Trimantium GrowthOps Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Trimantium GrowthOps Limited
ABN:	80 621 067 678
Reporting period:	For the year ended 30 June 2019
Previous period:	For the period from 14 August 2017 to 30 June 2018

2. Results for announcement to the market

				$'000
Revenue from rendering of services	up	253.7%	to	69,003
Loss from ordinary activities after tax attributable to the owners of Trimantium GrowthOps Limited	up	378.0%	to	(65,010)
Loss for the year attributable to the owners of Trimantium GrowthOps Limited	up	378.0%	to	(65,010)

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

Comments
The loss for the Group after providing for income tax amounted to $65,010,000 (30 June 2018: $13,600,000).

The Group generated statutory revenue of $69.0 million, and statutory net loss after tax of $65.0 million for the year ended 30 June 2019 ('Financial Period'). For the year ended 30 June 2018, the Group comprised of the holding entity from 14 August 2017 until 16 March 2018, when the Group listed on the Australian Securities Exchange (IPO).

Statutory net loss after tax includes non-cash adjustments totalling $60.9 million:
- The accounting impact of non-cash, share-based payment expense of $30.5 million;
- The amortisation of identifiable intangible assets arising from acquisitions of $7.5 million; and
- Impairment of tangible and intangible assets of $22.9 million.

GrowthOps achieved several major milestones during this Financial Period, the Foundation Year. Critical to building the foundation for future growth, GrowthOps' management restructured and integrated the 8 businesses acquired at IPO and the operations of Asia Pacific Digital Limited ('APD') acquired in August 2018 (together the 'Foundation Companies'). The operations of the Foundation Companies were integrated into Practices focusing on client needs (e.g. Technology). The Group launched the new GrowthOps Brand into the market, while retaining and leveraging the equity of key brands: AJF GrowthOps (creative) and IECL by GrowthOps (organisational coach accreditation).

During the Financial Period GrowthOps developed and continued to refine the integrated GrowthOps service offering to help clients grow more effectively through the integration of creative, technology and coaching and leadership. This included the addition of performance marketing capabilities through the acquisition of APD, attracting and hiring a dedicated Salesforce Einstein team, and key business development and practice leadership hires. Foundation Entities were transitioned to one integrated Customer Relationship Management (CRM) system to drive cross sell opportunities and excellence in account management. Finance and payroll systems were integrated under one common platform and the transition to one whole-of-Group HR system commenced. The majority of office locations were shifted to 'campuses' driving collaboration and facilitating integrated, cross-skilled client teams. GrowthOps also expanded its geographic footprint in the growing Asia Pacific region through the acquisition of APD.

The GrowthOps operating model integrating creative, technology and coaching and leadership offerings results in a balanced revenue mix including a significant proportion of fixed multi-period retainers and recurring engagements, as well as time-and-materials projects. The acquisition of commercial property platform Xperior in December 2018 provides GrowthOps with an entry into a new growth sector as well as increasing revenue diversification through software-as-a-service products over time.

The Group's results for the Financial Period were impacted by challenging external conditions, including reduced business spending and deferred client purchasing decisions observed during the period leading up to the Australian Federal Election in May 2019.

Integrating the Foundation Companies into the GrowthOps operating model achieved $9.5 million in annualised cost savings in the Financial Period, while incurring a restructuring cost of $2.0 million.

Other key achievements in the Financial Period include:
- Reducing the Group's pro forma annual interest expense by $1.0 million through the refinancing of assumed APD debt with a new two-year, $14.0 million senior secured debt facility with Westpac Banking Corporation; and
- Generating pro forma revenue of $71.4 million and pro forma EBITDA of $8.6 million.

Operating and Financial Review
In its first year as a publicly listed company, GrowthOps devoted substantial resources to integrating the businesses acquired while also investing and refining its brand and capability.

GrowthOps acquired APD through an off-market takeover offer, which was approved on 2 August 2018, when APD shareholders representing greater than 90% of total shares outstanding accepted the offer and the acquisition became free of any conditions.

In November 2018, the Company entered a 2-year senior secured debt facility of $14.0 million with Westpac Banking Corporation, allowing it to refinance APD's existing debt facilities and achieve annualised interest savings of approximately $1.0 million.

On 24 December 2018, GrowthOps acquired the tenant portal property software business of Xperior from Xperior Group Pty Ltd.

The total purchase consideration for the companies acquired on 16 March 2018 was $95.6 million. Vendors received 50% of that purchase consideration, or $47.8 million, in cash at completion, and the other 50% in the form of 47.8 million of convertible redeemable preference shares ("CRPS"). The CRPS convert into ordinary shares over three years, subject to continued employment of the vendors, on the following schedule: 50% on the first anniversary of the IPO; 25% on the second anniversary of the IPO; and the final 25% on the third anniversary of the IPO.

The conversion ratio of these CRPS was finalised during the Financial Period per the terms of the share purchase agreements executed with vendors, resulting in an average conversion ratio of 1.09 ordinary shares for each 1 CRPS. The first tranche of the CRPS was converted into ordinary shares on 16 March 2019, with the issuance of 25,975,341 new GrowthOps ordinary shares.

On 15 March 2019 GrowthOps announced an on-market share buyback program of up to $5 million. The share buyback was suspended on 1 May 2019. A total of 108,754 shares were bought back and cancelled during the program for total consideration paid of $65,710.

Pro Forma results (unaudited)
The use of the term 'pro forma' relates to the period from 1 July 2018 to 30 June 2019, and its prior comparable period ('pcp') of 1 July 2017 to 30 June 2018. All acquisitions have been included in the pro forma financial reports as if owned for those full periods. In the preparation of the pro forma numbers, the statutory financial report has been adjusted for abnormal items relating to acquisition costs and restructuring costs, as well as the non-cash, share-based payments expense and impairment of tangible and intangible assets arising from the Group's prior acquisitions.

The GrowthOps Board of Directors believes that the presentation of pro forma results provides a useful measure of the underlying performance of the Group to users of this financial report. The use of pro forma financial results is non-IFRS financial information, and as such have not been audited in accordance with Australian Auditing Standards.

	Pro forma FY19 $ million	Pro forma FY18 $ million	FY19/FY18 actual change %
Revenue	71.4	87.0	(17.9%)
Media pass through income	29.3	29.4	
Media pass through expense	(29.3)	(29.4)	
Cost of sales	(10.6)	(13.5)	
Staff costs	(42.9)	(49.4)	
Occupancy	(0.4)	(0.9)	
Other	(8.9)	(8.8)	
EBITDA	8.6	14.4	(40.3%)

Pro forma Earnings before interest, tax, depreciation and amortization (EBITDA) of $8.6 million includes the impact from the early adoption of AASB 16 – Leases. As a result, rental expense of $3.3 million (FY18: $2.8 million) is no longer part of Occupancy cost. Adoption of AASB 16 resulted in recognition of right of use assets of $12.0 million (after depreciation and impairment charge for the period), recognition of lease liabilities of $13.0 million, recognition of depreciation expense $3.1 million (instead of rental expense) and interest expense of $0.5 million and reversal of liabilities in relation to lease incentives of $0.5m.

The restructuring and subsequent integration of the businesses during the Financial Period eliminated $9.5 million in abnormal (one-off) items. This consisted of $7.5 million of staff costs and $1.5 million of duplicated costs removed, as well as $0.5 million in acquisition related legal costs. In addition, $2.0 million of restructuring costs in the form of redundancy payments were incurred.

Overall, pro forma operating costs on a normalised view reduced from $59.1 million in FY18 to $52.2 million in FY19.

The acquisition of Xperior contributed to pro forma revenue and EBITDA of $0.6 million and $0.1 million, respectively, in the Financial Period.

Reconciliation of Statutory EBITDA to Pro forma EBITDA:

	$ million
Statutory loss before income tax	**(68.4)**
Net finance costs	1.0
Impairment of intangible assets	22.9
Depreciation and amortisation	11.5
Statutory EBITDA	**(33.0)**
Share-based payments	30.5
Restructuring costs	2.0
Abnormal (i.e. one-off) items	9.5
APD pre-acquisition EBITDA	(0.5)
Xperior contribution	0.1
Pro forma EBITDA	**8.6**

3. Net tangible assets

	Reporting period Cents	**Previous period Cents**
Net tangible assets per ordinary security	(3.76)	19.17

4. Control gained over entities

Name of entities (or group of entities)	Asia Pacific Digital Limited	
Date control gained	2 August 2018	
		$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the year		(6,114)

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial year.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Trimantium GrowthOps Limited for the year ended 30 June 2019 is attached.

12. Signed

Signed ____________________________ Date: 30 August 2019

Dominique Fisher
Chairman

Trimantium GrowthOps Limited

ABN 80 621 067 678

Preliminary Financial Report - 30 June 2019

Trimantium GrowthOps Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated For the 12 months ended 30 June 2019 (Unaudited) $'000	Consolidated For the period from 14 August 2017 to 30 June 2018 $'000
Revenue			
Rendering of services	1	69,003	19,510
Media pass through income		28,041	5,395
		97,044	24,905
Other income		179	32
Interest revenue calculated using the effective interest method		270	125
Expenses			
Media pass through expense		(28,041)	(5,395)
Freelance, contractors, consumables and associated costs		(10,276)	(3,529)
Employee benefits	2	(50,546)	(8,393)
Share-based payments	2	(30,460)	(9,929)
Occupancy		(892)	(620)
Depreciation and amortisation	2	(11,564)	(1,601)
Impairment of assets	2	(22,860)	-
Professional and consultancy		(1,518)	(851)
Travel and entertainment		(2,074)	(390)
IT expenses		(1,786)	(283)
Marketing and advertising		(771)	-
Administration expenses		(3,034)	(504)
Initial public offering ('IPO') and acquisition expenses		(418)	(5,752)
Other expenses		(399)	(396)
Finance costs	2	(1,271)	(1)
Loss before income tax benefit/(expense)		(68,417)	(12,582)
Income tax benefit/(expense)	4	3,407	(1,018)
Loss after income tax benefit/(expense) for the year attributable to the owners of Trimantium GrowthOps Limited		(65,010)	(13,600)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(75)	15
Other comprehensive income for the year, net of tax		(75)	15
Total comprehensive income for the year attributable to the owners of Trimantium GrowthOps Limited		(65,085)	(13,585)
		Cents	**Cents**
Basic earnings per share	18	(55.21)	(28.21)
Diluted earnings per share	18	(55.21)	(28.21)

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

Trimantium GrowthOps Limited
Consolidated statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 (Unaudited) $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents		7,924	21,608
Trade and other receivables	5	16,603	18,530
Contract assets		2,003	715
Income tax refund due	4	805	-
Other assets	6	1,560	497
Total current assets		28,895	41,350
Non-current assets			
Property, plant and equipment	7	2,265	815
Right-of-use assets		12,041	-
Intangibles	8	54,842	45,552
Deferred tax	4	180	-
Financial assets at fair value through profit or loss		458	-
Other		196	-
Total non-current assets		69,982	46,367
Total assets		98,877	87,717
Liabilities			
Current liabilities			
Trade and other payables	9	10,770	10,331
Contract liabilities		8,107	5,818
Borrowings		3	8
Lease liabilities - right-of-use assets		3,387	-
Income tax	4	-	2,077
Provisions	10	2,975	2,028
Total current liabilities		25,242	20,262
Non-current liabilities			
Borrowings	11	12,696	-
Lease liabilities - right-of-use assets		9,592	-
Deferred tax liabilities	4	-	3,404
Provisions	12	776	308
Contingent consideration		950	-
Total non-current liabilities		24,014	3,712
Total liabilities		49,256	23,974
Net assets		49,621	63,743
Equity			
Issued capital	13	88,307	67,399
Reserves	14	40,329	9,944
Accumulated losses		(79,015)	(13,600)
Total equity		49,621	63,743

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

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 14 August 2017	-	-	-	-
Loss after income tax expense for the year	-	-	(13,600)	(13,600)
Other comprehensive income for the year, net of tax	-	15	-	15
Total comprehensive income for the year	-	15	(13,600)	(13,585)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	67,399	-	-	67,399
Share-based payments (note 19)	-	9,929	-	9,929
Balance at 30 June 2018	67,399	9,944	(13,600)	63,743

Consolidated	**Issued capital $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 July 2018	67,399	9,944	(13,600)	63,743
Adjustment for change in accounting policy	-	-	(405)	(405)
Balance at 1 July 2018 - restated	67,399	9,944	(14,005)	63,338
Loss after income tax for the year	-	-	(65,010)	(65,010)
Other comprehensive income for the year, net of tax	-	(75)	-	(75)
Total comprehensive income for the year	-	(75)	(65,010)	(65,085)
Transactions with owners in their capacity as owners:				
Shares issued on business acquisition, net of transaction costs (note 13)	20,974	-	-	20,974
Share buy back (note 13)	(66)	-	-	(66)
Share-based payments (note 19)	-	30,460	-	30,460
Balance at 30 June 2019	88,307	40,329	(79,015)	49,621

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

	Note	Consolidated For the 12 months ended 30 June 2019 (Unaudited) $'000	For the period from 14 August 2017 to 30 June 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		114,177	25,290
Payments to suppliers and employees (inclusive of GST)		(113,215)	(21,432)
		962	3,858
Interest received		270	125
Other revenue		179	-
Income taxes paid		(2,379)	(1,698)
Net cash (used in)/from operating activities	17	(968)	2,285
Cash flows from investing activities			
Settlement of pre-acquisition dividend for business acquired in prior year		(3,760)	-
Net cash acquired on purchase of subsidiaries		356	-
Payment for purchase of subsidiaries, net of cash acquired	16	(1,989)	(40,936)
Transaction costs relating to business acquisition		(418)	(3,006)
Payments for investments		(458)	-
Payments for property, plant and equipment		(1,379)	(122)
Payments for intangibles		-	(14)
Loans repaid by/(provided to) other entities		-	(1,250)
Net cash used in investing activities		(7,648)	(45,328)
Cash flows from financing activities			
Proceeds from issue of shares	13	-	70,000
Proceeds from borrowings		14,000	-
Transaction costs associated with borrowings		(74)	-
Payments for share buy-backs		(66)	-
Share issue transaction costs		(62)	(5,347)
Repayment of borrowings principal and interest		(15,638)	-
Repayment of lease liabilities		(3,256)	-
Repayment of hire purchase liabilities		(5)	(2)
Net cash (used in)/from financing activities		(5,101)	64,651
Net (decrease)/increase in cash and cash equivalents		(13,717)	21,608
Cash and cash equivalents at the beginning of the financial year		21,608	-
Effects of exchange rate changes on cash and cash equivalents		33	-
Cash and cash equivalents at the end of the financial year		7,924	21,608

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

Note 1. Revenue from contracts with customers

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - For the 12 months ended 30 June 2019 (Unaudited)	Creative $'000	Technology $'000	Coaching and leadership $'000	Total $'000
Major service lines				
Advertising agency services	25,737	-	-	25,737
Technology services	-	26,230	-	26,230
Leadership and coaching	-	-	8,802	8,802
Marketing agency services	8,234	-	-	8,234
	33,971	26,230	8,802	69,003
Geographical regions				
Australia	32,644	14,572	7,859	55,075
New Zealand	832	-	-	832
Hong Kong	-	3,610	359	3,969
Singapore	-	2,849	584	3,433
Malaysia	-	5,199	-	5,199
Philippines	495	-	-	495
	33,971	26,230	8,802	69,003
Timing of revenue recognition				
Services transferred at a point in time	1,327	-	8,802	10,129
Services transferred over time	32,644	26,230	-	58,874
	33,971	26,230	8,802	69,003

Note 2. Expenses

	Consolidated For the 12 months ended 30 June 2019 (Unaudited) $'000	Consolidated For the period from 14 August 2017 to 30 June 2018 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	383	38
Plant and equipment	190	55
Fixtures and fittings	66	2
Motor vehicles	2	-
Office equipment	248	20
Right-of-use assets	3,142	-
Total depreciation	4,031	115
Amortisation		
Brand name	693	197
Customer relationships	6,389	1,226
Software	79	6
Other intangibles	372	57
Total amortisation	7,533	1,486
Total depreciation and amortisation	11,564	1,601
Impairment		
Goodwill	22,250	-
Right-of-use assets	610	-
Total impairment	22,860	-
Finance costs		
Interest and finance charges paid/payable	1,271	1
Employee benefits expense		
Employee benefits expense excluding superannuation	46,851	7,738
Defined contribution superannuation expense	3,695	655
Total employee benefits expense	50,546	8,393
Share-based payments expense		
Share-based payments expense	30,460	9,929

Note 3. Operating segments

Identification of reportable operating segments
The Group is organised into three operating segments: Creative, Technology and Coaching and leadership. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 3. Operating segments (continued)

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

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

Types of products and services

The principal products and services of each of these operating segments are as follows:

Creative	develop simple, powerful brand and communication strategies through the services we offer including brand strategy, positioning, digital strategy, marketing communications, performance marketing, customer retention, social media, graphic design etc.
Technology	provide technology transformation services to build strong foundations in security, automation and cloud. Our services include AI and machine learning, application design and development, cloud solutions, mobile, security software development, system integration etc.
Coaching and leadership	develop exceptional and adaptive leaders as well as provide advice to solve complex business issues including financial performance, business strategy and operational structure.
Other segments	head office revenue and expenses including certain group expenses that have not been allocated such as amortisation and impairment of acquired identifiable intangible assets. Assets of other segments comprise mainly cash and cash equivalents, intangible assets arising from business combinations and right-of-use assets. Liabilities of other segments comprise mainly provision for income tax, deferred tax liabilities and lease liabilities.

Intersegment transactions
Intersegment transactions were made at market rates and are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2019, no one customer contributed more than 10% to the Group's external revenue (2018: nil).

Note 3. Operating segments (continued)

Operating segment information

Consolidated - For the 12 months ended 30 June 2019 (Unaudited)	Creative $'000	Technology $'000	Coaching and leadership $'000	Other segments $'000	Total $'000
Revenue					
Sales to external customers	33,971	26,230	8,802	-	69,003
Intersegment sales	1,197	192	-	-	1,389
Total sales revenue	35,168	26,422	8,802	-	70,392
Media pass through income	26,448	1,593	-	-	28,041
Other income	-	-	-	179	179
Interest revenue	23	2	4	241	270
Total segment revenue	61,639	28,017	8,806	420	98,882
Intersegment eliminations					(1,389)
Total revenue					97,493
EBITDA (before share-based payment and impairment of assets)	2,984	(2,262)	577	(3,831)	(2,532)
Depreciation and amortisation	(675)	(252)	(78)	(10,559)	(11,564)
Impairment of goodwill (note 16)	-	-	-	(22,250)	(22,250)
Impairment of right-of-use assets	(424)	(186)	-	-	(610)
Share-based payment expense	(21,936)	(6,272)	(2,252)	-	(30,460)
Interest revenue	23	2	4	241	270
Finance costs	(57)	(1)	-	(1,213)	(1,271)
Loss before income tax	(20,085)	(8,971)	(1,749)	(37,612)	(68,417)
Income tax					3,407
Loss after income tax					(65,010)
Assets					
Segment assets	13,850	12,512	5,170	70,358	101,890
Intersegment eliminations					(3,013)
Total assets					98,877
Liabilities					
Segment liabilities	13,095	9,444	3,620	27,652	53,811
Intersegment eliminations					(4,555)
Total liabilities					49,256

Note 3. Operating segments (continued)

Consolidated - For the period from 14 August 2017 to 30 June 2018	Creative $'000	Technology $'000	Coaching and leadership $'000	Other segments $'000	Total $'000
Revenue					
Sales to external customers	10,094	6,377	3,039	-	19,510
Media pass through income	5,395	-	-	-	5,395
Other income	-	-	-	32	32
Interest	18	-	2	105	125
Total revenue	15,507	6,377	3,041	137	25,062
EBITDA (before share-based payment)	3,523	2,087	553	(7,339)	(1,176)
Depreciation and amortisation	(65)	(16)	(9)	(1,511)	(1,601)
Share-based payment expense	(5,452)	(3,995)	(382)	(100)	(9,929)
Interest revenue	18	-	2	105	125
Finance costs	-	(1)	-	-	(1)
Profit/(loss) before income tax expense	(1,976)	(1,925)	164	(8,845)	(12,582)
Income tax expense					(1,018)
Loss after income tax expense					(13,600)
Assets					
Segment assets	18,360	6,720	5,327	58,366	88,773
Intersegment eliminations					(1,056)
Total assets					87,717
Liabilities					
Segment liabilities	8,500	3,030	4,367	5,932	21,829
Intersegment eliminations					2,145
Total liabilities					23,974

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	For the 12 months ended 30 June 2019 (Unaudited) $'000	**For the period from 14 August 2017 to 30 June 2018 $'000**	**2019 (Unaudited) $'000**	**2018 $'000**
Australia	55,074	18,107	67,579	44,401
New Zealand	832	-	49	4
Hong Kong	3,970	1,161	20	1,962
Singapore	3,433	242	1,139	-
Malaysia	5,199	-	1,000	-
Philippines	495	-	17	-
	69,003	19,510	69,804	46,367

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Income tax

	Consolidated	
	For the 12 months ended 30 June 2019 (Unaudited) $'000	For the period from 14 August 2017 to 30 June 2018 $'000
Income tax (benefit)/expense		
Current tax	157	1,955
Deferred tax - origination and reversal of temporary differences	(2,941)	(937)
Adjustment recognised for prior periods	(623)	-
Aggregate income tax (benefit)/expense	(3,407)	1,018
Deferred tax included in income tax (benefit)/expense comprises:		
Increase in deferred tax assets	(2,941)	(937)
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
Loss before income tax benefit/(expense)	(68,417)	(12,582)
Tax at the statutory tax rate of 30%	(20,525)	(3,775)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	62	31
Non-deductible transaction costs	-	1,926
Impairment of assets	6,750	-
Share-based payments	9,138	2,979
Acquisition costs	124	-
Blackhole expenditure deduction	(356)	-
Notional interest on lease liabilities	157	-
Sundry items	3	(160)
	(4,647)	1,001
Adjustment recognised for prior periods	(623)	-
Current year tax losses not recognised	2,247	-
Prior year temporary differences not recognised now recognised	(368)	-
Difference in overseas tax rates	(50)	17
Adjustment to deferred tax balances as a result of change in statutory tax rate	34	-
Income tax (benefit)/expense	(3,407)	1,018

Note 4. Income tax (continued)

	Consolidated 2019 (Unaudited) $'000	Consolidated 2018 $'000
Deferred tax asset/(liability)		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangible assets	(4,462)	(4,472)
Tax losses	2,035	252
Employee benefits	1,101	656
Provision for lease make good	152	45
Allowance for expected credit losses	274	-
Blackhole expenditure deduction	1,080	-
Other	-	115
Deferred tax asset/(liability)	180	(3,404)
Amount expected to be recovered within 12 months	(59)	(547)
Amount expected to be recovered after more than 12 months	239	(2,857)
	180	(3,404)
Movements:		
Opening balance	(3,404)	-
Credited to profit or loss	2,941	937
Additions through business combinations (note 16)	643	(4,341)
Closing balance	180	(3,404)
Income tax refund due		
Income tax refund due	805	-
Provision for income tax payable		
Provision for income tax payable	-	2,077

Note 5. Current assets - trade and other receivables

	Consolidated 2019 (Unaudited) $'000	Consolidated 2018 $'000
Trade receivables	17,416	17,040
Less: Allowance for expected credit losses	(912)	(152)
	16,504	16,888
Loan receivable[a]	-	1,250
Other receivables	99	392
	16,603	18,530

[a] Loan receivable represents a short-term interest-bearing loan to Asia Pacific Digital Limited, which became a subsidiary of the Group on 2 August 2019. The facility limit was $2 million which expired on 14 October 2018. Interest was charged at 10% per annum.

Note 6. Current assets - other assets

	Consolidated	
	2019 (Unaudited) $'000	2018 $'000
Prepayments	781	411
Security deposits	779	86
	1,560	497

Note 7. Non-current assets - property, plant and equipment

	Consolidated	
	2019 (Unaudited) $'000	2018 $'000
Leasehold improvements - at cost	1,545	328
Less: Accumulated depreciation	(421)	(38)
Exchange differences	(18)	-
	1,106	290
Plant and equipment - at cost	681	423
Less: Accumulated depreciation	(245)	(55)
	436	368
Fixtures and fittings - at cost	193	50
Less: Accumulated depreciation	(68)	(2)
	125	48
Motor vehicles - at cost	7	7
Less: Accumulated depreciation	(2)	-
	5	7
Office equipment - at cost	858	122
Less: Accumulated depreciation	(268)	(20)
Exchange differences	3	-
	593	102
	2,265	815

Note 7. Non-current assets - property, plant and equipment (continued)

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

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Fixtures and fittings $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Balance at 14 August 2017	-	-	-	-	-	-
Additions	25	70	2	-	25	122
Additions through business combinations	303	353	48	7	97	808
Depreciation expense	(38)	(55)	(2)	-	(20)	(115)
Balance at 30 June 2018	290	368	48	7	102	815
Additions	989	258	143	-	438	1,828
Additions through business combinations (note 16)	228	-	-	-	298	526
Exchange differences	(18)	-	-	-	3	(15)
Depreciation expense	(383)	(190)	(66)	(2)	(248)	(889)
Balance at 30 June 2019	1,106	436	125	5	593	2,265

Note 8. Non-current assets - intangibles

	Consolidated 2019 (Unaudited) $'000	**Consolidated 2018 $'000**
Goodwill - at cost	61,278	30,593
Less: Impairment	(22,250)	-
	39,028	30,593
Brand name - at cost	3,398	3,398
Less: Accumulated amortisation	(890)	(197)
	2,508	3,201
Customer relationships - at cost	19,842	12,615
Less: Accumulated amortisation	(7,615)	(1,226)
	12,227	11,389
Software - at cost	834	42
Less: Accumulated amortisation	(85)	(6)
	749	36
Other intangible assets - at cost	759	390
Less: Accumulated amortisation	(429)	(57)
	330	333
	54,842	45,552

Note 8. Non-current assets - intangibles (continued)

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

Consolidated	Goodwill $'000	Brand name $'000	Customer relationships $'000	Software $'000	Other intangibles $'000	Total $'000
Balance at 14 August 2017	-	-	-	-	-	-
Additions	-	-	-	14	-	14
Additions through business combinations	30,593	3,398	12,615	28	390	47,024
Amortisation expense	-	(197)	(1,226)	(6)	(57)	(1,486)
Balance at 30 June 2018	30,593	3,201	11,389	36	333	45,552
Additions	-	-	-	-	192	192
Additions through business combinations (note 16)	30,476	-	7,227	792	177	38,672
Revaluation increments	209	-	-	-	-	209
Impairment of assets	(22,250)	-	-	-	-	(22,250)
Amortisation expense	-	(693)	(6,389)	(79)	(372)	(7,533)
Balance at 30 June 2019	39,028	2,508	12,227	749	330	54,842

Note 9. Current liabilities - trade and other payables

	Consolidated 2019 (Unaudited) $'000	**2018 $'000**
Trade payables	5,759	2,399
Accrued expenses	1,911	840
GST payable	1,017	1,301
Other payables[a]	2,083	5,791
	10,770	10,331

[a] Other payables at 30 June 2019 comprise mainly of other creditors, superannuation, PAYG and payroll tax liability. Other payables at 30 June 2018 include pre-acquisition dividend payable to some business vendors of $3.4 million.

Note 10. Current liabilities - provisions

	Consolidated 2019 (Unaudited) $'000	**2018 $'000**
Annual leave	1,833	1,068
Long service leave	1,056	960
Lease make good	86	-
	2,975	2,028

Note 11. Non-current liabilities - borrowings

	Consolidated	
	2019 (Unaudited) $'000	2018 $'000
Bank loans	12,696	-

The bank loan is a two-year $14,000,000 senior secured debt facility with Westpac Banking Corporation and expires on 14 November 2020. The facility has a variable interest rate based on BBSY 90 days which was approximately 4.31% for the financial year ended 30 June 2019. The facility has standard banking covenants commensurate with a facility of this type.

Note 12. Non-current liabilities - provisions

	Consolidated	
	2019 (Unaudited) $'000	2018 $'000
Long service leave	278	158
Lease make good	498	150
	776	308

Note 13. Equity - issued capital

	Consolidated			
	2019 (Unaudited) Shares	2018 Shares	2019 (Unaudited) $'000	2018 $'000
Ordinary shares - fully paid	138,932,122	94,869,006	88,307	67,399
Convertible redeemable preference shares (refer below)	23,788,100	47,780,200	-	-
	162,720,222	142,649,206	88,307	67,399

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	14 August 2017	-		-
Issue of shares	14 August 2017	120	$1.00	-
Share split (109,584 for 1)	16 October 2017	13,149,960	$0.00	-
Share split (1.88358 for 1)	14 March 2018	11,618,926	$0.00	-
Issue of shares on IPO	15 March 2018	70,000,000	$1.00	70,000
Capitalisation of share issue expense		-	$0.00	(2,601)
Issuance of shares	15 March 2018	100,000	$0.00	-
Balance	30 June 2018	94,869,006		67,399
Issue of shares on acquisition of subsidiary	10 August 2018	15,669,669	$1.20	18,804
Issue of shares on acquisition of subsidiary	18 September 2018	526,858	$1.20	632
Issue of shares on acquisition of business	24 December 2018	2,000,000	$0.80	1,600
Issuance of shares on conversion of Convertible Redeemable Preference shares	16 March 2019	25,975,343	$0.00	-
Shares buy back	16 April 2019	(108,754)	$0.00	(66)
Transaction costs		-	$0.00	(62)
Balance	30 June 2019	138,932,122		88,307

Note 13. Equity - issued capital (continued)

Movements in convertible redeemable preference shares

Details	Date	Shares	Issue price	$'000
Balance	14 August 2017	-		-
Issue of convertible redeemable preference shares	15 March 2018	47,780,200	$0.00	-
Balance	30 June 2018	47,780,200		-
Conversion to ordinary shares	16 March 2019	(23,890,100)	$0.00	-
Forfeited		(102,000)	$0.00	-
Balance	30 June 2019	23,788,100		-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Convertible redeemable preference shares
Preference shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held, with priority over ordinary shareholders.

Preference shares only have voting rights in limited circumstances. In these circumstances, each preference share shall have one vote.

Each convertible redeemable preference share ('CRPS') can convert into a minimum of 0 ordinary shares and a maximum of 2 ordinary shares, depending on the achievement of the financial year ended 30 June 2018 specified performance measures of the individual businesses acquired by GrowthOps (each a 'GrowthOps Business'). 47,780,200 CRPS will be converted to 51,950,681 ordinary shares based on an agreed conversion ratio of 1:1.09. On 16 March 2019, 23,890,100 CRPS have converted to 25,975,433 ordinary shares. Conversion remains subject to vesting conditions and provided these are met, a further 25% on each of the second and third anniversaries of the IPO.

Share buy-back
On 15 March 2019, the Group announced an open-market share buy back program. The Group bought back 108,754 ordinary shares.

On 1 May 2019, the Group suspended the open-market share buy back program.

Capital risk management
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 2018 Annual Report.

Note 14. Equity - reserves

	Consolidated 2019 (Unaudited) $'000	2018 $'000
Foreign currency reserve	(60)	15
Share-based payments reserve	40,389	9,929
	40,329	9,944

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity-settled benefits provided to the vendors of acquired subsidiaries, and employees as part of their compensation for services.

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

Consolidated	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 14 August 2017	-	-	-
Foreign currency translation	15	-	15
Share-based payments	-	9,929	9,929
Balance at 30 June 2018	15	9,929	9,944
Foreign currency translation	(75)	-	(75)
Share-based payments	-	30,460	30,460
Balance at 30 June 2019	(60)	40,389	40,329

Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 16. Business combinations

Acquisition of Asia Pacific Digital Limited
On 2 August 2018 the Group obtained control of Asia Pacific Digital Limited ('APD') for the total consideration of $19,436,000 settled in Trimantium GrowthOps Limited ordinary shares. The acquisition of APD will help cement the Group's position as an independent, regional provider of integrated consulting, creative and technology-driven services with the scale and local market experience to serve multinational corporate and government clients. The expansion of APD's technology services and geographic footprint within the Asia Pacific market will diversify GrowthOps' client base and strengthen its competitive edge against global players that operate in the region. The goodwill of $26,607,000 is attributable mainly to the workforce and APD's footprint in Asia. APD contributed revenue of $18,133,000 and loss before tax of $6,114,000 to the Group for the period from 2 August 2018 to 30 June 2019. If the acquisition occurred on 1 July 2018, the contributions would have been revenue of $20,106,000 and loss before tax of $6,792,000.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	356
Trade receivables	7,125
Prepayments	448
Other financial assets	548
Leasehold improvements	228
Office, computers and other equipment	298
Customer relationships	7,046
Software and other intangibles	177
Deferred tax assets*	2,725
Right-of-use asset	2,603
Trade payables	(4,528)
Other payables	(3,764)
Provision for income tax	(159)
Deferred tax liability	(1,790)
Employee benefits	(1,051)
Deferred revenue	(1,170)
Bank loans	(13,660)
Lease liability	(2,603)
Net liabilities acquired	(7,171)
Goodwill	26,607
Acquisition-date fair value of the total consideration transferred	19,436
Representing:	
Trimantium GrowthOps Limited shares issued to vendor	19,436
Acquisition costs expensed to profit or loss	363
Cash used to acquire business, net of cash acquired:	
Net cash received from acquisition	356

On acquisition date, APD had cumulative tax losses in Australia of approximately $32 million. Management have recognised a deferred tax asset of $2 million that relates to tax loss available for use in the foreseeable future.

Following the acquisition, management have re-assessed and implemented strategies and initiatives to transition APD to a profit-neutral contributor to the Group in the short-term. As a result of this assessment, management have recognised an impairment of goodwill of $22,250,000 for the financial year ended 30 June 2019.

Note 16. Business combinations (continued)

Acquisition of Xperior Group Pty Limited
On 24 December 2018, the Group acquired from Xperior Group Pty Ltd the software business that provides software and services to commercial property groups throughout Australia and New Zealand, delivered under the 'Xperior' trading name. Xperior provides GrowthOps with an entry into a new growth sector that, in combination with other GrowthOps growth services, is expected to add value to clients in the commercial property industry across the Asia Pacific region. This acquisition is aligned to the Group's strategic objective of diversifying its revenue stream. The provisional goodwill of $3,869,000 is attributable mainly to Xperior's footprint in the industry. Xperior contributed revenue of $354,000 and profit before tax of $56,000 to the Group for the period from 24 December 2018 to 30 June 2019. If the acquisition occurred on 1 July 2018, the contributions would have been revenue of $649,000 and profit before tax of $120,000. The values identified in relation to the acquisition of Xperior are provisional at 30 June 2019.

Details of the acquisition are as follows:

	Fair value $'000
Software	792
Customer relationships	181
Deferred tax liability	(292)
Provisions	(11)
Net assets acquired	670
Goodwill	3,869
Acquisition-date fair value of the total consideration transferred	4,539
Representing:	
Cash paid or payable to vendor	1,989
Trimantium GrowthOps Limited shares issued to vendor	1,600
Contingent consideration	950
	4,539
Acquisition costs expensed to profit or loss	52
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,539
Less: contingent consideration	(950)
Less: shares issued by Company as part of consideration	(1,600)
Net cash used	1,989

Contingent consideration includes contingent cash payment and contingent share payment, which was calculated based on estimated earned revenue for the calendar year ending 31 December 2020. At 30 June 2019, the value identified in relation to the acquisition is a provisional amount.

Note 16. Business combinations (continued)

Prior year business combinations
On 15 March 2018, the Company acquired the shares of 10 companies for a total cash consideration of $47,780,201.

Details of the entities companies acquired are as follows:

Subsidiary acquired	Principal activity	Ownership acquired %	Operating segment
AJF Partnership Pty Ltd	Creative agency	100%	Creative
First Floor Films Pty Ltd	Creative agency	100%	Creative
Moshi Asia Pty Ltd	Enterprise IT consulting	100%	Technology
GrowthOps IECL Pty Ltd	Coaching and leadership development	100%	Coaching and leadership
GrowthOps 3wks Pty Ltd	Enterprise cloud and software solutions	100%	Technology
GrowthOps Khemistry Pty Ltd	Digital creative agency	100%	Creative
GrowthOps Jtribe Pty Ltd	Mobile application developer	100%	Technology
GrowthOps Voodoo Pty Ltd	Web development & graphic design	100%	Technology
GrowthOps KDIS Pty Ltd	Digital marketing solutions	100%	Technology
The Unit Co Pty Ltd	Non-operating	100%	Other

The businesses were acquired to complement their existing portfolio of service providers and innovation initiatives with an entrepreneurial partner designed to deliver a new product, service, or growth strategy quickly, which will enable Trimantium GrowthOps Limited as a group to deliver end-to-end value proposition to clients.

Note 17. Cash flow information

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

	Consolidated	
	For the 12 months ended 30 June 2019 (Unaudited) $'000	For the period from 14 August 2017 to 30 June 2018 $'000
Loss after income tax benefit/(expense) for the year	(65,010)	(13,600)
Adjustments for:		
Depreciation and amortisation	11,564	1,601
Impairment of goodwill	22,860	-
Share-based payments	30,460	9,929
Foreign exchange differences	(75)	15
Investing and financing expenses	1,271	5,753
Allowance for expected credit losses	181	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	9,350	(5,199)
Increase in contract assets	(1,288)	-
(Increase)/decrease in other assets	(811)	65
Increase/(decrease) in trade and other payables	(5,289)	4,182
Increase in contract liabilities	1,119	-
Increase/(decrease) in provision for income tax	(2,723)	257
Decrease in deferred tax liabilities	(2,941)	(937)
Increase in provisions	364	219
Net cash (used in)/from operating activities	(968)	2,285

Note 18. Earnings per share

	Consolidated	
	For the 12 months ended 30 June 2019 (Unaudited) $'000	For the period from 14 August 2017 to 30 June 2018 $'000
Loss after income tax attributable to the owners of Trimantium GrowthOps Limited	(65,010)	(13,600)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	117,741,217	48,208,694
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,741,217	48,208,694
	Cents	**Cents**
Basic earnings per share	(55.21)	(28.21)
Diluted earnings per share	(55.21)	(28.21)

Convertible redeemable preference shares have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

GrowthOps

Note 19. Share-based payments

Convertible redeemable preference shares
On 15 March 2018, 47,780,200 convertible redeemable preference shares ('CRPS') were issued to the vendors of the acquired companies. The shares issued do not form part of total purchase price for the acquired entities and instead have been treated as a share based payment in accordance with AASB 2 'Share Based Payments' as the CRPS are subject to vesting conditions linked to service and will be expensed over the vesting period. Subject to terms and conditions each CRPS converts into ordinary shares on the following dates (each a conversion Date) and in the following tranches:

	Number of shares
15/03/2019 - First anniversary of the Completion Date	23,890,100
15/03/2020 - Second anniversary of the Completion Date	11,945,050
15/03/2021 - Third anniversary of the Completion Date	11,945,050
	47,780,200

Conversion of the CRPS into Shares is subject to performance and retention hurdles:

- Performance – Based on the individual performance of each of the acquired businesses in FY18, 47,780,200 CRPS will be converted into 51,950,681 ordinary shares.
- Retention – Conversion will be staggered so that 50% of the CRPS will convert on the first anniversary of Completion and a further 25% on each of the second and third anniversaries of Completion. Conversion will only occur if the Partner who represents the relevant Vendor continues to be employed by GrowthOps at the time (other than in exceptional circumstances). On 16 March 2019, 23,890,100 CRPS have been converted to 25,975,433 ordinary shares.

The CRPS had a fair value of $1.00 per share on the date they were issued.

During the year ended 30 June 2019, the Group recognised a share-based payment expense of $30,460,000 (2018: $9,929,000) including $30,112,000 (2018: $9,829,000) with respect to the convertible redeemable preference shares issued on 15 March 2018. The table below summarises the estimated share-based payment expense from FY18 to FY21 in relation to this CRPS scheme:

	30 June 2018 $'000	30 June 2019 $'000	30 June 2020 $'000	30 June 2021 $'000	Total $'000
Share-based payment expense in relation to CRPS scheme*	9,829	30,112	8,949	3,060	51,951

* Share-based payment subject to changes if there are changes in conversion ratio or retention hurdles not being met.

Set out below are summaries of the redeemable preference shares issued in accordance with the Sales Price Agreement:

2019
(Unaudited)

Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued	Converted to ordinary shares	Expired/ forfeited/ other	Balance at the end of the year
15/03/2018	15/03/2021	$0.00	47,780,200	-	(23,890,100)	(102,000)	23,788,100
			47,780,200	-	(23,890,100)	(102,000)	23,788,100

Note 19. Share-based payments (continued)

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Issued	Converted to ordinary shares	Expired/ forfeited/ other	Balance at the end of the year
15/03/2018	15/03/2021	$0.00	-	47,780,200	-	-	47,780,200
			-	47,780,200	-	-	47,780,200

Performance rights
On 28 March 2019, the Group issued 1,450,000 performance rights to its employees for no cash consideration. The performance rights are subject to vesting conditions linked to service and will be expensed over the vesting period. Upon satisfying the vesting condition, each performance right will convert to one ordinary share on the following dates (each a conversion date) and in the following tranches:

	Number of performance rights vest
01/07/2019	725,000
16/03/2020	312,500
30/06/2020	100,000
16/03/2021	312,500
	1,450,000

Conversion of the performance rights into shares is subject to retention hurdles. Conversion will only occur if the eligible employees continue to be employed by the group on the conversion date. Each performance right has a fair value of $0.455 being the market value of the Group's ordinary shares on grant date.

Set out below are summaries of performance rights granted under the plan:

2019
(Unaudited)

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
28/03/2019	16/03/2021	$0.00	-	1,450,000	-	(150,000)	1,300,000
			-	1,450,000	-	(150,000)	1,300,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.7 years.

During the year ended 30 June 2019, the Group recognised a share-based payment expense of $343,098 (2018: nil). The table below summarises the estimated share based payment expense from FY19 to FY21 in relation to the performance right scheme:

	30 June 2019 $'000	30 June 2020 $'000	30 June 2021 $'000	Total $'000
Share-based payment expense in relation to performance right scheme	343	152	32	527