



Datetix Group Ltd (ASX:DTX)
ABN: 82 009 027 178

Appendix 4E – Preliminary Final Report

1. Company details

| | |
|---|-------------------|
| Name of Entity: | Datetix Group Ltd |
| ABN: | 82 009 027 178 |
| Reporting Period - year ended: | 30 June 2016 |
| Previous corresponding period – period ended | 30 June 2015 |

2. Results for Announcement to the Market

2.1

| | Percentage change Up or Down | % | | \$'000 |
|--|---|----------|----|---------------|
| Revenue from ordinary activities | up | 68% | to | 277 |
| (Loss) from continuing activities after tax attributable to members | up | 10% | to | (2,611) |
| (Loss) for the period attributable to members | down | 42% | to | (2,152) |

2.2

| Dividends | Amount per Security | Franked amount per security |
|--|----------------------------|------------------------------------|
| Interim Dividend – Current reporting period | Nil | Nil |
| Final Dividend – Current reporting period | Nil | Nil |

2.3

| Net Tangible Assets (NTA) | June 2016 | June 2015 |
|---|------------------|------------------|
| Net Tangible Assets per security | 8.4 Cents | 15.3 Cents |

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3. Commentary on “Results for Announcement to the Market”

A brief explanation of any of the figures in section 2 above, necessary to enable the figures to be understood, is contained in points 3.1 to 3.2 below.

FY16 has been a transformative year during which we achieved a number of significant milestones:

- Acquisition of DateTix Limited was successfully completed and funded by an oversubscribed capital raising of \$3 million, with shares resuming trading on 27 November, 2015
- The DateTix application has been successfully launched across both iOS and Android platforms in Hong Kong, Singapore and Shenzhen, with continued strong growth to over 19,400 Monthly Active Members in July 2016. (representing an 18% increase month on month, and a 134% increase on the prior quarter)
- Launched matchmaking business (part of Dating Services) in Hong Kong and Shenzhen to begin monetisation of user base, with an average selling price of approximately \$3,000 per client
- Finalised sale of non-core consulting services division PRM cloud solutions, for consideration of up to \$780,000, including contingent amount of \$280,000 after year one

The Group’s focus moving forward is building a scalable dating services platform with an initial focus on major Asian markets.

3.1 Statement of profit or loss other comprehensive income

The loss for the year ended 30 June 2016 from continuing operations was \$2,611,479 (2015: loss of \$2,379,754).

Revenue increased by 68% from \$165,182 to \$276,811. The increase in revenue was mainly contributed by dating services after the acquisition of Datetix Limited amounting to \$140,212.

Expenses increased by 9% from \$2,666,943 to \$2,899,511. The expenses included one-off transaction cost associated with the acquisition of Datetix Limited of \$194,160, an increase in marketing expenses of \$349,890, and research & development costs of \$174,225. Both marketing and research & development expenses were important elements for further developing and expanding the Company’s core business – dating services.

Losses for the year included sales of the company’s non-core services division, PRM Cloud Solutions, reported under discontinued business. The gain on the sale of business after income tax amounted to \$481,257. As of 30 June 2016, the profit from discontinued operations (including the gain on the sale of business) was \$459,804 (30 June 2015: loss of \$1,335,119).

Refer to the attached Financial Statements for the year ended 30 June 2016 for further details.

3.2 Statement of financial position

The net assets of the Group amounted to \$8,274,414 at 30 June 2016, compared to \$1,508,903 at 30 June 2015. The increase is largely due to the goodwill on acquisition of Datetix Limited for \$5,658,068. Cash and cash equivalents increased by \$1,012,445 in comparison to 30 June 2015.

Refer to the attached Financial Statements for the year ended 30 June 2016 for further details.

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4. Control gained over entities

During the year, the Company acquired a 100% ownership interest in the following company:

| Name of entity | Date of gain of control | Contribution to profit/(loss) from ordinary activities | |
|-----------------|-------------------------|--|------|
| | | 2016 | 2015 |
| Datetix Limited | 23 Nov 2015 | (1,119,125) | - |

5. Audit qualification or review

The Preliminary Financial Report is based upon the financial report that is in the process of being audited by our auditors, Pitcher Partners. The Auditor's report is expected to be an unmodified report and is expected to contain an emphasis of matter for two items. The first matter is regarding the material uncertainty in respect of the Group's continuation as a going concern, which is outlined in Note 1 (iii) of this preliminary report. The uncertainty relates to the Group's net loss of \$2,151,675 and net cash outflows from operating activities of \$1,928,982 during the year ended 30 June 2016 and the Group's need for funding solutions to support current operating cashflow requirements and associated growth of its service offering in major Asian markets.

The second matter is regarding the significant risk of impairment surrounding the goodwill balance of \$5,658,058, recognised on the Datetix Limited acquisition, which is outlined in Note 4 of this preliminary report. An impairment to reduce the carrying value of the goodwill balance may be necessary should the acquired DateTix business not generate positive cash flows from its operations going forward. Any impairment of goodwill would result in an expense being recognised in the statement of Profit or Loss and Other Comprehensive Income in the year of impairment.



Michael Ye
 Founder and CEO
 31 August 2016

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Datetix Group Ltd (ASX:DTX)
ABN: 82 009 027 178

DATETIX GROUP LTD

(formerly Enverro Ltd)

ABN 82 009 027 178

Preliminary Financial Report
For the year ended 30 June 2016

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Datetix Group Ltd (ASX:DTX)
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**Statement of profit or loss or other comprehensive income
for the year ended 30 June 2016**

| | Note | 2016 \$ | 2015 \$ |
|--|------|--------------------|--------------------|
| Revenue from continuing operations | | | |
| Enterprise Services | | 83,032 | 121,691 |
| Dating Services | | 140,212 | - |
| Interest Income | | 53,567 | 43,491 |
| | | <u>276,811</u> | <u>165,182</u> |
| Other Income | | 11,221 | 122,008 |
| Expenses | | | |
| Auditing and accounting fees | | 146,463 | 158,101 |
| Consulting fees | | 76,648 | 398,331 |
| Depreciation and amortisation | | 53,518 | 13,143 |
| Employee benefits expense - G&A | | 1,120,543 | 1,333,573 |
| Employee benefits expense - R&D | | 174,225 | - |
| Finance costs | | 8,500 | 41,286 |
| Marketing expenses | | 532,928 | 183,038 |
| Other expenses | | 484,700 | 377,630 |
| Recruitment expenses | | - | 102,494 |
| Research & Development expenses | | 81,828 | - |
| Travel expense | | 13,321 | 69,283 |
| Transaction costs | | 194,160 | - |
| Foreign exchange gains and losses | | 12,677 | (9,936) |
| | | <u>2,899,511</u> | <u>2,666,943</u> |
| Loss before income tax | | <u>(2,611,479)</u> | <u>(2,379,753)</u> |
| Income tax | | - | - |
| Loss for the year from continuing operations | | <u>(2,611,479)</u> | <u>(2,379,753)</u> |
| Profit / (Loss) from Discontinuing operations | 2 | 459,804 | (1,335,119) |
| Loss for the year | | <u>(2,151,675)</u> | <u>(3,714,872)</u> |
| Other comprehensive income for the year | | | |
| Exchange difference on conversion of foreign operation | | 5,082 | (6,862) |
| Total Comprehensive Loss for the year | | <u>(2,146,593)</u> | <u>(3,721,734)</u> |
| Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company | | Cents | Cents |
| Basic (loss) per share | 3 | (12.4) | (33.2) |
| Diluted (loss) per share | 3 | (12.4) | (33.2) |
| Earnings per share for loss attributable to the ordinary equity holders of the Company | | Cents | Cents |
| Basic (loss) per share | 3 | (10.3) | (51.8) |
| Diluted (loss) per share | 3 | (10.3) | (51.8) |

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

Datetix Group Ltd (ASX:DTX)
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Statement of Financial Position
 As at June 30, 2016

| | 2016 | 2015 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 2,634,671 | 1,622,226 |
| Trade and other receivables | 9,432 | 200,650 |
| Other assets | 58,353 | 6,988 |
| Total Current Assets | 2,702,456 | 1,829,864 |
| Non-current assets | | |
| Property, plant and equipment | 43,934 | 29,934 |
| Intangible assets | 5,831,775 | 135,000 |
| Total Non-Current Assets | 5,875,709 | 164,934 |
| Total assets | 8,578,165 | 1,994,798 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 286,243 | 458,395 |
| Borrowings | 17,508 | 9,992 |
| Total Current liabilities | 303,751 | 468,387 |
| Non-current liabilities | | |
| Borrowings | - | 17,508 |
| Total Non-Current liabilities | - | 17,508 |
| Total liabilities | 303,751 | 485,895 |
| Net assets | 8,274,414 | 1,508,903 |
| EQUITY | | |
| Contributed equity | 13,565,617 | 5,868,520 |
| Reserves | 1,448,197 | 228,108 |
| Accumulated losses | (6,739,400) | (4,587,725) |
| Total Equity | 8,274,414 | 1,508,903 |

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

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**Statement of changes in equity
for the year ended 30 June 2016**

| | Contributed equity \$ | Reserves \$ | Accumulated losses \$ | Foreign Currency Translation Reserve \$ | Total equity \$ |
|--|-----------------------------|------------------|-----------------------------|--|--------------------|
| Balance at 1 July 2014 | 663,559 | - | (872,852) | - | (209,293) |
| Loss for the year | - | - | (3,714,873) | - | (3,714,873) |
| Other comprehensive income | - | - | - | (6,862) | (6,862) |
| Total comprehensive loss for the year | - | - | (3,714,873) | (6,862) | (3,721,735) |
| Transactions with owners in their capacity as owners | | | | | |
| Issue of shares for cash | 6,000,000 | - | - | - | 6,000,000 |
| Issue of shares under employee incentive plan | 155,000 | (155,000) | - | - | - |
| Cost of share issue | (627,066) | - | - | - | (627,066) |
| Share based payments expense on securities granted for: | | | | | |
| • capital raising fee | (322,973) | 322,973 | - | - | - |
| • employee services | - | 66,997 | - | - | 66,997 |
| | 5,204,961 | 234,970 | - | - | 5,439,931 |
| Balance at 30 June 2015 | 5,868,520 | 234,970 | (4,587,725) | (6,862) | 1,508,903 |
| Loss for the year | - | - | (2,151,675) | - | (2,151,675) |
| Other comprehensive income | - | - | - | 5,082 | 5,082 |
| Total comprehensive loss for the year | - | - | (2,151,675) | 5,082 | (2,146,593) |
| Transactions with owners in their capacity as owners | | | | | |
| Issue of shares for cash | 3,000,000 | - | - | - | 3,000,000 |
| Issue of shares as consideration for business combination | 5,000,000 | - | - | - | 5,000,000 |
| Issue of shares as consideration for investor relations services | 39,900 | - | - | - | 39,900 |
| Cost of share issue | (331,289) | - | - | - | (331,289) |
| Share based payments expense on securities granted for: | | | | | |
| • capital raising fee | (11,514) | 11,514 | - | - | - |
| • business combination | - | 1,128,774 | - | - | 1,128,774 |
| • director services | - | 23,806 | - | - | 23,806 |
| • employee services | - | 50,913 | - | - | 50,913 |
| | 7,697,097 | 1,215,007 | - | - | 8,912,104 |
| Balance at 30 June 2016 | 13,565,617 | 1,449,977 | (6,739,400) | (1,780) | 8,274,414 |

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

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Statement of Cash Flows
for the year ended 30 June 2016

| | 2016 \$ | 2015 \$ |
|---|-------------------------|-------------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 1,401,353 | 1,112,421 |
| Payments to suppliers and employees | (3,393,882) | (3,668,829) |
| Other revenue | 7,054 | 122,008 |
| Interest received | 58,101 | 33,480 |
| Interest and other costs of finance paid | (1,608) | (6,039) |
| Net cash (outflow) from operating activities | <u>(1,928,982)</u> | <u>(2,406,959)</u> |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (33,175) | (4,627) |
| Payments for proprietary software development | - | (709,529) |
| Cash acquired as part of acquisition | 311,896 | - |
| Net cash (outflow) from investing activities | <u>278,721</u> | <u>(714,156)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 3,000,000 | 6,000,000 |
| Share issue transaction costs | (331,289) | (627,066) |
| Repayment of borrowings | (6,005) | (634,101) |
| Net cash inflow from financing activities | <u>2,662,706</u> | <u>4,738,833</u> |
| Net increase in cash and cash equivalents | 1,012,445 | 1,617,718 |
| Cash and cash equivalents at the beginning of the year | <u>1,622,226</u> | <u>4,508</u> |
| Cash and cash equivalents at the end of the year | <u><u>2,634,671</u></u> | <u><u>1,622,226</u></u> |

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

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Note 1: Summary of significant accounting policies

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the financial statements. These general purpose financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

i) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS).

ii) Historical cost convention

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

iii) Going concern

Although the Group incurred a loss of \$2,151,675 for the year, as well as incurring net cash outflows from operating activities of \$1,928,982, the preliminary financial report has been prepared on the going concern basis as the directors are of the opinion that the company has sufficient financial resources to fund its activities in the short term.

The financial position of the company is underpinned by:

- positive net assets of \$8,274,414 at 30 June 2016;
- cash and cash equivalents of \$2,634,671 as at 30 June 2016; and
- the acquisition of Lovestruck Limited as detailed in Note 5 to the Preliminary Financial Report.

Note 2: Discontinued operations

(a) Description

On 15 March 2016 the Company signed an asset sale agreement to sell the non-core services business it operated as PRM Cloud Solutions. The business was sold on 1 April 2016 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

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Note 2: Discontinued operations (continued)

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the nine months ended 31 March 2016 (2016 column) and the year ended 30 June 2015.

| | 9 months to 31 March 2016 | Year ended 30 June 2015 |
|--|------------------------------|----------------------------|
| | \$ | \$ |
| <u>Profit and Loss</u> | | |
| Revenue | 680,277 | 946,281 |
| <i>Expenses</i> | | |
| Consulting fees | (212,714) | (314,462) |
| Depreciation and amortisation | (52,368) | (114,079) |
| Employee benefits expense - G&A | (337,748) | (757,328) |
| Impairment of software development asset | (82,632) | (1,079,798) |
| Marketing | (10,289) | (1,546) |
| Travel expense | (5,979) | (14,187) |
| (Loss) before income tax | <u>(21,453)</u> | <u>(1,335,119)</u> |
| Income tax expenses | - | - |
| (Loss) after income tax of discontinued operation | <u>(21,453)</u> | <u>(1,335,119)</u> |
| Gain on sales of business after income tax (see Note 2(c)) | <u>481,257</u> | <u>-</u> |
| Profit / (Loss) from discontinued operation | <u>459,804</u> | <u>(1,335,119)</u> |
| <u>Asset and Liabilities</u> | \$ | \$ |
| <u>Assets</u> | | |
| Account Receivables | - | 95,907 |
| Work in Progress | 18,743 | - |
| <u>Non-current assets</u> | | |
| Intangible assets | - | 135,000 |
| <u>Liabilities</u> | | |
| Accounts Payable | (16,500) | (21,263) |
| Prepaid Income | - | (98,671) |
| Net Assets | <u>2,243</u> | <u>110,973</u> |
| <u>Cash Flow</u> | \$ | \$ |
| Net cash inflow / (outflow) from operating activities | 594,804 | (141,242) |
| Net cash inflow / (outflow) from investing activities | - | (709,529) |
| Net increase / (decrease) generated by the discontinued business | <u>594,804</u> | <u>(850,771)</u> |

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Note 2: Discontinued operations (continued)

(c) Details of sales of the business

| | 2016 | 2015 |
|--|----------------|-------------|
| | \$ | \$ |
| Consideration received or receivable: | | |
| Cash | 500,000 | - |
| Fair Value of contingent consideration | 238,045 | - |
| | <hr/> | <hr/> |
| Total disposal consideration | 738,045 | - |
| Carry amount of net asset sold (note) | (256,788) | |
| | <hr/> | <hr/> |
| Gain on sales before income tax | 481,257 | - |
| Income tax expense on gain | - | - |
| | <hr/> | <hr/> |
| Gain on sales after income tax | 481,257 | - |
| | <hr/> | <hr/> |
| <u>Note</u> | | |
| Fair Value of contingent consideration | 254,545 | |
| WIP | 18,743 | |
| Account Payable | (16,500) | |
| | <hr/> | |
| | <u>256,788</u> | |

Provided the business retains two key employees until 1 April 2017, additional cash consideration of \$80,000 will be receivable. In addition, if the operations of the business achieve certain performance criteria during the period of 1 April 2016 to 31 March 2017 as specified as "earn out" clause in the sales agreement, further cash consideration of up to \$200,000 will be receivable. At the time of the sales, the fair value of the contingent consideration was determined to be \$238,045 (NPV of \$280,000 by using 10% discounted factor and less account payable \$16,500).

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Note 3: Earnings per share

| | 2016 Cents | 2015 Cents |
|--|-----------------------|-----------------------|
| (a) Basic and Diluted¹ earnings (loss) per share | | |
| From continuing operations attributable to the ordinary equity holders of the Company | (12.4) | (33.2) |
| From discontinued operation | 2.1 | (18.6) |
| Total basic earnings attributable to the ordinary equity holders of the Company | <u>(10.3)</u> | <u>(51.8)</u> |
| (b) Reconciliation of earnings used in calculating earnings per share | | |
| | \$ | \$ |
| Net loss for the year attributable to the ordinary equity holders of the Company used to calculate loss per share – basic and diluted ¹ . | | |
| From continuing operations | (2,611,479) | (2,379,753) |
| From discontinued operations | 459,804 | (1,335,119) |
| | <u>(2,151,675)</u> | <u>(3,714,872)</u> |
| | Number | Number |
| Weighted average number of ordinary shares outstanding during the year used to calculate earnings (loss) per share | <u>21,116,025</u> | <u>7,175,339</u> |

¹Diluted earnings per share are the same as basic earnings per share because the options and performance rights on issue are anti-dilutive.

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Note 4: Business combination

On 23 November 2015 the Company acquired 100% of the issued shares in DateTix Limited for total purchase consideration of \$6,128,774. Founded in 2013 and based in Hong Kong, DateTix operates DateTix.com, a mobile and location-based online marketplace for meeting new people for on-demand dates. The acquisition has given the Group a new focus following a contraction in the market sectors for the Group's workforce mobility platform. The goodwill is in respect future profitability of the acquired business. The purchase consideration consisted entirely of equity instruments.

Details of the acquisition are as follows:

| | \$ | Fair Value \$ |
|---|---------|------------------|
| Cash and cash equivalents | | 311,896 |
| Prepayment and deposits | | 14,123 |
| Trade and other payables | | (70,949) |
| Net tangible assets acquired | | 255,070 |
| Goodwill | | 5,658,068 |
| Identifiable intangible assets | | 215,636 |
| - Website and Platform | 125,787 | |
| - APPS | 53,909 | |
| - Brand | 35,940 | |
| Acquisition-date fair value of the total consideration transferred | | 6,128,774 |
| Representing: | | |
| 12,500,000 fully paid ordinary shares at notional issue price of \$0.40 per share | | 5,000,000 |
| 4,000,000 class A performance rights at fair value | | 479,039 |
| 4,000,000 class B performance rights at fair value | | 360,259 |
| 4,000,000 class C performance rights at fair value | | 289,476 |
| Shares issued to vendors | | 6,128,774 |
| Acquisition costs expensed to profit or loss | | 194,160 |

| | Date of acquisition | |
|------------------|-----------------------------------|-----------------------------------|
| | 23 Nov 2015 to 30 June 2016 | 1 July 2015 to 30 June 2016 |
| | \$ | \$ |
| Revenue | 132,560 | 169,013 |
| (Loss) after tax | (1,119,125) | (1,390,346) |

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Note 5: Events occurring after the reporting period

On 31 July 2016, the Company acquired Lovestruck Limited, a leading premium online dating platform for serious long-term relationships. Lovestruck currently operates in Hong Kong, Singapore and the United Kingdom.

The acquisition significantly strengthens the Company's market share in Hong Kong and Singapore, and is expected to deliver significant user, revenue growth and drive strong synergies with the Datetix app and matchmaking business.

The consideration for this acquisition is as follows:

- Two million fully paid ordinary shares in Datetix Group Ltd, escrowed for a period of 24 months from the date of settlement; and
- Cash consideration equivalent to the net cash balance across any and all of Lovestruck's bank accounts at settlement; and
- A contingent earn-out consideration of up to A\$270,000 will be payable in two equal instalments upon Lovestruck reaching certain revenue milestones.

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