

1. Company details

Name of entity:	Crowd Media Holdings Limited
ABN:	13 083 160 909
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

The Group has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 30 June 2019 using the modified retrospective approach and as such the comparatives have not been restated.

			\$
Revenues from ordinary activities	down	39.0% to	8,542,715
Loss from ordinary activities after tax attributable to the owners of Crowd Media Holdings Limited	down	55.7% to	(1,246,578)
Loss for the half-year attributable to the owners of Crowd Media Holdings Limited	down	55.7% to	(1,246,578)

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 \$1,246,578 (31 December 2018: \$2,811,723).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.08</u>	<u>0.92</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

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):

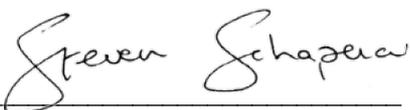
The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of Crowd Media Holdings Limited for the half-year ended 31 December 2019 is attached.

12. Signed

Signed  _____

Date: 28 February 2020

Steven Schapera
Chairman
Melbourne

Crowd Media Holdings Limited

ABN 13 083 160 909

Half Year Report - 31 December 2019

Crowd Media Holdings Limited
Contents
31 December 2019

Directors' report	2
Auditor's independence declaration	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	28
Independent auditor's review report to the members of Crowd Media Holdings Limited	29

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Crowd Media Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

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

Steven Schapera - Chairman	Appointed 23 September 2019
Domenic Carosa	
Robert Quandt	Appointed 23 September 2019
John Palermo	Appointed 10 February 2020
Theo Hnarakis – Former Chairman	Retired 23 September 2019
Sophie Karzis	Retired 10 February 2020

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the sale of information, entertainment, and content and utility services for mobile phones and tablets.

Review of operations

The financial results for the half-year ended 31 December 2019 and for the prior half-year ended 31 December 2018, ('pcp' or 'prior year') represents those of the Crowd Media operating entities, the Track operating entities, Crowd Media and Crowd Media Holdings Limited.

Crowd Media earned revenue for the half-year ended 31 December 2019 of \$8,542,586 versus \$14,009,516 in the prior period. The Company's EBITDA was a loss of (\$965,830) for the half-year (pcp: (\$3,271,788)) and the net loss after tax for the half-year was (\$1,246,578) compared with a pcp net loss after tax of (\$2,811,723). The other comprehensive income for the year attributable to the owners of Crowd Media was (\$45,667) when accounting for a foreign currency translation loss on foreign operations.

Crowd Media's net asset position at 31 December 2019 was \$930,267, a slight decrease from the 30 June 2019 balance of \$948,113.

Company's EBITDA and net loss includes a non-cash net fair value loss on derivative financial liabilities of \$303,902, a non-cash share-based payment charge of \$189,367, restructuring and financing costs of \$446,527 (related to costs associated with the Invincible Investments Consortium convertible notes issued during the half-year and restructuring of the Media division) and impairment expenses of (\$3,145). When adjusting only for these effects (consistent with performance measures reported to shareholders during the year), the Underlying EBITDA for the financial year is a loss of (\$36,270), a decrease of 97% versus the prior year loss of (\$1,131,205), as follows:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Net profit / (loss) after tax ('NPAT')	(1,246,578)	(2,811,723)
Add back: income tax benefit	(448,655)	(1,049,002)
Add back: finance costs	438,504	491,460
Deduct: interest revenue calculated using the effective interest method	(129)	(1,731)
Add back: depreciation and amortisation	291,028	99,208
	<hr/>	<hr/>
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	(965,830)	(3,271,788)
Add back: allowance for expected credit losses	(3,145)	1,721,042
Add back: restructuring costs and financing costs	446,527	261,889
Add back: share-based payment expense	189,367	12,375
Add back: net fair value loss on derivative financial liabilities	303,902	-
Effects of exchange rate changes	(7,091)	145,277
	<hr/>	<hr/>
Underlying EBITDA	<u>(36,270)</u>	<u>(1,131,205)</u>

Comparison of the net loss after tax for the half-years ended 31 December 2019 and 31 December 2018:

	31 Dec 2019	31 Dec 2018	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Revenue	8,542,586	14,009,516	(5,466,930)	(39%)
Cost of sales	(2,457,352)	(4,126,833)	1,669,481	(40%)
Selling, general and administration expenses	(6,750,307)	(11,433,429)	4,683,122	(41%)
Allowance for expected credit losses	3,145	(1,721,042)	1,724,187	(100%)
Net fair value loss on derivative financial liabilities	(303,902)	-	(303,902)	-%
EBITDA Profit / (Loss)	(965,830)	(3,271,788)	2,305,958	(70%)
Interest income	129	1,731	(1,602)	(93%)
Depreciation and amortisation	(291,028)	(99,208)	(191,820)	193%
Finance costs	(438,504)	(491,460)	52,956	(11%)
Income tax (expense) / benefit	448,655	1,049,002	(600,347)	(57%)
Net Profit / (Loss) After Tax	<u>(1,246,578)</u>	<u>(2,811,723)</u>	<u>1,565,145</u>	<u>(56%)</u>

Revenue

	31 Dec 2019	31 Dec 2018	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Revenue	<u>8,542,586</u>	<u>14,009,516</u>	<u>(5,466,930)</u>	(39%)

For the half-year, revenue was represented by Q&A of \$4,744,678 (pcp: \$9,037,574), Subscription of \$3,376,882 (pcp: \$3,688,171) and Media of \$421,026 (pcp: \$1,283,771).

The Q&A business encountered headwinds and produced softer than expected revenues. The Company continues to optimize its cost base given the softer revenues in its legacy business.

Billed message volumes decreased from 6.5m to 3.5m half-year on half-year. The average revenue per paid message for the current half-year was \$1.28 compared to \$1.35 for the prior period. This reflects the Company's strategy of growing more strongly in lower unit economic countries, as well as a depreciating Australian dollar versus the Euro, compared to the previous corresponding period.

Subscription contributed consolidated revenue of \$3,376,882 and the business continues to be profitable. Management will continue to expand the product offering in the second half of FY20, adding new and better-quality third-party content and diversifying revenue.

The decline in Media revenue reflects the Company's strategy to transition from being an agency to being sellers of brands with whom we have a strategic alliance, thereby earning a large share of the retail price. The agency was restructured in the first half of FY20 and in the second half of the year, the Company will build upon the new direct-to-consumer initiatives, as outlined in the announcements lodged on the ASX on 25 November 2019 and 6 February 2020.

Expenses

(i) Cost of sales

For the half-year, the Group's cost of sales was \$2,457,352 or 29% of revenue (pcp: \$4,126,833 at 29%) and was represented by Q&A at \$1,352,251 (pcp: \$2,310,940), Subscription at \$806,286 (pcp: \$1,046,960) and Media at \$298,815 (pcp: \$768,933). We expect cost of sales as a percentage of revenue to be relatively flat for the remainder of FY20.

(ii) Selling, general and administration expense

Crowd Media's selling, general and administration expenses (including Marketing) of \$6,750,307 for the half-year decreased by 41% compared to the prior period. The decrease is mainly due to a decrease in marketing expenses and cost savings initiatives, including the restructuring that was completed in the second half of FY19, as outlined in the announcement lodged on the ASX on 7 June 2019.

The larger movements in expenses for the first half of FY20 versus FY19 were as follows:

	31 Dec 2019	31 Dec 2018	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Marketing	2,360,621	3,990,169	(1,629,548)	(41%)
Employee benefits expense	2,619,382	4,463,218	(1,843,836)	(41%)
Travel and accommodation	62,630	237,021	(174,391)	(74%)
Share-based payment	189,367	12,375	176,992	1430%
Allowance for expected credit losses	(3,145)	1,721,042	(1,724,187)	(100%)

- Marketing:**
The consolidated marketing expense of \$2,360,621 was consistent with the prior period at 28% of revenue. The half-year expense was down by \$1,629,548, or 41%, versus the prior period of \$3,990,169. Q&A marketing expense of \$1,495,177 for the half-year (pcp: \$2,855,957) as a percentage of revenue was stable with the prior period at 32%. The Subscription expense was also consistent with prior period at 26% of revenue, at \$865,444 for the half-year (pcp: \$920,105 at 25%). Moving forward, a broadly consistent marketing cost to income ratio is expected.
- Employee benefits expense:**
The consolidated expense decreased by \$1,843,836, or 41%, for the half-year, due to a decrease in headcount as the result of the restructuring that occurred in FY19. Q&A for the period was \$1,820,360, a decrease of 47% versus the previous corresponding period of \$3,450,167. The Subscription expense was \$486,130 for the period, an increase of 23% versus the prior period expense of \$395,076. The Media division incurred an expense of \$312,892, a decline of 49% versus the previous corresponding period of \$617,975.
- Travel and accommodation:**
Travel costs at \$62,630 for the half-year decreased by 74% compared to the prior period. As part of the cost saving initiatives, travel and accommodation expenses will continue to be limited as much as possible.
- Share-based payment:**
The consolidated expense of \$189,367 for the half-year (attributed to the Q&A CGU) relates to a Directors' and staff incentive expense, as well as expenses recorded for options granted for consulting and investor relations services provided to the Company.
- Allowance for expected credit losses:**
The consolidated gain was (\$3,145) for the half-year, compared to a loss of \$1,721,042 in the prior period.

(iii) Depreciation and amortisation

	31 Dec 2019	31 Dec 2018	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Depreciation	286,313	90,692	195,621	216%
Amortisation	4,715	8,516	(3,801)	(45%)
	<u>291,028</u>	<u>99,208</u>	<u>191,820</u>	193%

The half-year consolidated depreciation and amortisation expense of \$291,028 (pcp: \$99,208) is split between Q&A as \$88,109 (pcp: \$35,387), Subscription as \$201,909 (pcp: \$59,092) and Media as \$1,010 (pcp: \$4,729). The increase from prior period is mainly due to a depreciation charge for the Company's right-of-use assets upon adoption of AASB 16 by the Group from 1 July 2019.

(iv) Finance costs

The consolidated finance costs for the half-year of \$438,504 decreased by \$52,956, or 11%, from the prior half-year.

(iv) Income tax expense/(benefit)

The consolidated tax benefit for the first half of FY20 of \$448,655 is represented by a Q&A benefit of \$230,065 (pcp: \$501,106), a Subscription benefit of \$155,508 (pcp: \$370,682) and Media benefit of \$63,082 (pcp: \$177,214).

Cash flow

The Company's net cash used in operating activities for the half-year was (\$1,545,695), a decrease of 14% compared to the prior period cash used of (\$1,791,678). Operating cash flows are expected to improve for the remainder of FY20 due to realising benefits from the recent restructurings and reduction in staff, along with ongoing initiatives to optimize costs. Net trading receipts (excluding interest and tax cash flows) for the half-year was (\$1,064,159), which is a 46% increase over the prior year of (\$1,981,141).

The net cash flow from investing activities for the period was (\$139,271), versus \$105,794 in the prior year, mainly reflecting payments for intangibles. The net cash flow from financing activities for the period was \$2,117,452 versus (\$393,627) in the prior period, comprised of net proceeds from issue of convertible notes of \$2,326,831 (reflecting the net proceeds from issuing the Invincible Investments Consortium convertible notes and repayment of the Obsidian convertible notes), partially offset by repayment of lease liabilities of (\$209,379).

Liquidity and Financial Position

At Crowd Media's 31 December 2019 reporting date:

- Cash and cash equivalents ('cash') were \$1,246,664 (30 June 2019: \$839,462).
- Working capital (defined as current assets less current liabilities) increased by \$473,995 to \$2,019,619 (30 June 2019: \$1,545,624).
- Reporting date total current and non-current borrowings ('debt') were \$4,852,057 (30 June 2019: \$2,991,849).
- Net debt (debt less cash), at 31 December 2019 was \$3,605,393, an increase of \$1,453,006 from \$2,152,387 at 30 June 2019.
- Net assets at 31 December 2019 were \$930,267 (30 June 2019: \$948,113).

The financial statements have been prepared on a going concern basis. Refer to Note 2 of the financial statements.

Significant changes in the state of affairs

On 31 July 2019, the Company cancelled the PRs issued on 25 July 2018. The three year PRs were based on share price and earnings per share targets and the maximum number of shares that could be issued on conversion was 6,000,000.

On 31 July 2019, the Company agreed to issue 11,000,000 Performance Rights ('PRs') to employees, excluding the directors and CEO. On 18 December 2019, the Board approved to modify the conditions of the performance rights as follows:

- 1-year performance rights: 20% of the performance rights (2,200,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2020.
- 2-year performance rights: 30% of the performance rights (3,300,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2021.
- 3-year performance rights: 50% of the performance rights (5,500,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2022.
- Any extenuating circumstances regarding continuous employment are subject to Board approval.

On 29 August 2019, the Company executed a binding Heads of Agreement ('HOA') with an alliance of strategic investors, collectively the Invincible Investment Consortium ('IIC'), to fund existing Company requirements, as well as develop new business synergies and joint ventures between Crowd Media and businesses that the IIC can introduce and facilitate. These would leverage Crowd Media's well-established technology and digital marketing platforms. Under the agreement, Crowd Media will issue IIC (and/or their nominees) with convertible notes with a face value of up to \$3,700,000 on the following key terms:

- Tranche 1: \$1,700,000 20-month facility to be drawn down by 31 August 2019 with a fixed conversion price of 1.8 cents; and
- Tranche 2: \$2,000,000 24-month facility, to be drawn down in 90 days with a fixed conversion price of 2.0 cents, subject to the parties agreeing to a business plan which focusses on strategic collaboration objectives.

As of 31 December 2019, \$1,741,000 was raised under the issue of Tranche 1 convertible notes and \$1,080,000 was raised under Tranche 2.

As part of the investment and collaboration under the agreement, IIC principals Steven Schapera and Robert Quandt joined the Crowd Media Board of Directors in September 2019. Crowd Media's current Chairman, Theo Hnarakis, retired from the Board to pursue other opportunities, and Steven Schapera replaced him as new Chairman.

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

Matters subsequent to the end of the financial half-year

Letter of intent with Forever Holdings Ltd

On 8 January 2020, the Company announced that it has executed a letter of intent ('LOI') with London-based technology company Forever Holdings Ltd ('FHL'). FHL is a voice-and-visual interactive digital media company. Its technology can enable one-to-one digital encounters between an influencer and anyone who wishes to converse with them.

The LOI is structured for the parties to enter into exclusive negotiations with respect to forming a commercial partnership between FHL and Crowd Media Holdings Limited regarding the launch of a 'voice-and-visual' interactive digital media product for a range of sectors including influencer marketing, customer service, healthcare and education.

Further details can be found in the announcement lodged on the ASX on 8 January 2020.

Exclusive arrangement with Pluto Services Limited

On 13 January 2020, the Company announced that it has entered into an exclusive arrangement with London-based Pluto Services Limited to develop an appropriate commercial structure that would leverage Crowd's core strengths (digital social media / influencer marketing / conversational commerce) to assist Pluto to roll out its recently launched "millennial" travel insurance products into the EU market (excluding the UK).

Crowd and Pluto will utilise a 90 day exclusivity period to agree a partnership framework that may include an all-encompassing digital marketing strategy across Europe (excluding the UK) and an appropriate commercial partnering arrangement between the parties.

Further details can be found in the announcement lodged on the ASX on 13 January 2020.

Issue of shares and unlisted options

On 30 January 2020, the Company issued 286,780 fully paid ordinary shares and 277,778 unlisted options to holders of convertible notes upon receipt of conversion instructions. As approved by shareholders, upon the conversion of convertible notes, each conversion share entitles the noteholder to receive a free attaching option to acquire a share. The Company issued a further 4,752,000 shares and 4,752,000 options to Starland Management Pty Ltd, pursuant to the terms of the Consultancy Mandate between the Company and Starland Management Pty Ltd.

Board of Directors changes

On 10 February 2020, the Company announced changes to its Board of Directors with the appointment of Mr. John Palermo as a new non-executive Director of the Company, replacing outgoing Director Ms. Sophie Karzis, who has retired for personal reasons.

Repayment of loan payable to NTH Mobile Limited

On 21 February 2020, the Company announced that it has received monies from Sata Bank of circa EUR 262,000 approximately 15 months after the bank's license was suspended by the Malta Financial Services Authority. These funds were due to Crowd for revenue generated in 2018 and were used to repay the loan payable to NTH Mobile Limited (refer to note 10 for further information) in full on 21 February 2020. Further details can be found in the announcement lodged on the ASX on 21 February 2020.

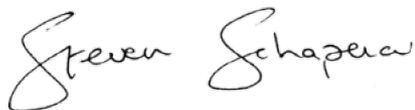
No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors

A handwritten signature in black ink that reads "Steven Schapera". The signature is written in a cursive style with a horizontal line underneath it.

Steven Schapera
Chairman

28 February 2020
Melbourne

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Crowd Media Holdings Limited for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



M PARAMESWARAN

Partner

Dated: 28 February 2019
Melbourne, Victoria

Crowd Media Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

CROWDMEDIA

	Note	Consolidated 31 Dec 2019 \$	31 Dec 2018 \$
Revenue			
Revenue from continuing operations	4	8,542,586	14,009,516
Cost of sales		<u>(2,457,352)</u>	<u>(4,126,833)</u>
Gross profit		<u>6,085,234</u>	<u>9,882,683</u>
Interest revenue calculated using the effective interest method		129	1,731
Expenses			
Marketing		(2,360,621)	(3,990,169)
Administration and other expenses		(767,758)	(1,549,534)
Consultants		(744,251)	(1,055,988)
Depreciation and amortisation expense		(291,028)	(99,208)
Employee benefits expense		(2,619,382)	(4,463,218)
Travel and accommodation		(62,630)	(237,021)
Product development		(6,298)	(125,124)
Share-based payment		(189,367)	(12,375)
Allowance for expected credit losses		3,145	(1,721,042)
Net fair value loss on derivative financial liabilities		(303,902)	-
Finance costs		<u>(438,504)</u>	<u>(491,460)</u>
Loss before income tax benefit		(1,695,233)	(3,860,725)
Income tax benefit		<u>448,655</u>	<u>1,049,002</u>
Loss after income tax benefit for the half-year attributable to the owners of Crowd Media Holdings Limited		(1,246,578)	(2,811,723)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(45,667)</u>	<u>476,837</u>
Other comprehensive income for the half-year, net of tax		<u>(45,667)</u>	<u>476,837</u>
Total comprehensive income for the half-year attributable to the owners of Crowd Media Holdings Limited		<u><u>(1,292,245)</u></u>	<u><u>(2,334,886)</u></u>
		Cents	Cents
Basic earnings per share	14	(0.48)	(1.26)
Diluted earnings per share	14	(0.48)	(1.26)

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

Crowd Media Holdings Limited
Statement of financial position
As at 31 December 2019

CROWDMEDIA

		Consolidated	
	Note	31 Dec 2019	30 Jun 2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,246,664	839,462
Trade and other receivables	5	1,987,971	2,170,127
Accrued income		2,103,265	2,752,300
Income tax refund due		512,483	334,075
Other	6	187,350	316,424
Total current assets		<u>6,037,733</u>	<u>6,412,388</u>
Non-current assets			
Property, plant and equipment	7	286,047	352,892
Right-of-use assets	8	2,116,358	-
Intangibles	9	736,687	613,994
Deferred tax		1,974,016	1,579,919
Total non-current assets		<u>5,113,108</u>	<u>2,546,805</u>
Total assets		<u>11,150,841</u>	<u>8,959,193</u>
Liabilities			
Current liabilities			
Trade and other payables		2,994,203	4,093,412
Deferred revenue		110,109	176,345
Borrowings	10	418,397	-
Lease liabilities		374,303	-
Employee benefits		121,102	46,098
Provisions		-	550,909
Total current liabilities		<u>4,018,114</u>	<u>4,866,764</u>
Non-current liabilities			
Borrowings	11	4,433,660	2,991,849
Lease liabilities		1,768,800	-
Derivative financial instruments		-	152,467
Total non-current liabilities		<u>6,202,460</u>	<u>3,144,316</u>
Total liabilities		<u>10,220,574</u>	<u>8,011,080</u>
Net assets		<u>930,267</u>	<u>948,113</u>
Equity			
Issued capital	12	29,413,559	28,720,072
Reserves		5,597,918	5,062,673
Accumulated losses		(34,081,210)	(32,834,632)
Total equity		<u>930,267</u>	<u>948,113</u>

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

Crowd Media Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based-payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	28,167,383	(261,953)	4,788,649	212,851	(28,251,499)	4,655,431
Loss after income tax benefit for the half-year	-	-	-	-	(2,811,723)	(2,811,723)
Other comprehensive income for the half-year, net of tax	-	476,837	-	-	-	476,837
Total comprehensive income for the half-year	-	476,837	-	-	(2,811,723)	(2,334,886)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	428,957	-	-	-	-	428,957
Share-based payments (note 15)	-	-	12,375	-	-	12,375
Balance at 31 December 2018	<u>28,596,340</u>	<u>214,884</u>	<u>4,801,024</u>	<u>212,851</u>	<u>(31,063,222)</u>	<u>2,761,877</u>

Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based-payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	28,720,072	249,274	4,813,399	-	(32,834,632)	948,113
Loss after income tax benefit for the half-year	-	-	-	-	(1,246,578)	(1,246,578)
Other comprehensive income for the half-year, net of tax	-	(45,667)	-	-	-	(45,667)
Total comprehensive income for the half-year	-	(45,667)	-	-	(1,246,578)	(1,292,245)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 12)	693,487	-	-	-	-	693,487
Share-based payments (note 15)	-	-	189,368	-	-	189,368
Convertible note option (note 11)	-	-	-	391,544	-	391,544
Balance at 31 December 2019	<u>29,413,559</u>	<u>203,607</u>	<u>5,002,767</u>	<u>391,544</u>	<u>(34,081,210)</u>	<u>930,267</u>

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

Crowd Media Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2019

CROWDMEDIA

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	10,078,428	14,073,403
Payments to suppliers and employees (inclusive of GST)	(11,142,587)	(16,054,544)
Interest received	17,276	1,731
Interest and other finance costs paid	(374,962)	(491,460)
Income taxes refunded	-	679,192
Income taxes paid	(123,850)	-
	<u>(1,545,695)</u>	<u>(1,791,678)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(14,009)	(2,290)
Payments for intangibles	(143,805)	-
Proceeds from disposal of property, plant and equipment	5,227	-
Proceeds from disposal of intangibles	13,316	65,779
Proceeds from release of security deposits	-	42,305
	<u>(139,271)</u>	<u>105,794</u>
Net cash (used in)/provided by investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	-	428,957
Repayment of borrowings - other	-	(822,584)
Proceeds from issue of convertible notes	2,586,000	-
Repayment of convertible notes	(259,169)	-
Repayment of lease liabilities	(209,379)	-
	<u>2,117,452</u>	<u>(393,627)</u>
Net cash provided by/(used in) financing activities		
Net increase/(decrease) in cash and cash equivalents	432,486	(2,079,511)
Cash and cash equivalents at the beginning of the financial half-year	839,462	2,559,776
Effects of exchange rate changes on cash and cash equivalents	(25,284)	474,675
	<u>1,246,664</u>	<u>954,940</u>
Cash and cash equivalents at the end of the financial half-year		

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

Note 1. General information

The financial statements cover Crowd Media Holdings Limited as a consolidated entity consisting of Crowd Media Holdings Limited (referred to as 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Crowd Media Holdings Limited's functional and presentation currency.

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

Level 4
44 Gwynne Street
Cremorne VIC 3121

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended 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.

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

The following Accounting Standards are most relevant to the Group:

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Significant accounting policies (continued)

Practical expedients applied

In adopting AASB 16, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	749,143
Finance lease commitments as at 1 July 2019 (AASB 117)	-
Transition assessment adjustment	2,016,077
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5.5% (AASB 16)	(442,956)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	-
Accumulated depreciation as at 1 July 2019 (AASB 16)	-
Right-of-use assets (AASB 16)	<u>2,322,264</u>
Lease liabilities - current (AASB 16)	(359,887)
Lease liabilities - non-current (AASB 16)	(1,962,377)
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 July 2019	<u><u>-</u></u>

Changes to the significant accounting policies

Changes to the significant accounting policies as a result of the new standards adopted since the Annual Report date are as follows.

Right-of-use assets (from 1 July 2019)

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

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

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

Note 2. Significant accounting policies (continued)

Lease liabilities (from 1 July 2019)

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

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

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements the Group incurred a loss after tax of \$1,246,578 and had negative operating cash outflows of \$1,545,695.

Despite this financial result, the Directors believe it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group had working capital of \$2,019,619 at 31 December 2019;
- During the six month period the Group completed its cost savings measures, and began implementing its anticipated growth opportunities from its media division as per its strategic plan announced in November 2019. As a result, the Group expects to record positive cashflows from operating activities from the second half of this financial year; and
- The Group's proven record of being able to raise funds to support its business plans, which includes receiving \$2,821,000 of funding through a convertible loan note facility during the six month period to 31 December 2019.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments: Mobile Content - Q & A ('Q&A'), Mobile Content - Subscription ('Subscription') and Crowd Media ('Crowd Media'). The Company operates mobile content businesses globally but predominantly in Europe and Australasia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Q&A operating segment recognises all corporate costs including public company costs, acquisition costs, share-based payments expense and restructure costs.

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

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

Note 3. Operating segments (continued)

Types of products and services

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

Mobile Content - Q & A	Crowd Mobile proprietary Q&A micro job platform technology that facilitates Q&A entertainment products via various Direct Carrier Billing, SMS and App product offerings.
Mobile Content - Subscription	Crowd Mobile subscription based, broad content offering of products such as mobile security, games and video portals via an m-payments network.
Crowd Media	Crowd Media works with brands and digital influencers to sell products that it owns, or part-owns, or is strategically aligned with.

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.

Operating segment information

Consolidated - 31 Dec 2019	<i>Q&A*</i> \$	<i>Subscription</i> \$	<i>Crowd Media</i> \$	<i>Total</i> \$
Revenue				
Sales to external customers	4,744,678	3,376,882	421,026	8,542,586
Interest income	129	-	-	129
Total revenue	<u>4,744,807</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,715</u>
EBITDA	(1,330,010)	1,131,500	(466,563)	(665,073)
Depreciation and amortisation	(88,109)	(201,909)	(1,010)	(291,028)
Allowance for expected credit losses	-	3,145	-	3,145
Interest income	129	-	-	129
Finance costs	865,785	(1,304,248)	(41)	(438,504)
Other non-cash expenses	(303,902)	-	-	(303,902)
Loss before income tax benefit	<u>(856,107)</u>	<u>(371,512)</u>	<u>(467,614)</u>	<u>(1,695,233)</u>
Income tax benefit				448,655
Loss after income tax benefit				<u>(1,246,578)</u>
Assets				
Segment assets	5,543,213	5,484,523	123,105	11,150,841
Total assets				<u>11,150,841</u>
Liabilities				
Segment liabilities	6,648,165	3,356,435	215,974	10,220,574
Total liabilities				<u>10,220,574</u>

* Q&A segment includes Group Corporate costs.

Note 3. Operating segments (continued)

	Q&A*	Subscription	Crowd Media	Total
	\$	\$	\$	\$
Consolidated - 31 Dec 2018				
Revenue				
Sales to external customers	9,037,574	3,688,171	1,283,771	14,009,516
Interest income	1,731	-	-	1,731
Total revenue	9,039,305	3,688,171	1,283,771	14,011,247
EBITDA				
Depreciation and amortisation	(1,084,314)	265,761	(732,193)	(1,550,746)
Impairment of assets	(35,387)	(59,092)	(4,729)	(99,208)
Interest income	(981,196)	(706,379)	(33,467)	(1,721,042)
Finance costs	1,731	-	-	1,731
	705,901	(1,197,361)	-	(491,460)
Loss before income tax benefit	(1,393,265)	(1,697,071)	(770,389)	(3,860,725)
Income tax benefit				1,049,002
Loss after income tax benefit				(2,811,723)
Consolidated - 30 Jun 2019				
Assets				
Segment assets	5,320,341	3,385,513	253,339	8,959,193
Total assets				8,959,193
Liabilities				
Segment liabilities	5,605,533	1,994,227	411,320	8,011,080
Total liabilities				8,011,080

* Q&A segment includes Group Corporate costs.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	30 Jun 2019
	\$	\$	\$	\$
Australasia	-	785,717	825,632	597,714
Europe	7,847,095	11,676,632	2,308,159	369,173
Latin America	577,697	1,148,196	-	-
Other	117,794	398,971	-	-
	8,542,586	14,009,516	3,133,791	966,887

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. Revenue

Disaggregation of revenue

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

	Q&A \$	Subscription \$	Crowd Media \$	Total \$
Consolidated - 31 Dec 2019				
<i>Major product lines</i>				
Information	4,744,678	-	-	4,744,678
Entertainment and content	-	3,376,882	-	3,376,882
Marketing agency	-	-	421,026	421,026
	<u>4,744,678</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,586</u>
<i>Geographical regions</i>				
Australasia	-	-	-	-
Europe	4,459,830	2,966,634	420,631	7,847,095
Latin America	243,533	334,164	-	577,697
Other	41,315	76,084	395	117,794
	<u>4,744,678</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,586</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	4,744,678	3,376,882	-	8,121,560
Services transferred over time	-	-	421,026	421,026
	<u>4,744,678</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,586</u>
Consolidated - 31 Dec 2018				
<i>Major product lines</i>				
Information	9,037,574	-	-	9,037,574
Entertainment and content	-	3,688,171	-	3,688,171
Marketing agency	-	-	1,283,771	1,283,771
	<u>9,037,574</u>	<u>3,688,171</u>	<u>1,283,771</u>	<u>14,009,516</u>
<i>Geographical regions</i>				
Australasia	534,428	251,289	-	785,717
Europe	7,808,269	2,886,872	981,491	11,676,632
Latin America	689,222	458,974	-	1,148,196
Other	5,655	91,036	302,280	398,971
	<u>9,037,574</u>	<u>3,688,171</u>	<u>1,283,771</u>	<u>14,009,516</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	9,037,574	3,688,171	-	12,725,745
Services transferred over time	-	-	1,283,771	1,283,771
	<u>9,037,574</u>	<u>3,688,171</u>	<u>1,283,771</u>	<u>14,009,516</u>

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Trade receivables	3,493,855	3,903,833
Less: Allowance for expected credit losses	<u>(1,781,443)</u>	<u>(1,792,223)</u>
	<u>1,712,412</u>	<u>2,111,610</u>
Other receivables	235,000	811
Interest receivable	<u>40,559</u>	<u>57,706</u>
	<u><u>1,987,971</u></u>	<u><u>2,170,127</u></u>

Allowance for expected credit losses

The Group has recognised a gain of \$3,145 in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2019 (31 December 2018: loss of \$1,721,042).

Note 6. Current assets - other

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Prepayments	148,804	241,327
Security deposits	8,098	8,098
Other deposits	<u>30,448</u>	<u>66,999</u>
	<u>187,350</u>	<u>316,424</u>

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

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Plant and equipment - at cost	965,728	983,954
Less: Accumulated depreciation	<u>(679,681)</u>	<u>(631,062)</u>
	<u>286,047</u>	<u>352,892</u>

Reconciliations

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

Consolidated	<i>Plant and equipment</i>
	\$
Balance at 1 July 2019	352,892
Additions	14,009
Disposals	(5,227)
Exchange differences	5,191
Depreciation expense	<u>(80,818)</u>
Balance at 31 December 2019	<u><u>286,047</u></u>

Note 8. Non-current assets - right-of-use assets

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Buildings - right-of-use	2,321,853	-
Less: Accumulated depreciation	<u>(205,495)</u>	<u>-</u>
	<u><u>2,116,358</u></u>	<u><u>-</u></u>

Additions to the right-of-use assets during the half-year were \$nil.

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between two to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

Consolidated	<i>Buildings</i>
	\$
Balance at 1 July 2019	-
Transferred in on adoption of AASB 16	2,322,264
Exchange differences	(411)
Depreciation expense	<u>(205,495)</u>
Balance at 31 December 2019	<u><u>2,116,358</u></u>

Note 9. Non-current assets - intangibles

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Goodwill after impairment	317,214	317,214
Intellectual property - at cost	2,714,907	2,714,980
Less: Accumulated amortisation	<u>(2,616,615)</u>	<u>(2,616,054)</u>
	98,292	98,926
Distribution network - at cost	13,599,796	13,600,006
Less: Accumulated amortisation	(8,191,599)	(8,191,809)
Less: Impairment	<u>(5,408,197)</u>	<u>(5,408,197)</u>
	-	-
Software - at cost	3,228,090	3,085,181
Less: Accumulated amortisation	(969,831)	(969,293)
Less: Impairment	<u>(2,114,833)</u>	<u>(2,114,833)</u>
	143,426	1,055
Databases - at cost	621,900	621,900
Less: Accumulated amortisation	<u>(456,899)</u>	<u>(456,899)</u>
	165,001	165,001
Website and other intangibles - at cost	19,674	36,892
Less: Accumulated amortisation	<u>(6,920)</u>	<u>(5,094)</u>
	12,754	31,798
	<u>736,687</u>	<u>613,994</u>

Reconciliations

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

Consolidated	<i>Goodwill</i>	<i>Intellectual property</i>	<i>Distribution network</i>	<i>Software</i>	<i>Databases</i>	<i>Website and other intangibles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	317,214	98,926	-	1,055	165,001	31,798	613,994
Additions	-	-	-	143,805	-	-	143,805
Disposals	-	-	-	-	-	(13,316)	(13,316)
Exchange differences	-	(73)	-	(1,106)	-	(1,902)	(3,081)
Amortisation expense	-	(561)	-	(328)	-	(3,826)	(4,715)
Balance at 31 December 2019	<u>317,214</u>	<u>98,292</u>	<u>-</u>	<u>143,426</u>	<u>165,001</u>	<u>12,754</u>	<u>736,687</u>

Note 9. Non-current assets - intangibles (continued)

Goodwill acquired through business combinations is allocated to cash generating units ('CGU'), as follows:

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Cash generating unit		
Q & A:		
- Bongo IP Ltd	230,774	230,774
- Global AQA IP Pty Ltd	64,393	64,393
- Buddy IP Pty Ltd	22,047	22,047
	<u>317,214</u>	<u>317,214</u>

Note 10. Current liabilities - borrowings

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Loans payable - NTH Mobile Limited	<u>418,397</u>	<u>-</u>

Loans payable - NTH Mobile

The NTH Mobile Limited balance date debt is EUR€261,500. The principal balance and interest, payable at a fixed annual rate of 3.99%, is due upon maturity at 25 September 2020 and is classified as current. On 21 February 2020, the Company repaid the loan in full, satisfying all requirements under the agreement.

Note 11. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Loans payable - NTH Mobile Limited	-	418,397
Loans payable - BillFront	2,139,881	2,169,032
Convertible notes payable - Obsidian	-	404,420
Convertible notes payable - Invincible Investments Consortium	2,293,779	-
	<u>4,433,660</u>	<u>2,991,849</u>

Loans payable - BillFront

The BillFront note balance date debt is EUR€1,339,835. The note is a two-year revolving credit facility with a maximum aggregate outstanding amount of EUR€1,750,000. It is senior secured against all of the Company's assets, including receivables. The effective annual interest rate is 11.3% and the maturity date is 12 April 2021.

Convertible notes - Obsidian

The Obsidian convertible note was executed on 12 June 2019, pursuant to which the Company raised AUD\$750,000 (less associated fees and costs) and issued 5,259 convertible notes with a face value of USD\$120 each. Obsidian subsequently converted 2,200 notes to shares. On 3 September 2019, the company paid out the remaining 3,059 convertible notes in cash generated from the issue of the Invincible Investments Consortium convertible notes.

Convertible notes - Invincible Investments Consortium

On 29 August 2019, the Company entered into an agreement with a consortium of strategic investors, the Invincible Investments Consortium, under which the members agreed, amongst other things, to subscribe for convertible notes with a face value of up to \$3.7 million via two tranches.

Note 11. Non-current liabilities - borrowings (continued)

Tranche 1 was fully executed on 19 December 2019, after shareholder approval was granted at the 2019 Annual General Meeting, pursuant to which the Company raised \$1,741,000 (less associated fees and costs) and issued 1,741 convertible notes with a face value of AUD 1,000 each. The Tranche 1 notes are convertible into shares at a fixed price of \$0.018. At 31 December 2019, 1,515 Tranche 1 notes were outstanding and 226 notes had been converted into shares.

Under Tranche 2, an additional \$1,080,000 (less associated fees and costs) was raised by 31 December 2019, pursuant to which 1,080 convertible notes with a face value of AUD 1,000 each were issued on 30 January 2020, once all cash was received by the Company. The Tranche 2 notes are convertible into shares at a fixed price of \$0.02.

The fair value of the conversion right of the notes is recorded as a reserve within equity.

Note 12. Equity - issued capital

	Consolidated			
	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>283,300,397</u>	<u>241,265,666</u>	<u>29,413,559</u>	<u>28,720,072</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2019	241,265,666		28,720,072
Issue of shares on conversion of convertible notes	8 July 2019	7,981,744	\$0.01389	110,858
Issue of shares on conversion of convertible notes	27 August 2019	7,918,582	\$0.01458	115,453
Issue of shares on conversion of convertible notes	2 September 2019	4,246,139	\$0.01682	71,405
Issue of shares as consideration for corporate and other advisory services	15 October 2019	8,514,488	\$0.01800	153,261
Issue of shares as consideration for corporate and other advisory services	6 December 2019	576,889	\$0.01800	10,384
Issue of shares on conversion of convertible notes	13 December 2019	12,555,556	\$0.01800	226,000
Issue of shares in lieu of interest	13 December 2019	<u>241,333</u>	\$0.02540	<u>6,126</u>
Balance	31 December 2019	<u>283,300,397</u>		<u>29,413,559</u>

Note 13. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2019	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	\$	\$	\$	\$
<i>Liabilities</i>				
Loans payable	-	-	2,558,278	2,558,278
Convertible notes payable	-	-	2,293,779	2,293,779
Total liabilities	<u>-</u>	<u>-</u>	<u>4,852,057</u>	<u>4,852,057</u>

Note 13. Fair value measurement (continued)

Consolidated - 30 Jun 2019	<i>Level 1</i> \$	<i>Level 2</i> \$	<i>Level 3</i> \$	<i>Total</i> \$
<i>Liabilities</i>				
Loans payable	-	-	2,587,429	2,587,429
Convertible notes payable	-	-	404,420	404,420
Convertible note derivative liability	-	-	152,467	152,467
Total liabilities	-	-	3,144,316	3,144,316

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

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Level 3 assets and liabilities

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

Consolidated	<i>Loans payable - NTH Mobile Limited</i> \$	<i>Loans payable - BillFront</i> \$	<i>Convertible notes - Obsidian</i> \$	<i>Convertible notes - Invincible Investments Consortium</i> \$	<i>Total</i> \$
Balance at 1 July 2019	418,397	2,169,032	404,420	-	2,991,849
Additions	-	-	-	2,293,779	2,293,779
Disposals	-	-	(404,420)	-	(404,420)
Foreign currency translation movement	-	(29,151)	-	-	(29,151)
Balance at 31 December 2019	418,397	2,139,881	-	2,293,779	4,852,057

Note 14. Earnings per share

	Consolidated 31 Dec 2019 \$	31 Dec 2018 \$
Loss after income tax attributable to the owners of Crowd Media Holdings Limited	<u>(1,246,578)</u>	<u>(2,811,723)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>262,100,701</u>	<u>223,294,595</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>262,100,701</u>	<u>223,294,595</u>
	Cents	Cents
Basic earnings per share	(0.48)	(1.26)
Diluted earnings per share	(0.48)	(1.26)

Options, performance rights and convertible notes have been excluded from the above calculation at 31 December 2019 and 31 December 2018 as their inclusion would be anti-dilutive.

Note 15. Share-based payments

Options

Debt refinancing plan options

As part of the debt refinancing plan in the year to 30 June 2019, 2,000,000 options were issued to entities associated with JGB (Cayman) Newton Ltd ('JGB').

Consultant options

At the 2019 Annual General Meeting, shareholders approved the grant of 8,514,488 consultant options to Starland Management Pty Ltd in consideration for corporate advisory and consulting services provided by Starland Management Pty Ltd. On 6 December 2019, 576,889 consultant options were granted to Peak Asset Management in consideration for corporate and advisory and consulting services provided by Peak Asset Management.

Investor Relations consultant options

At the 2019 Annual General Meeting, shareholders approved the grant of 10,000,000 Investor Relations consultant options in consideration for investor relations services provided by its investor relations consultant, DGWA, the German Institute for Asset and Equity Allocation and Valuation 'Deutsche Gesellschaft für Wertpapieranalyse GmbH'.

Executive Share Options Plan ('ESOP')

The ESOP established by the Group and approved by shareholders at a general meeting, granted 26,000,000 options over ordinary shares in the Company to certain key management personnel (and Directors) of the Group. The options were granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted:

31 Dec 2019

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Balance at the start of the half-year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the half-year</i>
02/04/2019	02/04/2022	\$0.050	2,000,000	-	-	-	2,000,000
06/12/2019	06/12/2021	\$0.030	-	576,889	-	-	576,889
06/12/2019	06/12/2021	\$0.030	-	8,514,488	-	-	8,514,488
06/12/2019	06/12/2021	\$0.050	-	5,000,000	-	-	5,000,000
06/12/2019	06/12/2021	\$0.100	-	5,000,000	-	-	5,000,000
13/12/2019	13/12/2022	\$0.030	-	13,000,000	-	-	13,000,000
13/12/2019	13/12/2022	\$0.050	-	6,500,000	-	-	6,500,000
13/12/2019	13/12/2022	\$0.070	-	6,500,000	-	-	6,500,000
			2,000,000	45,091,377	-	-	47,091,377

Other options

Set out below are summaries of additional options issued to the vendors of Track Holdings B.V. ('Track') as partial consideration for the sale of Track to the Company, and to suppliers for capital raising and investor relations services rendered:

31 Dec 2018

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Balance at the start of the half-year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the half-year</i>
29/08/2016	01/11/2021	\$0.300	5,000,000	-	-	(5,000,000)	-
30/06/2017	09/06/2020	\$0.250	1,000,000	-	-	(1,000,000)	-
			6,000,000	-	-	(6,000,000)	-

All other options lapsed during the comparative period.

Note 15. Share-based payments (continued)

Performance rights

On 17 December 2014, shareholders approved a Performance Rights Plan ('PR Plan'). Under the PR Plan, selected employees and Directors may be granted performance rights which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

On 31 July 2019, the Company agreed to issue 11,000,000 Performance Rights ('PRs') to employees, excluding the directors and CEO. On 18 December 2019, the Board approved to modify the conditions of the performance rights as follows:

- 1-year performance rights: 20% of the performance rights (2,200,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2020.
- 2-year performance rights: 30% of the performance rights (3,300,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2021.
- 3-year performance rights: 50% of the performance rights (5,500,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2022.
- Any extenuating circumstances regarding continuous employment are subject to Board approval.

Set out below are summaries of performance rights granted:

31 Dec 2019

<i>Grant date</i>	<i>Expiry date</i>	<i>Balance at the start of the half-year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the half-year</i>
18/12/2019	30/06/2020	-	2,200,000	-	-	2,200,000
18/12/2019	30/06/2021	-	3,300,000	-	-	3,300,000
18/12/2019	30/06/2022	-	5,500,000	-	-	5,500,000
		-	11,000,000	-	-	11,000,000

31 Dec 2018

<i>Grant date</i>	<i>Expiry date</i>	<i>Balance at the start of the half-year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the half-year</i>
16/01/2015	30/11/2018	2,500,000	-	-	(2,500,000)	-
11/05/2015	30/11/2018	1,500,000	-	-	(1,500,000)	-
10/07/2015	30/11/2018	325,000	-	-	(325,000)	-
24/07/2015	30/11/2018	500,000	-	-	(500,000)	-
02/12/2015	30/11/2018	16,667	-	-	(16,667)	-
13/04/2016	30/11/2018	479,161	-	-	(479,161)	-
05/08/2016	30/11/2018	500,000	-	-	(500,000)	-
15/09/2017	30/11/2018	2,912,844	-	-	(2,912,844)	-
		8,733,672	-	-	(8,733,672)	-

Valuation model inputs

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Share price at grant date</i>	<i>Exercise price</i>	<i>Expected volatility</i>	<i>Dividend yield</i>	<i>Risk-free interest rate</i>	<i>Fair value at grant date</i>
06/12/2019	06/12/2021	\$0.021	\$0.030	87.70%	-	1.04%	\$0.0079
06/12/2019	06/12/2021	\$0.021	\$0.030	87.70%	-	1.04%	\$0.0079
06/12/2019	06/12/2021	\$0.021	\$0.050	87.70%	-	1.04%	\$0.0053
06/12/2019	06/12/2021	\$0.021	\$0.100	87.70%	-	1.04%	\$0.0025
13/12/2019	13/12/2022	\$0.024	\$0.030	87.70%	-	1.04%	\$0.0122
13/12/2019	13/12/2022	\$0.024	\$0.050	87.70%	-	1.04%	\$0.0094
13/12/2019	13/12/2022	\$0.024	\$0.070	87.70%	-	1.04%	\$0.0077

Note 15. Share-based payments (continued)

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Share price at grant date</i>	<i>Expected volatility</i>	<i>Dividend yield</i>	<i>Risk-free interest rate</i>	<i>Fair value at grant date</i>
18/12/2019	30/06/2020	\$0.023	-	-	-	\$0.0230
18/12/2019	30/06/2021	\$0.023	-	-	-	\$0.0230
18/12/2019	30/06/2022	\$0.023	-	-	-	\$0.0230

Note 16. Events after the reporting period

Letter of intent with Forever Holdings Ltd

On 8 January 2020, the Company announced that it has executed a letter of intent ('LOI') with London-based technology company Forever Holdings Ltd ('FHL'). FHL is a voice-and-visual interactive digital media company. Its technology can enable one-to-one digital encounters between an influencer and anyone who wishes to converse with them.

The LOI is structured for the parties to enter into exclusive negotiations with respect to forming a commercial partnership between FHL and Crowd Media Holdings Limited regarding the launch of a 'voice-and-visual' interactive digital media product for a range of sectors including influencer marketing, customer service, healthcare and education.

Further details can be found in the announcement lodged on the ASX on 8 January 2020.

Exclusive arrangement with Pluto Services Limited

On 13 January 2020, the Company announced that it has entered into an exclusive arrangement with London-based Pluto Services Limited to develop an appropriate commercial structure that would leverage Crowd's core strengths (digital social media / influencer marketing / conversational commerce) to assist Pluto to roll out its recently launched "millennial" travel insurance products into the EU market (excluding the UK).

Crowd and Pluto will utilise a 90 day exclusivity period to agree a partnership framework that may include an all-encompassing digital marketing strategy across Europe (excluding the UK) and an appropriate commercial partnering arrangement between the parties.

Further details can be found in the announcement lodged on the ASX on 13 January 2020.

Issue of shares and unlisted options

On 30 January 2020, the Company issued 286,780 fully paid ordinary shares and 277,778 unlisted options to holders of convertible notes upon receipt of conversion instructions. As approved by shareholders, upon the conversion of convertible notes, each conversion share entitles the noteholder to receive a free attaching option to acquire a share. The Company issued a further 4,752,000 shares and 4,752,000 options to Starland Management Pty Ltd, pursuant to the terms of the Consultancy Mandate between the Company and Starland Management Pty Ltd.

Board of Directors changes

On 10 February 2020, the Company announced changes to its Board of Directors with the appointment of Mr. John Palermo as a new non-executive Director of the Company, replacing outgoing Director Ms. Sophie Karzis, who has retired for personal reasons.

Repayment of loan payable to NTH Mobile Limited

On 21 February 2020, the Company announced that it has received monies from Sata Bank of circa EUR 262,000 approximately 15 months after the bank's license was suspended by the Malta Financial Services Authority. These funds were due to Crowd for revenue generated in 2018 and were used to repay the loan payable to NTH Mobile Limited (refer to note 10 for further information) in full on 21 February 2020. Further details can be found in the announcement lodged on the ASX on 21 February 2020.

No other matter or circumstance has arisen since 31 December 2019 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.

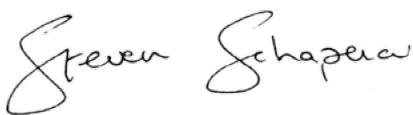
Crowd Media Holdings Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Steven Schapera
Chairman

28 February 2020
Melbourne

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61(0) 3 9286 8000

F +61(0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Crowd Media Holdings Limited

We have reviewed the accompanying half-year financial report of Crowd Media Holdings Limited ("the company") and its Controlled Entities ("the consolidated entity") which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year review.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crowd Media Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 28 February 2020
Melbourne, Victoria