

**1. Company details**

Name of entity:	Crowd Mobile Limited
ABN:	13 083 160 909
Reporting period:	For the half-year ended 31 December 2015
Previous period:	For the half-year ended 31 December 2014

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

			\$
Revenue from ordinary activities	up	153.2% to	14,006,937
Loss from ordinary activities after tax attributable to the owners of Crowd Mobile Limited	down	272.3% to	(752,462)
Loss for the half-year attributable to the owners of Crowd Mobile Limited	down	272.3% to	(752,462)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period by Crowd Mobile Limited.

*Comments*

The loss for the Consolidated Entity after providing for income tax amounted to \$752,462 (31 December 2014: profit of \$436,760).

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(8.03)</u>	<u>14.26</u>

**4. Control gained over entities**

Name of entities (or group of entities)	Track Holdings B.V.
Date control gained	31 October 2015

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	599,995
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

**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 by Crowd Mobile Limited.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period by Crowd Mobile Limited.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

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

Not applicable.

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**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 Interim Report.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of Crowd Mobile Limited for the half-year ended 31 December 2015 is attached.

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**12. Signed**



Signed \_\_\_\_\_

Date: 29 February 2016

Theo Hnarakis  
Chairman  
Melbourne

**Crowd Mobile Limited**

**ABN 13 083 160 909**

**Interim Report - 31 December 2015**

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Crowd Mobile 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 2015.

### **Directors**

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

Theo Hnarakis - Chairman  
Domenic Carosa  
Hans de Back

### **Principal activities**

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

### **Review of operations**

The loss for the Consolidated Entity after providing for income tax amounted to \$752,462 (31 December 2014: profit of \$436,760).

During the first half of the 2016 financial year and for the six months to 31 December 2015, 'reporting period' or 'period', Crowd Mobile Limited was organised into two operating segments, Mobile Content-Q&A (or 'Q&A') and Mobile Content-Subscription (or 'Subscription'). The previously identified (although unreported) Mobile commerce segment for the introduction of Crowd Butler did not eventuate given a product pivot and brand discontinuation away from a stand alone, on-demand concierge SMS service. The results from Crowd Butler are immaterial and are subsumed into Q&A. The two active segments represented all of the Company's direct to consumer mobile entertainment products and consumed all resources. The Company operated its Mobile Content businesses globally, although predominately in Europe and Australasia.

### *Financial overview*

The financial results for the reporting period represent those of the Crowd Mobile operating entities, the Track operating entities from acquisition date of 31 October 2015, and Crowd Mobile Limited (formerly Q Limited) as a publicly listed group. Whereas, the prior comparative period for the six months ended 31 December 2014 ('pcp') represents only the financial results of the Crowd Mobile operating entities when run as a private group. For clarity, the pcp does not include any results from Crowd Mobile Limited (formerly Q Limited) given the reverse acquisition of Q Limited occurred after that reporting date, on 13 January 2015.

Crowd Mobile earned revenue, interest and other income for the half year ended 31 December 2015 ('1H-16') of \$14,095,540 versus \$5,607,170 in the prior half year ended 31 December 2014 ('1H-15'). The net loss after tax for the 1H-16 was \$752,462 compared with a 1H-15 net profit after tax of \$436,760. The total comprehensive income for the half-year attributable to the owners of Crowd Mobile was (\$1,168,692) when accounting for a foreign currency translation loss on the translation of Track's foreign operations, of (\$416,230) (1H-15: \$436,760).

Crowd Mobile's net asset position at 31 December 2015 was \$19,712,816, an increase of 641.7% over the prior period position at 30 June 2015 ('FY15') of \$2,657,785 and largely reflecting the Track Holdings acquisition of 31 October 2015 and related financing activities made during the reporting period.

For 1H-16, Crowd Mobile generated operating cashflow of \$3,204,228, spent \$13,062,189 on a business acquisition (net of cash acquired) and had \$5,938,868 in balance date cash and cash equivalents.

*Comparison of 1H-16 to 1H-15*

	Half-year ended		Increase/ (decrease)	Percentage change
	31 December 2015	31 December 2014		
	\$	\$	\$	%
Revenue	14,006,937	5,531,766	8,475,171	153.2
Other income	50,000	75,000	(25,000)	(33.3)
Cost of sales	3,687,476	1,870,865	1,816,611	97.1
Selling, general and administration expenses:	10,425,412	2,809,658	7,615,754	271.1
<b>EBITDA Profit / (Loss)</b>	<b>(55,951)</b>	<b>926,243</b>	<b>(982,194)</b>	<b>(106.0)</b>
Interest income	38,603	404	38,199	9,455.2
Depreciation and amortisation:	1,019,026	202,446	816,580	403.4
Finance costs	482,514	61,928	420,586	679.2
Income tax expense (benefit)	(766,426)	225,513	(991,939)	439.9
<b>Net Profit / (Loss) After Tax</b>	<b>(752,462)</b>	<b>436,760</b>	<b>(1,189,222)</b>	<b>(272.3)</b>

Notably, the Company's net loss reflects a significant non-cash, share based payments charge of \$1,342,304 and one-off transaction costs for acquiring Track, of \$903,190, (within selling, general and administration expenses).

When adjusting only for these effects (as reported in the Company's previous full year's financial results for FY15), the Underlying EBITDA for the 1H-16 is a profit of \$2,189,543 (1H-15: \$1,156,369), as follows:

	\$
Net profit after tax (NPAT)	(752,462)
Deduct: tax benefit	(766,426)
Add back: interest expense	482,514
Deduct: interest income	(38,603)
Add back: depreciation and amortisation	1,019,026
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(55,951)
Add back: share-based payments expense (non-cash)	1,342,304
Add back: transaction costs (Track)	903,190
Underlying EBITDA	2,189,543
<i>Revenue</i>	

	Half-year ended		Increase	Percentage change
	31 December 2015	31 December 2014		
	\$	\$	\$	%
Revenue	14,006,937	5,531,766	8,475,171	153.2

For 1H-16, revenue was represented by Q&A of \$9,162,208 (1H-15: \$5,607,170) and Subscription of \$4,844,729 (1H-15: Nil).

Q&A increased its revenue by 65.6% due to continuous paid message volume growth across a significantly expanded m-payments network of 34 country connections at reporting date versus 6 countries at the prior comparative period.

Subscription was activated on 31 October 2015 when Crowd Mobile completed its business combination for the purpose of extending the company's global m-payments network to over 160 mobile operators across 50 countries, allowing accelerated growth opportunities. During the half year and for only the two months to 31 December 2015, Subscription contributed consolidated revenue of \$4,844,729.

We expect a material increase in consolidated revenues for the 2H-16 due predominantly to a full second half period contribution from Subscription.

*(i) Cost of sales*

For 1H-16, cost of sales related to the operating segments of Q&A of \$3,175,691 (1H-15: \$1,870,865) and Subscription of \$511,785 (1H-15: Nil). The increase in costs for the Q&A segment was commensurate with the increase in revenue and costs were materially consistent to the prior year, at 34.7% of revenue. Subscription cost of sales were comparatively low, at 10.6% of its revenue, which contributed to a lower consolidated cost of sales percentage of revenue for the period, at 26.3% of revenue (1H-15: 33.8%).

We expect a material increase in consolidated cost of sales (yet a lower percentage of revenue) for the 2H-16 due predominantly to a full second half period of costs for Subscription.

*(ii) Selling, general and administration expense*

For 1H-16, Crowd Mobile's selling, general, and administrative expenses increased due to:

- The ongoing expansion of the Q&A operating segment and the m-payments network across Europe particularly, in line with stated objectives;
- The regulatory, compliance, reporting, shareholder and staff incentive obligations associated with moving from a private to a dual listed public company; and
- The acquisition of Track Holdings B.V. on 31 October 2015, which resulted in a general increase in costs, plus a one-off cost to complete the acquisition.

Particularly large movements in expenses for 1H-16 versus 1H-15 year were as follows:

	Half-year ended		Increase \$	Percentage change %
	31 December 2015 \$	31 December 2014 \$		
Marketing	3,791,413	1,200,970	2,590,443	215.7
Administration and other expenses	699,897	216,598	483,299	223.1
Consultants	576,361	157,701	418,660	265.5
Employee benefits expense	2,606,906	881,892	1,725,014	195.6
Travel and accommodation	475,152	122,300	352,852	288.5
Share-based payment	1,342,304	-	1,342,304	100.0
Transaction costs	903,190	230,126	673,064	292.5

- Marketing: The consolidated marketing expense of \$3,791,413 or 27.1% of revenue for 1H-16 was up by \$2,590,443 or 215.7% versus 1H-15. Q&A was \$2,139,836 or 23.4% of revenue for 1H-16, compared to \$1,200,970 at 21.7% for 1H-15, reflecting higher up-front establishment costs across a greater number of new countries plus minor Crowd Butler expenditure. The Subscription expense was \$1,651,577 or 34.1% (1H-15: Nil), which is broadly consistent with pre-acquisition spend rates. We expect a material increase in consolidated marketing expense (and a higher percentage of revenue) for the 2H-16 due predominantly to a full half year period spend within Subscription.

- Administration and other related costs: The 1H-16 consolidated expense increase of \$483,299 related partly to the introduction of Subscription although particularly the grow out of the Q&A business operations in Europe compared to the 1H-15.

- Consultants: an increase of \$418,660 or 265.5% from 1H-15 to \$576,361 in 1H-16 is due to the increased use of outsourced experts to support the changed corporate structure from a private to dual public listed group, including particularly accounting, tax, audit, investor and public relations fees.

- Employee benefits expense: the consolidated expense increased by \$1,725,014 or 195.6% from 1H-15 to \$2,606,906 in 1H-16. Q&A was \$2,192,687 for 1H-16, an increase of \$1,310,795 or 59.8% due to a significant headcount expansion, particularly in Europe in support and enablement of the expanded m-payments network, plus the introduction of public listed company human resourcing for corporate administration. The Subscription expense was \$414,219 for the two months between acquisition and reporting dates. We expect a material increase in consolidated employee benefits expense for the 2H-16 due predominantly to a full half year period spend within Subscription.

- Travel and accommodation: an increase in the consolidated expense of \$352,852 or 288.5% from 1H-15 to \$475,152 in 1H-16 due to the facilitation of the global expansion of the m-payments network across Europe, as well as the Subscription acquisition and related financing activities particularly, in line with the Group's strategy. The Subscription segment represented an immaterial part of the consolidated expense.
- Share-based payments: The consolidated expense of \$1,342,304 for 1H-16 relates solely to Q&A (given that segment has assumed all corporate costs for the reporting period). The Directors and staff incentives within Crowd Mobile (as a newly formed, public listed, company environment), totals \$1,019,615 and the balance of \$322,689 represents a share based payments expense for options over Crowd Mobile shares issued to an investor relations and promotions firm for services rendered during the reporting period.
- Transaction costs: The consolidated expense for 1H-16 of \$903,190 is a corporate expense and therefore allocated to the Q&A segment. It represents fees directly incurred on the Track acquisition transaction. The prior period at \$230,126 is transaction fees for the reverse acquisition of Q Limited by Crowd Mobile that completed on 13 January 2015.

*(iii) Depreciation and amortisation*

	Half-year ended		Increase/ (decrease)	Percentage change
	31 December 2015	31 December 2014		
	\$	\$	\$	%
Depreciation	52,561	20,474	32,087	156.7
Amortisation	966,465	181,972	784,493	431.1
	<u>1,019,026</u>	<u>202,446</u>	<u>816,580</u>	<u>403.4</u>

The consolidated depreciation and amortisation expense of \$1,019,026 (1H-15: \$202,446) is split between Q&A as \$216,421 (1H-15: \$202,446) and Subscription as \$802,605 (1H-15: Nil).

For 1H-16, the \$816,580 or 403.4% increase is due to the 31 October 2015 acquisition of Track wherein significant intangible assets were recognised resulting in compulsory periodic amortisation charges over their estimated useful lives. We expect a material increase in consolidated depreciation and amortisation charges for 2H-16 due predominantly to a full half year period of amortisation within Subscription.

*(iv) Finance costs*

The consolidated finance costs for 1H-16 at \$482,514 is an increase of \$420,586 or 679.2% from 1H-15 and reflects increased debt holdings resulting from financing the Track acquisition. During the period, the Company accepted new debt financing totalling \$21,439,071 (Euro 13.9 million) through a combination of European bank debt of Euro 4.5 million at 12% p.a. and debt financing from the previous owners of Track, Euro of 5.0 million at 15% p.a. and Euro of 4.4 million at 12% p.a. At reporting date the outstanding debt was \$17,732,557 (Euro 11.9 million). We expect a material increase in the consolidated finance costs for 2H-16 due to a full half year period of financing of Track.

*(v) Income tax expense/(benefit)*

The consolidated tax benefit for 1H-16 was (\$766,426) and is represented by a Q&A benefit of (\$964,131) (1H-15: \$225,513 expense) and a Subscription expense of \$197,705 (1H-15: Nil). The tax benefit increase versus the prior period of (\$991,939) is positively impacted by the result of recognising corrections to prior period over provisions of \$620,031 due to finalisation of FY15 income tax returns and an estimated taxable loss for 1H-16 versus a taxable profit in 1H-15. We expect a material increase in the tax expense for 2H-16 due to a full half year period of taxable financial performance.

**Cash flow**

The Company's net cash from operating activities was an increase of 1,718.7% to \$3,204,228 (FY15: \$176,180) which was reflective of improved debtor terms and the contribution via acquisition of Track. The Net cash flow from financing activities was \$14,129,750 (FY15: (\$251,400)) which was generated via proceeds from a combination of new equity and debt and the Net cash used in investing activities was \$13,157,802 reflecting payment for the Subscription acquisition and minor capital expenditure (FY15: \$14,007).



**Liquidity and Financial Position**

Crowd Mobile's 31 December 2015 reporting date cash and cash equivalents ('cash') was \$5,938,868 (1H-15: \$1,762,692). Total current and non-current debt was \$17,732,557 (1H-15: \$238,427). The net assets were \$19,712,816 (1H-15: \$2,657,785). Working capital, (defined as current assets less current liabilities), decreased to (\$8,394,815) (1H-15: \$951,871) which pertained largely to the increase in debt recognised as a current liability, for financing the Track acquisition where the vast majority of associated acquired fair value is recognised as non-current assets and thereby excluded from working capital. Of note, the current debt liability includes \$5,960,523 (Euro 4.0 million) for Greensill, which is categorised as a current liability due to the terms of the facility, despite having a 34 month master facility term from reporting date of 31 October 2018.

During the half year the Company paid down borrowings to the former owners of Track and Greensill, of Euro 2.0 million or \$3,073,215.

**Significant changes in the state of affairs**

*Track Holdings B.V.*

On 31 October 2015, the company acquired 100% of the share capital of Track Holdings B.V. ('Track') and it is now a wholly owned subsidiary of a newly incorporated entity, Crowd Mobile Co-Operatif UA, which in turn is a fully owned subsidiary, of Crowd Mobile Limited.

As part consideration for Track, the Company issued 15,385,140 shares in Crowd Mobile to the vendors of Track which are subject to voluntary escrow for a period of 12 months from their date of issue.

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

**Matters subsequent to the end of the financial half-year**

In January 2016, the Company accepted follow-on borrowings from Greensill of Euro 3.0 million (\$4,470,393) on the same pre-existing terms as the initial borrowing. The full proceeds were used to repay borrowings to the former owners of Track and thereby extinguish one of their two loans that was previously due in June 2016.

Also in January 2016, the Company paid the first of the two earn-out installments owed to the former owners of Track. The payment was Euro 2.0 million (\$2,980,262).

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity'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 on the following page.

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

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Theo Hnarakis  
Chairman

29 February 2016  
Melbourne

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Crowd Mobile Limited for the half year ended 31 December 2015, 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**



**J S CROALL**  
Partner

Melbourne, VIC  
Dated: 29 February 2016

**Crowd Mobile Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**



	Note	Consolidated 31 Dec 2015 \$	31 Dec 2014 \$
<b>Revenue</b>			
Revenue from continuing operations		14,006,937	5,531,766
Interest income		38,603	404
Other income		50,000	75,000
		<u>14,095,540</u>	<u>5,607,170</u>
Cost of sales		<u>(3,687,476)</u>	<u>(1,870,865)</u>
Gross profit		<u>10,408,064</u>	<u>3,736,305</u>
<b>Expenses</b>			
Marketing		(3,791,413)	(1,200,970)
Administration and other expenses		(699,897)	(216,598)
Consultants		(576,361)	(157,701)
Depreciation and amortisation expense		(1,019,026)	(202,446)
Employee benefits expense		(2,606,906)	(881,892)
Insurance		(30,189)	(71)
Travel and accommodation		(475,152)	(122,300)
Share based payment		(1,342,304)	-
Transaction costs		(903,190)	(230,126)
Finance costs		<u>(482,514)</u>	<u>(61,928)</u>
<b>Profit/(loss) before income tax (expense)/benefit</b>		(1,518,888)	662,273
Income tax (expense)/benefit		<u>766,426</u>	<u>(225,513)</u>
<b>Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Crowd Mobile Limited</b>		(752,462)	436,760
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(416,230)</u>	-
Other comprehensive income for the half-year, net of tax		<u>(416,230)</u>	-
<b>Total comprehensive income for the half-year attributable to the owners of Crowd Mobile Limited</b>		<u>(1,168,692)</u>	<u>436,760</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	21	(0.51)	136.97
Diluted earnings per share	21	(0.51)	136.97

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

**Crowd Mobile Limited**  
**Statement of financial position**  
**As at 31 December 2015**



	Note	Consolidated 31 Dec 2015 \$	30 Jun 2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	5,938,868	1,762,692
Trade and other receivables	7	12,005,067	3,578,085
Other	8	242,660	180,214
<b>Total current assets</b>		<u>18,186,595</u>	<u>5,520,991</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	321,650	26,737
Intangibles	10	35,588,686	1,211,586
Deferred tax		832,929	467,591
<b>Total non-current assets</b>		<u>36,743,265</u>	<u>1,705,914</u>
<b>Total assets</b>		<u>54,929,860</u>	<u>7,226,905</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	5,929,951	2,988,465
Borrowings	12	13,411,177	238,427
Income tax		451,624	786,130
Provisions	13	404,624	556,098
Deferred consideration	14	6,384,034	-
<b>Total current liabilities</b>		<u>26,581,410</u>	<u>4,569,120</u>
<b>Non-current liabilities</b>			
Borrowings	15	4,321,380	-
Deferred tax		4,314,254	-
<b>Total non-current liabilities</b>		<u>8,635,634</u>	<u>-</u>
<b>Total liabilities</b>		<u>35,217,044</u>	<u>4,569,120</u>
<b>Net assets</b>		<u>19,712,816</u>	<u>2,657,785</u>
<b>Equity</b>			
Issued capital	16	20,071,730	4,536,603
Reserves		3,395,863	1,123,497
Accumulated losses		<u>(3,754,777)</u>	<u>(3,002,315)</u>
<b>Total equity</b>		<u>19,712,816</u>	<u>2,657,785</u>

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

**Crowd Mobile Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2015**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Foreign currency reserve \$</b>	<b>Share-based payments reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	6,288	-	-	1,463,886	1,470,174
Profit after income tax expense for the half-year	-	-	-	436,760	436,760
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>436,760</b>	<b>436,760</b>
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid	-	-	-	(507,699)	(507,699)
<b>Balance at 31 December 2014</b>	<b>6,288</b>	<b>-</b>	<b>-</b>	<b>1,392,947</b>	<b>1,399,235</b>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Foreign currency reserve \$</b>	<b>Share-based payments reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	4,536,603	266	1,123,231	(3,002,315)	2,657,785
Loss after income tax benefit for the half-year	-	-	-	(752,462)	(752,462)
Other comprehensive income for the half-year, net of tax	-	(416,230)	-	-	(416,230)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>(416,230)</b>	<b>-</b>	<b>(752,462)</b>	<b>(1,168,692)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 16)	15,535,127	-	-	-	15,535,127
Share-based payments (note 22)	-	-	2,688,596	-	2,688,596
<b>Balance at 31 December 2015</b>	<b>20,071,730</b>	<b>(415,964)</b>	<b>3,811,827</b>	<b>(3,754,777)</b>	<b>19,712,816</b>

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

**Crowd Mobile Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2015**



	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		16,816,765	5,290,023
Payments to suppliers and employees (inclusive of GST)		(13,033,019)	(4,949,744)
Interest received		38,603	404
Interest and other finance costs paid		(333,260)	(4,054)
Income taxes paid		(284,861)	(160,449)
Net cash from operating activities		<u>3,204,228</u>	<u>176,180</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired	19	(13,062,189)	-
Payments for property, plant and equipment		(80,007)	(6,280)
Payments for security deposits		(15,606)	(8,913)
Proceeds from disposal of property, plant and equipment		-	1,186
Net cash used in investing activities		<u>(13,157,802)</u>	<u>(14,007)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		11,612,428	-
Share issue transaction costs		(177,498)	-
Dividends paid		(228,452)	-
Net proceeds from/(repayment of) borrowings		<u>2,923,272</u>	<u>(251,400)</u>
Net cash from/(used in) financing activities		<u>14,129,750</u>	<u>(251,400)</u>
Net increase/(decrease) in cash and cash equivalents		4,176,176	(89,227)
Cash and cash equivalents at the beginning of the financial half-year		<u>1,762,692</u>	<u>533,983</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>5,938,868</u></u>	<u><u>444,756</u></u>

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

### **Note 1. General information**

The financial statements cover Crowd Mobile Limited as a Consolidated Entity consisting of Crowd Mobile Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Crowd Mobile Limited's functional and presentation currency.

Crowd Mobile 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 Consolidated Entity'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 29 February 2016. The directors have the power to amend and reissue the financial statements.

### **Note 2. Reverse acquisition accounting**

*Crowd Mobile Limited (formerly known as Q Limited)*

As noted in the Annual Report to 30 June 2015, on 13 January 2015, Crowd Mobile Operating Entities ('CMOE') original shareholders obtained a majority share interest in Crowd Mobile Limited (formerly known as Q Limited) after a reverse acquisition transaction. This transaction did not meet the definition of a business combination in AASB 3 'Business Combinations' as the net assets that existed within Q Limited as at the date of acquisition did not represent a 'business' (as defined by AASB 3). The transaction has therefore been accounted for in the consolidated financial statements by reference to the accounting requirements of AASB 2 'Share-based payment' and AASB 3, as a deemed issue of shares which is, in effect, a share-based payment transaction whereby CMOE has acquired the net assets of Crowd Mobile Limited (formerly Q Limited), together with the listing status of Crowd Mobile Limited.

The consolidated financial statements represent a continuation of the financial statements of CMOE together with the results of Crowd Mobile Limited from 13 January 2015.

The following principles and guidance on the preparation and presentation of consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

- the comparative results in the statement of profit or loss and other comprehensive income for the half-year ended 31 December 2014 comprise the results of CMOE only;
- the comparative results in the statement of financial position at 30 June 2015 comprise Crowd Mobile Limited and its subsidiaries as reported in the latest Annual Report;
- the comparative results in the statement of changes in equity comprise the results of CMOE only; and
- the comparative results in the statement of cash flows for the half-year ended 31 December 2014 comprise the results of CMOE only.

### **Note 3. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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 2015 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 policy stated below:

**Note 3. Significant accounting policies (continued)**

**Intangible assets**

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

*Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

*Intellectual property*

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

*Distribution network*

Significant costs associated with distribution network are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4.7 years.

*Customer subscriptions*

Significant costs associated with customer subscriptions are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 1.7 years.

*Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-6 years.

*Databases*

Costs in relation to databases are capitalised as an asset and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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

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

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

**Going concern**

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

As disclosed in the financial statements, the Consolidated Entity incurred losses of \$752,462 for the half-year (31 December 2014: profit of \$436,760), although the Consolidated Entity had positive net cash flow from operating activities of \$3,204,228 for the half year ended 31 December 2015. As at that date the Consolidated Entity had net current liabilities of \$8,394,815 and net assets of \$19,712,816.



### **Note 3. Significant accounting policies (continued)**

Whilst the directors expect ongoing operating profitability and positive net cash flow from operating activities, given the Consolidated Entity's growth strategy requiring additional working capital and the Track Holdings B.V. acquisition liabilities (refer note 12 and note 14) that fall due within twelve months from the date of this report, it is necessary to raise additional funds through either new equity raisings or additional debt so as to ensure the Consolidated Entity can continue to meet its debts as and when they continue to become due and payable. Although the Directors currently see no reason as to why they would be unable to raise sufficient capital or source additional debt, should they fail to do so, there would be a significant uncertainty cast over the Consolidated Entity's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

At the date of this report, based on the expected improvement in operating profitability, the Consolidated Entity's recent success in raising capital and the recent receipt of several expressions of interest to assist the Consolidated Entity to continue to do so, the Directors are confident that the Consolidated Entity can continue to meet its debts as and when they become due and payable. As such, 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.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

### **Note 4. Operating segments**

#### *Identification of reportable operating segments*

The Group is organised into two operating segments, Mobile Content - Q & A ('Q&A') and Mobile Content - Subscription ('Subscription'). The Company operates mobile content businesses globally but predominantly in Europe and Australia. 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.

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 at least a monthly basis.

#### *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 micro job platform technology that facilitates 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.

#### *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.

Note 4. Operating segments (continued)

Operating segment information

	Q & A \$	Subscription \$	Intersegment eliminations/ unallocated \$	Total \$
<b>Consolidated - 31 Dec 2015</b>				
<b>Revenue</b>				
Revenue	9,162,208	4,844,729	-	14,006,937
Interest income	3,661	34,942	-	38,603
Other income	50,000	-	-	50,000
<b>Total revenue</b>	<b>9,215,869</b>	<b>4,879,671</b>	<b>-</b>	<b>14,095,540</b>
<b>EBITDA</b>				
Depreciation and amortisation	(2,099,146)	2,043,195	-	(55,951)
Interest income	(216,422)	(802,604)	-	(1,019,026)
Finance costs	3,661	34,942	-	38,603
	(4,433)	(478,081)	-	(482,514)
<b>Profit/(loss) before income tax benefit</b>	<b>(2,316,340)</b>	<b>797,452</b>	<b>-</b>	<b>(1,518,888)</b>
Income tax benefit				766,426
<b>Loss after income tax benefit</b>				<b>(752,462)</b>
<b>Assets</b>				
Segment assets	7,892,952	47,036,908	-	54,929,860
<b>Total assets</b>				<b>54,929,860</b>
<b>Liabilities</b>				
Segment liabilities	3,757,263	31,459,781	-	35,217,044
<b>Total liabilities</b>				<b>35,217,044</b>
<b>Consolidated - 30 Jun 2015</b>				
<b>Assets</b>				
Segment assets	7,226,905	-	-	7,226,905
<b>Total assets</b>				<b>7,226,905</b>
<b>Liabilities</b>				
Segment liabilities	4,569,120	-	-	4,569,120
<b>Total liabilities</b>				<b>4,569,120</b>
<b>Consolidated - 31 Dec 2014</b>				
<b>Revenue</b>				
Revenue	5,531,766	-	-	5,531,766
Interest income	404	-	-	404
Other income	75,000	-	-	75,000
<b>Total revenue</b>	<b>5,607,170</b>	<b>-</b>	<b>-</b>	<b>5,607,170</b>
<b>EBITDA</b>				
Depreciation and amortisation	926,243	-	-	926,243
Interest income	(202,446)	-	-	(202,446)
Finance costs	404	-	-	404
	(61,928)	-	-	(61,928)
<b>Profit before income tax expense</b>	<b>662,273</b>	<b>-</b>	<b>-</b>	<b>662,273</b>
Income tax expense				(225,513)
<b>Profit after income tax expense</b>				<b>436,760</b>

**Note 4. Operating segments (continued)**

*Geographical information*

	Sales to external customers		Geographical non-current assets	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	30 Jun 2015
	\$	\$	\$	\$
Australia	2,060,027	1,141,505	1,895,889	1,696,344
Europe	10,912,150	4,390,261	34,847,375	9,569
Other	1,034,760	-	-	-
	<u>14,006,937</u>	<u>5,531,766</u>	<u>36,743,264</u>	<u>1,705,913</u>

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 5. Revenue**

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
<i>Sales revenue:</i>		
Sales revenue	14,006,937	5,531,766
<i>Other revenue:</i>		
Interest	38,603	404
EMDG Grant Income	50,000	75,000
Revenue	<u>14,095,540</u>	<u>5,607,170</u>

**Note 6. Current assets - cash and cash equivalents**

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Cash at bank	<u>5,938,868</u>	<u>1,762,692</u>

**Note 7. Current assets - trade and other receivables**

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Trade receivables	4,632,076	1,789,209
Accrued income	7,364,182	1,780,771
Other receivables	8,809	7,195
Receivable from related parties	-	910
	<u>12,005,067</u>	<u>3,578,085</u>

**Note 8. Current assets - other**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	\$	\$
Prepayments	180,129	133,289
Security deposits	62,531	46,925
	<u>242,660</u>	<u>180,214</u>

**Note 9. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	\$	\$
Plant and equipment - at cost	864,636	63,306
Less: Accumulated depreciation	<u>(542,986)</u>	<u>(36,569)</u>
	<u>321,650</u>	<u>26,737</u>

*Reconciliations*

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

<b>Consolidated</b>	Plant and equipment \$	Total \$
Balance at 1 July 2015	26,737	26,737
Additions	80,007	80,007
Additions through business combinations (note 19)	288,627	288,627
Exchange differences	(21,160)	(21,160)
Depreciation expense	<u>(52,561)</u>	<u>(52,561)</u>
Balance at 31 December 2015	<u>321,650</u>	<u>321,650</u>

**Note 10. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	17,638,814	317,214
Intellectual property - at cost	2,653,940	2,653,940
Less: Accumulated amortisation	<u>(2,333,972)</u>	<u>(2,197,691)</u>
	319,968	456,249
Distribution network - at cost	12,964,139	-
Less: Accumulated amortisation	<u>(460,640)</u>	<u>-</u>
	12,503,499	-
Customer subscriptions - at cost	2,384,209	-
Less: Accumulated amortisation	<u>(238,421)</u>	<u>-</u>
	2,145,788	-
Software - at cost	2,895,376	213,140
Less: Accumulated amortisation	<u>(217,407)</u>	<u>(123,405)</u>
	2,677,969	89,735
Databases - at cost	621,900	621,900
Less: Accumulated amortisation	<u>(319,252)</u>	<u>(273,512)</u>
	302,648	348,388
	<u>35,588,686</u>	<u>1,211,586</u>

*Reconciliations*

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

<b>Consolidated</b>	Goodwill \$	Intellectual property \$	Distribution network \$	Customer subscriptions \$	Sub-total \$
Balance at 1 July 2015	317,214	456,249	-	-	773,463
Additions through business combinations (note 19)	17,928,946	-	13,418,698	2,467,807	33,815,451
Exchange differences	(607,346)	-	(460,757)	(84,737)	(1,152,840)
Amortisation expense	-	(136,281)	(454,442)	(237,282)	(828,005)
Balance at 31 December 2015	<u>17,638,814</u>	<u>319,968</u>	<u>12,503,499</u>	<u>2,145,788</u>	<u>32,608,069</u>

<b>Consolidated</b>	Sub-total \$	Software \$	Databases \$	Total \$
Balance at 1 July 2015	773,463	89,735	348,388	1,211,586
Additions through business combinations (note 19)	33,815,451	2,776,283	-	36,591,734
Exchange differences	(1,152,840)	(95,329)	-	(1,248,169)
Amortisation expense	<u>(828,005)</u>	<u>(92,720)</u>	<u>(45,740)</u>	<u>(966,465)</u>
Balance at 31 December 2015	<u>32,608,069</u>	<u>2,677,969</u>	<u>302,648</u>	<u>35,588,686</u>

**Note 10. Non-current assets - intangibles (continued)**

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

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash generating unit</b>		
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>
Subscription:		
- Track Holdings B.V.	17,321,600	-
	<u>17,638,814</u>	<u>317,214</u>

**Note 11. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables	1,313,856	894,912
Indirect taxes payable (former Q Limited)	497,799	484,685
Accrued expenses and other payables	4,118,296	1,608,868
	<u>5,929,951</u>	<u>2,988,465</u>

**Note 12. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>
Bank loans - Greensill	5,960,523	-
Loans to related entities - former Track owners	7,450,654	-
Loan - MP3 Australia	-	10,000
Loan - Dominet Digital Corporation	-	228,427
	<u>13,411,177</u>	<u>238,427</u>

**Note 13. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	125,407	48,429
Dividends	279,217	507,669
	<u>404,624</u>	<u>556,098</u>

**Note 14. Current liabilities - deferred consideration**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>

Deferred earn-out consideration - former Track owners	<u>6,384,034</u>	<u>-</u>
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The deferred earn-out consideration is due as Euro 2.0 million in January 2016 and Euro 2.5 million in June 2016.

**Note 15. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>

Loans to related entities - former Track owners	<u>4,321,380</u>	<u>-</u>
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*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$</b>	<b>\$</b>

Bank loans - Greensill	5,960,523	-
Loans to related entities - former Track owners	<u>11,772,034</u>	<u>-</u>
	<u>17,732,557</u>	<u>-</u>

*Borrowings*

Greensill – The Greensill loan is a first lien secured, 3 year, master facility, multi draw down, revolving loan. The interest rate is 12% per annum and is deducted up front as draw downs, revolve.

Former Track owners – Comprises two loans. The first is a first lien secured, Euro 2.9 million loan due in June 2016. Interest is 12% per annum. The second is a Euro 5.0 million, second lien, 2 year loan, with bullet repayments of Euro 2.0 million in October 2016 and Euro 3.0 million in October 2017. The interest rate is 15% per annum. Interest on both loans is paid monthly.

*Assets pledged as security*

The loans to Greensill and the former owners of Track are secured by first and second liens across the assets of the Consolidated Entity and cross guarantees exist across all entities in support of the borrowings.

**Note 16. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>154,446,549</u>	<u>85,197,933</u>	<u>20,071,730</u>	<u>4,536,603</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2015	85,197,933		4,536,603
Rights issue	28 October 2015	51,128,760	\$0.250	12,782,190
Issue of shares on acquisition of Track Holdings B.V.	30 October 2015	15,385,140	\$0.265	4,077,062
Issue of shares on exercise of performance rights	2 November 2015	2,734,716	\$0.000	-
Less: share issue transaction costs				<u>(1,324,125)</u>
Balance	31 December 2015	<u>154,446,549</u>		<u>20,071,730</u>

*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.

*Share buy-back*

There is no current on-market share buy-back.

**Note 17. Fair value measurement**

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.

**Note 18. Related party transactions**

*Parent entity*

Crowd Mobile Limited is the parent entity.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>\$</b>	<b>\$</b>
Payment for services:		
Dominet Digital Corporation Pty Ltd (a Carosa Vendor) provided consulting services and recharging rent, telephone and other miscellaneous items to Crowd Mobile Limited subsidiaries excluding GST	107,124	162,682
Payment for other expenses:		
Compensation paid to Sophie Karzis, Company Secretary and legal counsel, paid to her company Corporate Counsel Pty Ltd excluding GST, for secretarial legal services	65,711	-
Share based compensation to Sophie Karzis, Company Secretary and legal counsel as 1,000,000 3 year options at \$0.39 strike price	64,490	-



**Note 18. Related party transactions (continued)**

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	\$	\$
Current receivables:		
Receivable from BC Cloud Mining Pty Ltd	-	910
Current payables:		
Payable to Director Hans de Back's company, Dutchman Capital Pte Ltd, for consulting services extending beyond non-executive Director duties in relation to the Track acquisition	50,000	-

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	\$	\$
Current borrowings:		
Loan from MP3 Australia Pty Ltd *	-	10,000
Loan from DSAH Holdings Pty Ltd **	253,854	-
Loan from MsAnna Pty Ltd ***	25,383	-
Loan from Dominet Digital Corporation Pty Ltd ****	-	228,427
Current provision for dividends payable:		
DSAH Holdings Pty Ltd **	253,834	253,834
Dominet Digital Corporation Pty Ltd ****	-	228,452
MsAnna Pty Ltd ***	25,383	25,383

\* MP3 Australia Pty Ltd had current borrowings of \$10,000 owing to it set-off against an application for new shares in the Company as part of the 28 October 2015 Rights issue.

\*\* DSAH Holdings Pty Ltd ('DSAH') is a related party entity to CMOE sell-down shareholder and major Crowd Mobile shareholder, Mr Danny Wallis, a Director and shareholder

\*\*\* MsAnna Pty Ltd is an entity in which the Crowd Mobile CEO and Director, D. Carosa's sister is a Director and shareholder

\*\*\*\* Dominet Digital Corporation Pty Ltd had current borrowings of \$228,427 and dividends of \$228,452 owing to it set-off against an application for new shares in the Company as part of the 28 October 2015 Rights issue

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 19. Business combinations**

*Track Holdings B.V.*

On 31 October 2015, Crowd Mobile purchased the full share capital of Track Holdings B.V and its numerous operating subsidiaries, via a newly formed entity, Crowd Mobile Co-Operatif UA, under a Share Purchase Agreement. The business was acquired to extend the Company's global m-payments network to over 160 mobile operators across 50 countries, allowing Crowd Mobile to accelerate its launch of existing products into new markets and offering significant cross promotion opportunities and customer acquisition synergies.

The total consideration is a maximum of \$43,337,769 (Euro €28,098,000). The initial consideration included assets given as \$17,254,677 in cash (Euro €11,187,053), 15,385,140 Crowd Mobile fully paid ordinary shares equivalent to \$4,077,062 (Euro €2,643,359), and a total of 10,000,000, 3 year options over Crowd Mobile fully paid ordinary shares (half each at 25.0 and 30.0 cents exercise prices) equivalent to \$900,009 (Euro €583,520). In addition, two arms-length loans were incurred to the vendors as deferred consideration. The first for \$6,786,468 (Euro €4,400,000) is an eight month, 12.0% p.a. shared first lien loan and the second, is a \$7,711,896 (Euro €5,000,000), 2 year, 15.0% p.a. second lien loan.

**Note 19. Business combinations (continued)**

In addition, deferred earn-out consideration to a maximum of \$6,607,657 (Euro €4,284,068) is to be paid in cash between January 2016 and June 2016 based on agreed earn-out performance for the 2015 calendar year.

The acquired business contributed revenues of \$4,844,729 and net profit after tax of \$599,995 for the period from 1 November 2015 to 31 December 2015. If the acquisition occurred on 1 July 2015, the combined Group's consolidated results for the 1H FY2016 would have been revenues of \$24,319,466, Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') of \$4,848,300, and Net Profit After Tax ('NPAT') of \$412,150. For the full six months to 31 December 2015, these results included one-off Track transaction costs of \$1,134,462 and share based payments of \$1,342,304.

The values identified in relation to the acquisition of Track Holdings B.V. are preliminary as at 31 December 2015.

Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	4,192,488
Trade and other receivables	9,763,828
Property, plant and equipment	288,627
Intangible assets	18,662,788
Trade and other payables	(2,833,211)
Deferred tax liability	(4,665,697)
Net assets acquired	25,408,823
Goodwill	17,928,946
Acquisition-date fair value of the total consideration transferred	<u>43,337,769</u>
Representing:	
Initial consideration - Cash	17,254,677
Initial consideration - Crowd Mobile stock	4,077,062
Initial consideration - Crowd Mobile stock options	900,009
Deferred loan consideration - incurred to former owners	14,498,364
Deferred consideration	6,607,657
	<u>43,337,769</u>
Acquisition costs expensed to profit or loss	<u>903,190</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	43,337,769
Less: cash and cash equivalents	(4,192,488)
Less: initial consideration - Crowd Mobile stock	(4,077,062)
Less: initial consideration - Crowd Mobile stock options	(900,009)
Less: deferred loan consideration - incurred to former owners	(14,498,364)
Less: deferred consideration	(6,607,657)
Net cash used	<u>13,062,189</u>

Goodwill represents: the assembled workforce, the Track workforce expertise and acquisition of new gateways and new customer subscriptions.

**Note 20. Events after the reporting period**

In January 2016, the Company accepted follow-on borrowings from Greensill of Euro 3.0 million (\$4,470,393) on the same pre-existing terms as the initial borrowing. The full proceeds were used to repay borrowings to the former owners of Track and thereby extinguish one of their two loans that was previously due in June 2016.

Also in January 2016, the Company paid the first of the two earn-out installments owed to the former owners of Track. The payment was Euro 2.0 million (\$2,980,262).

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

**Note 21. Earnings per share**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of Crowd Mobile Limited	<u>(752,462)</u>	<u>436,760</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>146,171,882</u>	<u>318,863</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>146,171,882</u>	<u>318,863</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.51)	136.97
Diluted earnings per share	(0.51)	136.97

Options and performance rights have been excluded from the above calculation at 31 December 2015 as their inclusion would be anti-dilutive.

**Note 22. Share-based payments**

*Executive Share Options Plan ('ESOP')*

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel (and Directors) of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted under the plan:

31 Dec 2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
10/07/2015	10/07/2018	\$0.290	-	2,500,000	-	-	2,500,000
10/12/2015	10/12/2018	\$0.390	-	9,000,000	-	-	9,000,000
			-	<u>11,500,000</u>	-	-	<u>11,500,000</u>

**Note 22. Share-based payments (continued)**

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 during the reporting period, outside of the ESOP:

31 Dec 2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
05/03/2015	04/03/2018	\$0.250	1,000,000	-	-	-	1,000,000
30/10/2015	30/10/2018	\$0.250	-	5,000,000	-	-	5,000,000
10/12/2015	03/08/2018	\$0.300	-	5,000,000	-	-	5,000,000
10/12/2015	30/10/2018	\$0.300	-	5,000,000	-	-	5,000,000
10/12/2015	10/12/2018	\$0.300	-	6,000,000	-	-	6,000,000
			1,000,000	21,000,000	-	-	22,000,000

*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 specified below.

The performance rights may be issued in four tranches which will convert to ordinary shares in the Company on the satisfaction of the following Performance Conditions:

- (i) 3,250,000 Class A Performance Rights – on Crowd Mobile achieving EBITDA of \$4,000,000 on an annualised basis within any consecutive 6 month period within 4 years of completion of the acquisition by the Company of the Crowd Mobile businesses ('Acquisition');
- (ii) 3,250,000 Class B Performance Rights – on Crowd Mobile achieving revenue of \$15,000,000 on an annualised basis within any consecutive 6 month period within 4 years of completion of the Acquisition;
- (iii) 3,250,000 Class C Performance Rights – on Crowd Mobile achieving App downloads of 500,000 within 4 years of completion of the Acquisition; and
- (iv) 3,250,000 Class D Performance Rights – on Crowd Mobile rolling out 50 Apps within 4 years of completion of the Acquisition.

The maximum number of shares that can be issued on conversion of the Performance rights is 13,000,000 ordinary shares.

Performance rights may be issued to all employees and Directors of the Company and any Subsidiary. The number of performance rights (if any) to be offered from time to time to each person shall be determined by the Board in its discretion. The performance rights in respect of an employee will vest no earlier than on meeting the relevant Performance Condition. Unissued performance rights will be issued pro-rata at the time the relevant Performance Condition is met. The employee must still be employed by the Company at the time of vesting, unless otherwise agreed by the Board in limited circumstances. Any performance rights that have been earned but remain unvested will vest in the event of a takeover or similar event occurring. Should the holder of performance rights resign, all rights not yet vested will be forfeited.

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

31 Dec 2015

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
16/01/2015	30/11/2018	\$0.000	5,000,000	-	(1,250,000)	-	3,750,000
11/05/2015	30/11/2018	\$0.000	4,000,000	-	(1,000,000)	-	3,000,000
10/07/2015	30/11/2018	\$0.000	-	725,000	(62,500)	-	662,500
24/07/2015	30/11/2018	\$0.000	-	1,000,000	(250,000)	-	750,000
02/11/2015	30/11/2018	\$0.000	-	568,750	(521,560)	-	47,190
02/12/2015	30/11/2018	\$0.000	-	50,000	-	-	50,000
			9,000,000	2,343,750	(3,084,060)	-	8,259,690

**Note 22. Share-based payments (continued)**

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 2.9 years (30 June 2015: 3.4 years).

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:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/07/2015	10/07/2018	\$0.190	\$0.290	50.00%	-	2.08%	\$0.047
30/10/2015	30/10/2015	\$0.250	\$0.250	50.00%	-	3.25%	\$0.106
10/12/2015	03/08/2018	\$0.260	\$0.300	50.00%	-	2.08%	\$0.074
10/12/2015	30/10/2018	\$0.260	\$0.300	50.00%	-	2.08%	\$0.074
10/12/2015	10/12/2018	\$0.260	\$0.300	50.00%	-	2.08%	\$0.074
10/12/2015	10/12/2018	\$0.260	\$0.390	50.00%	-	2.08%	\$0.064

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:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/07/2015	30/11/2018	\$0.200	\$0.000	-	-	-	\$0.200
24/07/2015	30/11/2018	\$0.200	\$0.000	-	-	-	\$0.200
02/11/2015	30/11/2018	\$0.260	\$0.000	-	-	-	\$0.260
02/12/2015	30/11/2018	\$0.280	\$0.000	-	-	-	\$0.280

**Crowd Mobile Limited**  
**Directors' declaration**  
**31 December 2015**

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 Consolidated Entity's financial position as at 31 December 2015 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



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Theo Hnarakis  
Chairman

29 February 2016  
Melbourne

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**CROWD MOBILE LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Crowd Mobile Limited which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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.

*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 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 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 2014 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 Mobile 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 Mobile 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 Mobile 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 2015 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*.

### *Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our conclusion expressed above, we draw attention to the Going Concern note included as part of Note 3 in the financial report which indicates that the Consolidated Entity incurred operating losses of \$752,462, during the half-year ended 31 December 2015. Furthermore, the Consolidated Entity had net current liabilities of \$8,394,815 as at that date. In order for the Consolidated Entity to execute its growth strategy and repay its current liabilities, further working capital will be required and the Directors plan to achieve this through the raising of additional capital or by sourcing additional debt.

These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and, therefore, the Consolidated Entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

A handwritten signature in blue ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads 'J S Croall'.

**J S CROALL**  
Partner

Melbourne, VIC  
Dated: 29 February 2016