilities** | | | |
| Deferred tax | | 1,000,282 | 535,315 |
| Provisions | 13 | 29,114 | - |
| Total non-current liabilities | | 1,029,396 | 535,315 |
| **Total liabilities** | | 8,252,164 | 6,083,783 |
| **Net assets/(liabilities)** | | 1,152,665 | (60,350) |
| **Equity** | | | |
| Issued capital | 14 | 7,175,254 | 4,015,461 |
| Reserves | 15 | 1,529 | 509,468 |
| Accumulated losses | 16 | (6,024,118) | (4,585,279) |
| **Total equity/(deficiency)** | | 1,152,665 | (60,350) |

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

Pureprofile

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total deficiency $ |
|---|---|---|---|---|
| Balance at 1 July 2013 | 4,015,461 | 420,790 | (3,909,520) | 526,731 |
| Loss after income tax benefit for the year | - | - | (675,759) | (675,759) |
| Other comprehensive income for the year, net of tax | - | (16,113) | - | (16,113) |
| Total comprehensive income for the year | - | (16,113) | (675,759) | (691,872) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments | - | 104,791 | - | 104,791 |
| Balance at 30 June 2014 | 4,015,461 | 509,468 | (4,585,279) | (60,350) |

| Consolidated | Issued capital $ | Reserves $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| Balance at 1 July 2014 | 4,015,461 | 509,468 | (4,585,279) | (60,350) |
| Loss after income tax benefit for the year | - | - | (1,438,839) | (1,438,839) |
| Other comprehensive income for the year, net of tax | - | (135,084) | - | (135,084) |
| Total comprehensive income for the year | - | (135,084) | (1,438,839) | (1,573,923) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 14) | 2,575,882 | - | - | 2,575,882 |
| Share-based payments | - | 211,056 | - | 211,056 |
| Transfer (notes 14 and 15) | 583,911 | (583,911) | - | - |
| Balance at 30 June 2015 | 7,175,254 | 1,529 | (6,024,118) | 1,152,665 |

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

**Pureprofile Ltd.**
**Statement of cash flows**
**For the year ended 30 June 2015**

| | Note | Consolidated 2015 $ | 2014 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 9,450,452 | 9,346,209 |
| Payments to suppliers and employees (inclusive of GST) | | (9,300,148) | (9,166,661) |
| | | 150,304 | 179,548 |
| Restructuring, acquisition and IPO costs (inclusive of GST) | | (1,381,864) | - |
| Interest received | | 6,012 | 5,575 |
| Other income | | 63,376 | 81,928 |
| Income taxes refunded | | 334,635 | 523,516 |
| Net cash from/(used in) operating activities | 18 | (827,537) | 790,567 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 8 | (79,650) | (30,307) |
| Payments for intangibles | 9 | (1,934,516) | (828,081) |
| Proceeds from disposal of property, plant and equipment | | 11,761 | - |
| Net cash used in investing activities | | (2,002,405) | (858,388) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 14 | 2,500,000 | - |
| Share issue transaction costs | | (137,500) | - |
| Net cash from financing activities | | 2,362,500 | - |
| Net decrease in cash and cash equivalents | | (467,442) | (67,821) |
| Cash and cash equivalents at the beginning of the financial year | | 998,604 | 1,066,425 |
| Cash and cash equivalents at the end of the financial year | 5 | 531,162 | 998,604 |

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

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

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

### Adoption of AASB 1 'First time adoption of Australian Accounting Standards'

The group has historically prepared 'separate financial statements' for each relevant entity the purposes of satisfying the directors reporting requirements. The group is now required to prepare 'general purpose financial statements' in accordance with International Financial Reporting Standards ('IFRS') for the first time for the year ended 30 June 2015. In accordance with AASB 1 'First time adoption of Australian Accounting Standards' the group has adopted all relevant IFRS standards with effect from the beginning of the comparative period, 1 July 2013. The adoption of AASB 1 has not resulted in any changes in recognition or measurement of amounts in the financial statements.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pureprofile Ltd. ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Pureprofile Ltd. and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of common control subsidiaries is accounted for at book value. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

## Note 1. Significant accounting policies (continued)

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### Foreign currency translation
The financial statements are presented in Australian dollars, which is Pureprofile Ltd.'s functional and presentation currency.

*Foreign currency transactions*
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, after taking into account any trade discounts and volume rebates allowed.

*Sales revenue - research, media and platform*
Revenue relating to the provision of services, consisting of research, media and platform revenue, is recognised with reference to the stage of completion of the transaction at the end of the reporting period.

Stage of completion is measured by reference to the services performed to date as a percentage of total anticipated services to be performed. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

### Grant income
Grant income received is recognised as income in the period in which it is received.

### Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

## Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Pureprofile Ltd. (the 'head entity') and its wholly-owned Australian subsidiaries are in the process of forming an income tax consolidated group with tax funding agreements, under the tax consolidation regime, effective 1 July 2014. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

## Note 1. Significant accounting policies (continued)

### Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

### Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|---|---|
| Office and computer equipment | three to nine years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements (including make-good asset) and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Leases
Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Software*
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reductions are capitalised. Costs capitalised include external direct costs of materials and service, employee costs and an appropriate portion of relevant overheads. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset. Software costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between four and five years.

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## Note 1. Significant accounting policies (continued)

*Membership base*
The acquired membership base is amortised on a straight-line basis over the period of its expected benefit, being a finite life of four years.

*Brand names*
Acquired brand names are not amortised. Instead, brand names are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, and is carried at cost less accumulated impairment losses.

### Impairment of non-financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-45 days of recognition.

### Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

### Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions
Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

*Reward redemption*
The group invites its internet panel members to complete surveys in exchange for a cash or points-based incentive. These amounts are not paid until a predetermined target value has accrued on a members' account, and despite this, an assessment of incentives likely to be paid (present obligation) is made taking into account past behaviour and activity. This is recognised as an expense in the period in which the service is provided.

## Note 1. Significant accounting policies (continued)

### Employee benefits

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*
The liability for employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*
Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

## Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

*Corporate/group reorganisation - Pureprofile Ltd. with Pureprofile Global Pty Ltd and Pureprofile.com, Inc.*

Pureprofile Ltd. was incorporated on 14 January 2014. On 6 November 2014 the shareholders of the company undertook a corporate reorganisation, in which Pureprofile Ltd, acquired Pureprofile Global Pty Ltd and Pureprofile.com, Inc. and their subsidiaries ('existing Merged Group').

## Note 1. Significant accounting policies (continued)

This corporate reorganisation did not represent a business combination in accordance with AASB 3 'Business Combination'. Instead the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly the financial statements are a continuation of the existing Merged Group and as such:

- The assets and liabilities recognised and measured are at carrying amounts of the existing Merged Group rather than at fair value;
- The retained earnings and other equity balances recognised are the existing retained earnings and other equity balances of the existing Merged Group;
- No 'new' goodwill has been recognised as a result of the combination; and
- The comparatives presented are those of the existing Merged Group.

### Earnings per share

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Pureprofile Ltd., excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2015. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

*AASB 9 Financial Instruments*
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The group expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

## Note 1. Significant accounting policies (continued)

*AASB 15 Revenue from Contracts with Customers*
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. Exposure Draft (ED 263) 'Effective Date of AASB 15' proposes to defer the application date by one year (1 January 2018). The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The group expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Accounting for the internal restructure prior to Initial Public Offering ('IPO')*
During the financial year, an internal restructure took place in preparation of the listing of the group on the Australian Securities Exchange. This resulted in a newly incorporated company, Pureprofile Ltd., becoming the legal parent of the group.

The directors elected to account for the restructure as a capital reorganisation rather than a business combination. In the directors' judgement, the continuation of the existing accounting values most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the new Pureprofile Ltd. group have been presented as a continuation of the pre-existing accounting values of assets and liabilities of the combined financial statements of Pureprofile Global Pty Ltd and Pureprofile.com, Inc. and their subsidiaries.

In adopting this approach the directors note that there is an alternate view that such a restructure should be accounted for as a business combination that follows the legal structure of Pureprofile Ltd. being the acquirer. If this view had been taken, the net assets of the group would have been uplifted to fair value, with consequential impacts on profit or loss and the statement of financial position. An IASB project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the financial statements.

*Share-based payment transactions*
The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## Note 2. Critical accounting judgements, estimates and assumptions (continued)

*Estimation of useful lives of assets*
The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than indefinite life intangible assets*
The group assesses impairment of non-financial assets other than indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*
The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Reward redemption provision*
In determining the level of provision required for reward redemptions the group has made judgements in respect of the expected outflows necessary to settle the redemptions. The provision represents the maximum amount that the group estimates is likely to be claimed by panel members and is based on estimates made from historical data and likely redemption patterns. Balances accrued by panel members that have been inactive (i.e. not completed any transaction) for more than one year are written back to profit or loss.

## Note 3. Operating segments

*Identification of reportable operating segments*
The group has one operating segment based the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. This segment's financial information is detailed throughout these financial statements.

The CODM reviews sales by product type and geographical region.

*Types of products and services*
The principal products and services are as follows:

| | |
|---|---|
| Research | Conducting research and brand awareness |
| Media | Buying and re-selling advertising inventory |
| Platform | Platform usage and surveys and other activities |

Refer to note 4 for details of revenue split by product and service line.

*Major customers*
There are no (2014: no) major customers that contributed more than 10% of revenue to the group.

*Revenue by geographical area*
The group operates in three (2014: three) regions. The sales revenue for each region is as follows:

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## Note 3. Operating segments (continued)

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Australia | 7,251,590 | 7,231,955 |
| Europe | 1,377,058 | 787,340 |
| US | 724,160 | 579,183 |
| | 9,352,808 | 8,598,478 |

## Note 4. Revenue

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| *Sales revenue* | | |
| Research | 8,620,633 | 7,440,573 |
| Media | 117,464 | 289,481 |
| Platform | 614,711 | 868,424 |
| | 9,352,808 | 8,598,478 |
| *Other revenue* | | |
| Interest | 6,012 | 5,575 |
| Revenue | 9,358,820 | 8,604,053 |

## Note 5. Current assets - cash and cash equivalents

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Cash at bank | 233,118 | 498,604 |
| Cash on deposit | 500,000 | 500,000 |
| | 733,118 | 998,604 |

*Reconciliation to cash and cash equivalents at the end of the financial year*
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

| | 2015 $ | 2014 $ |
|---|---|---|
| Balances as above | 733,118 | 998,604 |
| Bank overdraft (note 11) | (201,956) | - |
| Balance as per statement of cash flows | 531,162 | 998,604 |

## Note 6. Current assets - trade and other receivables

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Trade receivables | 3,052,477 | 2,341,388 |
| Less: Provision for impairment of receivables | (35,120) | (196,698) |
| | 3,017,357 | 2,144,690 |
| Other receivables | 244,125 | 41,374 |
| | 3,261,482 | 2,186,064 |

## Note 7. Current assets - other

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Accrued revenue | 38,846 | 152,109 |
| Prepayments | 464,987 | 168,829 |
| | 503,833 | 320,938 |

## Note 8. Non-current assets - property, plant and equipment

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Office and computer equipment - at cost | 171,758 | 97,460 |
| Less: Accumulated depreciation | (52,157) | (53,317) |
| | 119,601 | 44,143 |

*Reconciliations*

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

| Consolidated | Office and computer equipment $ | Total $ |
|---|---|---|
| Balance at 1 July 2013 | 91,135 | 91,135 |
| Additions | 30,307 | 30,307 |
| Make-good addition | 35,000 | 35,000 |
| Exchange differences | (119) | (119) |
| Depreciation expense | (112,180) | (112,180) |
| Balance at 30 June 2014 | 44,143 | 44,143 |
| Additions | 79,650 | 79,650 |
| Make-good addition | 37,000 | 37,000 |
| Disposals | (7,352) | (7,352) |
| Exchange differences | (5,536) | (5,536) |
| Depreciation expense | (28,304) | (28,304) |
| Balance at 30 June 2015 | 119,601 | 119,601 |

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## Note 9. Non-current assets - intangibles

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Software - at cost | 3,956,106 | 2,183,589 |
| Less: Accumulated amortisation | (1,532,412) | (845,304) |
| | 2,423,694 | 1,338,285 |
| Membership base - at cost | 68,000 | - |
| Less: Accumulated amortisation | (3,825) | - |
| | 64,175 | - |
| Brand names - at cost | 94,000 | - |
| | 2,581,869 | 1,338,285 |

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

| Consolidated | Software $ | Membership base $ | Brand names $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2013 | 946,922 | - | - | 946,922 |
| Additions | 828,081 | - | - | 828,081 |
| Amortisation expense | (436,718) | - | - | (436,718) |
| Balance at 30 June 2014 | 1,338,285 | - | - | 1,338,285 |
| Additions | 1,772,516 | 68,000 | 94,000 | 1,934,516 |
| Amortisation expense | (687,107) | (3,825) | - | (690,932) |
| Balance at 30 June 2015 | 2,423,694 | 64,175 | 94,000 | 2,581,869 |

## Note 10. Current liabilities - trade and other payables

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Trade payables | 2,071,380 | 1,678,132 |
| Accrued expenses | 1,187,298 | 421,921 |
| Other payables | 904,292 | 387,541 |
| | 4,162,970 | 2,487,594 |

## Note 11. Current liabilities - borrowings

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Bank overdraft | 201,956 | - |
| Bank loans | 125,000 | 125,000 |
| Convertible notes payable | 100,000 | 300,000 |
| | 426,956 | 425,000 |

During the financial year notes amounting to $200,000 were converted into ordinary shares of the company.

## Note 12. Current liabilities - provisions

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Employee benefits | 142,774 | 116,902 |
| Deferred lease incentives | 3,193 | - |
| Lease make good | 37,352 | 35,000 |
| Reward redemption | 2,201,523 | 2,444,150 |
| | 2,384,842 | 2,596,052 |

## Note 13. Non-current liabilities - provisions

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Employee benefits | 29,114 | - |

## Note 14. Equity - issued capital

| | Consolidated 2015 Shares | 2014 Shares | 2015 $ | 2014 $ |
|---|---|---|---|---|
| Ordinary shares - fully paid | 37,531,146 | 30,000,000 | 7,175,254 | 4,015,461 |

As a result of the corporate/group reorganisation, the number of shares are based on the shares that would have been in issue had the reorganisation occurred at 1 July 2013.

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## Note 14. Equity - issued capital (continued)

*Movements in ordinary share capital*

| Details | Date | Shares | $ |
|---|---|---|---|
| Balance | 1 July 2013 | 30,000,000 | 4,015,461 |
| Balance | 30 June 2014 | 30,000,000 | 4,015,461 |
| Capital adjustment on reissue of shares | 6 November 2014 | - | 13,382 |
| Shares issued on capital raising | 7 November 2014 | 6,250,000 | 2,500,000 |
| Shares issued as share-based payment | 3 June 2015 | 881,146 | 583,911 |
| Shares issued on redemption of convertible note | 3 June 2015 | 400,000 | 200,000 |
| Less: share issue costs | | - | (137,500) |
| Balance | 30 June 2015 | 37,531,146 | 7,175,254 |

## Note 15. Equity - reserves

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Foreign currency reserve | (151,197) | (16,113) |
| Share-based payments reserve | 152,726 | 525,581 |
| | 1,529 | 509,468 |

*Movements in reserves*
Movements in each class of reserve during the current and previous financial year are set out below:

| Consolidated | Foreign currency $ | Share-based payments $ | Total $ |
|---|---|---|---|
| Balance at 1 July 2013 | - | 420,790 | 420,790 |
| Foreign currency translation | (16,113) | - | (16,113) |
| Share-based payments | - | 104,791 | 104,791 |
| Balance at 30 June 2014 | (16,113) | 525,581 | 509,468 |
| Foreign currency translation | (135,084) | - | (135,084) |
| Share-based payments | - | 211,056 | 211,056 |
| Transfer to issued capital (note 14) | - | (583,911) | (583,911) |
| Balance at 30 June 2015 | (151,197) | 152,726 | 1,529 |

## Note 16. Equity - accumulated losses

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Accumulated losses at the beginning of the financial year | (4,585,279) | (3,909,520) |
| Loss after income tax benefit for the year | (1,438,839) | (675,759) |
| Accumulated losses at the end of the financial year | (6,024,118) | (4,585,279) |

## Note 17. Events after the reporting period

On 24 July 2015, the consolidated entity acquired the business and assets of Sparc Media's Australian business carried on by Sparc Media Pty Limited, Adsparc Pty Limited and Future Students Pty Limited, and the share capital of Funbox India Private Limited and Sparc Media sp. z o.o. (Poland) (collectively referred to as 'Sparc'). The purchase price is based upon financial performance of Sparc in FY15 and 1H16 but will be a  a minimum price of $2,500,000 and a maximum price of $6,600,000. The consideration will be settled half in cash and half in shares of Pureprofile Ltd. Sparc specialises in programmatic media trading of online advertising inventory, performance marketing and publisher relationships.

On 29 July 2015, the company completed an initial public offering ('IPO') of 20,000,000 shares of its common stock at $0.50 per share and was admitted to the Official List of ASX Limited with the ASX code  PPL. The net proceeds of the IPO after payment of fees, expenses and underwriting discounts were $9,450,000.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

## Note 18. Reconciliation of loss after income tax to net cash from/(used in) operating activities

| | Consolidated | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| Loss after income tax benefit for the year | (1,438,839) | (675,759) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 719,236 | 548,898 |
| Share-based payments | 211,056 | 104,791 |
| Net gain on disposal of non-current assets | (4,409) | - |
| Capital adjustment on reissue of shares | 13,382 | - |
| Foreign currency differences | (129,548) | (15,994) |
| | | |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (1,075,418) | (127,976) |
| Decrease/(increase) in income tax refund due | (505,365) | 201,470 |
| Decrease/(increase) in deferred tax assets | (520,743) | 379,590 |
| Decrease/(increase) in accrued revenue | 113,263 | (152,109) |
| Decrease/(increase) in prepayments | (296,158) | 79,658 |
| Increase in other operating assets | (43,419) | - |
| Increase in trade and other payables | 1,675,376 | 572,364 |
| Increase/(decrease) in deferred tax liabilities | 464,967 | (222,590) |
| Increase in employee benefits | 54,986 | 116,902 |
| Decrease in other provisions | (274,082) | (58,500) |
| Increase in other operating liabilities | 208,178 | 39,822 |
| | | |
| Net cash from/(used in) operating activities | (827,537) | 790,567 |

## Note 19. Earnings per share

| | Consolidated | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| Loss after income tax attributable to the owners of Pureprofile Ltd. | (1,438,839) | (675,759) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 34,139,376 | 30,000,000 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 34,139,376 | 30,000,000 |

Pureprofile

## Note 19. Earnings per share (continued)

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | (4.21) | (2.25) |
| Diluted earnings per share | (4.21) | (2.25) |

The weighted average number of ordinary shares are calculated based on the number of ordinary shares that would have been in existence had the corporate/group reorganisation occurred as at 1 July 2013.

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