Pureprofile Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Pureprofile Ltd
ABN:	37 167 522 901
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

The group has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated.

				$
Revenues from ordinary activities	down	44.6%	to	13,162,342
Earnings Before Interest, Tax, Depreciation, and Amortisation ('EBITDA')	up	141.5%	to	655,341
Loss from ordinary activities after tax attributable to the owners of Pureprofile Ltd	down	14.6%	to	(5,368,529)
Loss for the half-year attributable to the owners of Pureprofile Ltd	down	14.6%	to	(5,368,529)

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

Comments
The loss for the group after providing for income tax amounted to $5,368,529 (31 December 2018: $6,283,426).

EBITDA for the financial half-year amounted to a profit of $655,341 (31 December 2018: profit of $271,367).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents earnings before interest, tax, depreciation and amortisation adjusted for non-specific non-cash and significant items.

Revenue from ordinary activities of $13,162,342 was down on prior comparable period. This was primarily attributable to the sale of non-core business units, which were sold in FY2019. As a result, no revenues were recorded for these discontinued businesses in FY2020. The discontinued businesses include the ANZ Performance business unit, which contributed $4,529,807 for the half-year ended 31 December 2018 and the Media Trading and Adsparc business units, which contributed $5,405,483 for the half-year ended 31 December 2018.

The group experienced continued growth in the core Data & insights business of 6% on pcp and, in particular, strong growth in the UK of 12% on pcp. Impairment of goodwill for the Media business of approximately $2.1m was recognised to reflect a decline in its business amidst ongoing challenges within the advertising industry.

EBITDA (incl discontinued businesses) was up 141.5% due to the group's strategy to simplify the business, with its focus on core growth units progressing well. Further savings were realised for the half-year ended 31 December 2019 through the executive team restructure, automation, technology rationalisation and the relocation of the UK office.

The following table summarises key reconciling items between statutory loss after income tax and EBITDA from continuing and discontinued operations:

	Consolidated	
	31 Dec 2019 $	31 Dec 2018 $
Loss after income tax	(5,368,529)	(6,283,426)
Add: Depreciation and amortisation	2,216,369	2,023,546
Add: Impairment of assets	2,107,127	2,453,010
Add: loss on disposal of intangible assets	-	284,668
Less: Interest income	(33)	(2,369)
Add: Finance costs	1,682,334	1,302,394
Add/less: Income tax expenses	18,073	493,544
EBITDA	655,341	271,367

Refer to the Directors' report for further commentary on the group's results for the reporting period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(21.52)	(14.04)

As at 31 December 2019, the net tangible assets per ordinary security presented above is exclusive of right-of-use assets and inclusive of lease liabilities.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

The interim financial statements were subject to a review by the auditors and the review report, which contains an Emphasis of Matter section relating to going concern, is attached thereto.

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10. Attachments

Details of attachments (if any):

The Interim Report of Pureprofile Ltd for the half-year ended 31 December 2019 is attached.

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11. Signed

Signed _____ Date: 28 February 2020

Andrew Edwards
Executive Chairman
Sydney

Pureprofile Ltd

ABN 37 167 522 901

Interim Report - 31 December 2019

Pureprofile Ltd
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General information

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

Pureprofile Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 5, 126 Phillip Street
Sydney
NSW 2000
Australia

Principal place of business

Level 3, 223 Liverpool Street
Darlinghurst
NSW 2010
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2020.

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

Directors

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

Andrew Edwards - Executive Chairman (formerly Non-Executive, appointed Executive on 28 August 2019)
Sue Klose - Non-Executive Director (appointed on 1 September 2018)
Aaryn Nania - Non-Executive Director (appointed on 28 August 2019)
Nic Jones - Managing Director & Chief Executive Officer (resigned on 28 August 2019)

Principal activities

During the financial period the principal continuing activities of the group consisted of the provision of profile marketing and insights technology services.

Dividends

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

Review of operations

The loss for the group after providing for income tax amounted to $5,368,529 (31 December 2018: $6,283,426).

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the financial half-year amounted to a profit of $655,341 (31 December 2018: profit of $271,367).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents earnings before interest, tax, depreciation and amortisation adjusted for non-specific non-cash and significant items.

The following table summarises key reconciling items between statutory loss after income tax and EBITDA from continuing and discontinued operations:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Loss after income tax	(5,368,529)	(6,283,426)
Add: Depreciation and amortisation	2,216,369	2,023,546
Add: Impairment of assets	2,107,127	2,453,010
Add: loss on disposal of intangible assets	-	284,668
Less: Interest income	(33)	(2,369)
Add: Finance costs	1,682,334	1,302,394
Add/less: Income tax expenses	18,073	493,544
EBITDA	655,341	271,367

The group generated revenues of $13,162,342 for the half-year ended 31 December 2019 ('H1 FY2020').

On a 'discontinued business' basis, that is, including the revenues generated by the discontinued businesses then trading in the half-year ended 31 December 2018 ('H1 FY2019'), this represents a 44.6% decrease on prior comparable period ('pcp') (H1 FY2019: $23,764,727).

The discontinued businesses were sold in FY2019 and include the ANZ performance business unit and the Media Trading and Adsparc business units, which accounted for $9,935,290 of revenue in H1 FY2019. The sale of these businesses reflected the group's strategy to focus on its growing, core businesses and away from the resource-heavy, lower-margin businesses. This strategy has been validated by improved EBITDA on pcp (results detailed above).

On a 'continuing business' basis, that is, excluding the discontinued businesses, the revenues generated for the half-year ended 31 December 2019 represent a 4.8% decrease on pcp (H1 FY2020: $13,162,342 vs H1 FY2019: $13,827,356).

The core Data & Insights business unit grew 6% on pcp (H1 FY2020: $10,048,283 vs H1 FY2019: $9,468,467) and the growth of this business unit continues to be a key strategic focus of the groups.

The Media business unit saw a decline on pcp (H1 FY2020: $2,185,819 vs H1 FY2019: $2,945,035). The decline is reflective of the advertising industry, which continues to be in a state of change and challenges, resulting in a reduction in agency spend from two key clients.

The performance business unit saw a decline on pcp (H1 FY2020: $928,207 vs H1 FY2019: $1,413,566) consistent with the decline in prior periods. However, it is pleasing to note that the decline appears to have 'bottomed out' with average monthly revenue improving over the half-year ended 31 December 2019 due to the success of the turnaround strategy for this business unit.

Gross margin remained steady on pcp at 58%. Accordingly gross profit for the continuing businesses was down on pcp due to the decrease in revenues (H1 FY2020: $7,730,871 vs H1 FY2019: $7,978,674).

The restructuring of the group's cost base realised further savings of $1.8m for the half-year ended 31 December 2019. This, along with the focus on the core growth businesses, had a significant impact on EBITDA, up 141.5% on pcp (H1 FY2020: $655,341 vs H1 FY2019: $271,367).

The group continues to create a simplified, sustainable business by focusing on growing the core Data & Insights business. This is being executed by building greater sales capability in ANZ. The group will also continue to build on the momentum in the UK experienced over the past couple of years with encouraging results seen in the improvement of the UK Performance business, which is expecting further growth in Q3 FY2020. This, coupled with the ongoing identification of opportunities to reduce the cost base through automation and further rationalisation is expected to have a growing, positive impact on the group's bottom line.

Significant changes in the state of affairs

On 28 August 2019, CEO and Managing Director, Nic Jones, resigned. As part of these changes, Andrew Edwards changed his role from Non-Executive to Executive Chairman and Aaryn Nania was appointed Non-Executive Director. Effective 31 December 2019, the maturity date on all the group's debts facilities with Lucerne have been extended to 1 April 2021.

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

Matters subsequent to the end of the financial half-year

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

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

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

On behalf of the directors

Andrew Edwards
Executive Chairman

28 February 2020
Sydney

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Auditor's Independence Declaration

To the Directors of Pureprofile Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Pureprofile Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 28 February 2020

Pureprofile Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Revenue from continuing operations	3	13,162,309	13,827,068
Other income	4	264,428	93,974
Interest revenue calculated using the effective interest method		33	288
Expenses			
Direct cost of sales		(5,695,899)	(5,942,656)
Employee benefits expense		(4,855,275)	(5,441,248)
Foreign exchange loss		(33,694)	(99,315)
Depreciation and amortisation expense		(2,216,369)	(1,668,128)
Impairment of assets	8	(2,107,127)	-
Technology, engineering and licence fees		(1,003,359)	(1,376,774)
Occupancy costs		(192,297)	(656,335)
Other expenses		(819,872)	(1,102,864)
Finance costs		(1,682,334)	(1,163,546)
Loss before income tax expense from continuing operations		(5,179,456)	(3,529,536)
Income tax expense		(18,073)	(493,544)
Loss after income tax expense from continuing operations		(5,197,529)	(4,023,080)
Loss after income tax expense from discontinued operations	5	(171,000)	(2,260,346)
Loss after income tax expense for the half-year attributable to the owners of Pureprofile Ltd		(5,368,529)	(6,283,426)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		3,280	26,217
Other comprehensive income for the half-year, net of tax		3,280	26,217
Total comprehensive income for the half-year attributable to the owners of Pureprofile Ltd		(5,365,249)	(6,257,209)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(5,194,249)	(3,643,045)
Discontinued operations		(171,000)	(2,614,164)
		(5,365,249)	(6,257,209)

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

Pureprofile Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019 $	31 Dec 2018 $
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Pureprofile Ltd			
Basic earnings per share	19	(4.42)	(3.34)
Diluted earnings per share	19	(4.42)	(3.34)
Earnings per share for loss from discontinued operations attributable to the owners of Pureprofile Ltd			
Basic earnings per share	19	(0.15)	(1.88)
Diluted earnings per share	19	(0.15)	(1.88)
Earnings per share for loss attributable to the owners of Pureprofile Ltd			
Basic earnings per share	19	(4.57)	(5.22)
Diluted earnings per share	19	(4.57)	(5.22)

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

Pureprofile Ltd
Statement of financial position
As at 31 December 2019

	Note	Consolidated 31 Dec 2019 $	30 Jun 2019 $
Assets			
Current assets			
Cash and cash equivalents		640,985	524,322
Trade and other receivables	6	5,182,643	6,413,738
Contract assets		332,593	412,903
Prepayments		993,882	688,267
Total current assets		7,150,103	8,039,230
Non-current assets			
Property, plant and equipment		241,670	222,226
Right-of-use assets	7	2,445,865	-
Intangibles	8	8,606,278	11,121,341
Total non-current assets		11,293,813	11,343,567
Total assets		18,443,916	19,382,797
Liabilities			
Current liabilities			
Trade and other payables	9	6,187,266	9,285,091
Contract liabilities		217,454	331,421
Borrowings	10	-	16,469,339
Lease liabilities	11	353,410	-
Income tax		79,021	95,174
Provisions		1,875,601	1,997,449
Total current liabilities		8,712,752	28,178,474
Non-current liabilities			
Borrowings	12	21,591,475	-
Lease liabilities	13	2,267,584	-
Provisions		113,599	80,568
Total non-current liabilities		23,972,658	80,568
Total liabilities		32,685,410	28,259,042
Net liabilities		(14,241,494)	(8,876,245)
Equity			
Issued capital	14	41,461,502	41,461,502
Reserves	15	273,839	270,559
Accumulated losses		(55,976,835)	(50,608,306)
Total deficiency in equity		(14,241,494)	(8,876,245)

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

Pureprofile Ltd
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2018	41,803,151	234,203	(36,148,264)	5,889,090
Loss after income tax expense for the half-year	-	-	(6,283,426)	(6,283,426)
Other comprehensive income for the half-year, net of tax	-	26,217	-	26,217
Total comprehensive income for the half-year	-	26,217	(6,283,426)	(6,257,209)
Transactions with owners in their capacity as owners:				
Share buy-back	(341,499)	-	-	(341,499)
Balance at 31 December 2018	41,461,652	260,420	(42,431,690)	(709,618)

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2019	41,461,502	270,559	(50,608,306)	(8,876,245)
Loss after income tax expense for the half-year	-	-	(5,368,529)	(5,368,529)
Other comprehensive income for the half-year, net of tax	-	3,280	-	3,280
Total comprehensive income for the half-year	-	3,280	(5,368,529)	(5,365,249)
Balance at 31 December 2019	41,461,502	273,839	(55,976,835)	(14,241,494)

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

Pureprofile Ltd
Statement of cash flows
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019 $	31 Dec 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,005,904	23,292,516
Payments to suppliers and employees (inclusive of GST)		(15,631,233)	(23,318,310)
		(625,329)	(25,794)
Interest received		33	2,369
Interest, restructuring and other finance costs paid		(180,705)	(1,493,447)
Income taxes (paid)/refunded		(36,130)	(92,315)
Net cash used in operating activities		(842,131)	(1,609,187)
Cash flows from investing activities			
Payments for property, plant and equipment		(11,841)	(47,927)
Payments for intangibles	8	(1,259,634)	(1,333,405)
Proceeds from disposal of business		-	200,000
Proceeds from disposal of property, plant and equipment		581	-
Proceeds from disposal of intangibles		-	10,698
Net cash used in investing activities		(1,270,894)	(1,170,634)
Cash flows from financing activities			
Proceeds from borrowings		5,050,000	1,820,805
Repayment of borrowings		(2,069,339)	-
Repayment of lease liabilities		(757,702)	-
Net cash from financing activities		2,222,959	1,820,805
Net increase/(decrease) in cash and cash equivalents		109,934	(959,016)
Cash and cash equivalents at the beginning of the financial half-year		524,322	2,481,770
Effects of exchange rate changes on cash and cash equivalents		6,729	(110,443)
Cash and cash equivalents at the end of the financial half-year		640,985	1,412,311

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

Note 1. Significant accounting policies

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

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

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

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations are most relevant to the group:

Interpretation 23 Uncertainty over Income Tax
The group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019.

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

Note 1. Significant accounting policies (continued)

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

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 117)	5,732,875
Adjustment as a result of revised lease term	(2,369,004)
Adjust for FX difference	129,806
Operating lease commitments discount based on the weighted average incremental borrowing rate between 9.00% - 11.00% (AASB 16)	(327,663)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(228,717)
Right-of-use assets (AASB 16)	2,937,297
Lease liabilities - current (AASB 16)	(795,702)
Lease liabilities - non-current (AASB 16)	(2,141,595)
Net impact in opening retained profits as at 1 July 2019	-

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

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

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

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

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

Note 1. Significant accounting policies (continued)

Going Concern

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

The group incurred a loss after income tax of $5,368,529 (31 December 2018: loss after income tax of $6,283,426) and was in a net current liability position of $1,562,649 (30 June 2019: net current liability position of $20,139,244). The group generated negative cash flows from operations of $842,131 (31 December 2018: $1,609,187).

The directors believe that there are reasonable grounds to conclude that the group will continue as a going concern, after consideration of the following factors:

- the group has secured an extension to its existing debt facility to April 2021:
- ongoing identification of further cost saving initiatives during FY2020 continue to better align expenses to revenue and to strengthen EBITDA;
- the above changes complemented by robust processes for cash management will support the cash needs during the transition to a simpler business model; and
- existing Lender continues to be supportive of the group and its turnaround strategy.

Accordingly, the directors believe the group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report. Should the group be unable to continue as a going concern it may be required to release its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying value amounts of the amounts of liabilities that might result should the group be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments:

- Data & Insights;
- Media; and
- Performance

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.

Other segments represent the corporate headquarters of the consolidated entity.

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.

Types of products and services

The principal products and services are as follows:

Data & Insights	Conducting market research and providing research technology platforms
Media	Buying and selling online advertising inventory on behalf of advertisers and publishers
Performance	Generates leads for clients through its consumer database and proprietary and partner digital assets

Major customers

No single customer contributed 10% or more to the group's external revenue during the half-years ended 31 December 2019 and 31 December 2018.

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2019	Data & Insights $	Media $	Performance $	Other segments $	Total $
Revenue					
Sales to external customers	10,048,283	2,185,819	928,207	-	13,162,309
Interest revenue	-	-	-	33	33
Total revenue	10,048,283	2,185,819	928,207	33	13,162,342
Profit/(loss) before significant items, net finance costs, tax, depreciation and amortisation	3,307,018	433,755	135,502	(3,220,934)	655,341
Depreciation and amortisation	(1,547,992)	(79,788)	-	(588,589)	(2,216,369)
Impairment of assets	-	(2,107,127)	-	-	(2,107,127)
Interest revenue	-	-	-	33	33
Interest expense (lease)	-	-	-	(136,516)	(136,516)
Finance costs	-	-	-	(1,545,818)	(1,545,818)
Profit/(loss) before income tax expense	1,759,026	(1,753,160)	135,502	(5,491,824)	(5,350,456)
Income tax expense					(18,073)
Loss after income tax expense					(5,368,529)

AASB 16 was adopted using the modified retrospective approach. As such, the comparatives have not been restated and therefore are not directly comparable.

Consolidated - 31 Dec 2018	Data & Insights $	Media $	Performance $	Other segments $	Total $
Revenue					
Sales to external customers	9,468,467	8,350,518	5,943,373	-	23,762,358
Interest revenue	-	-	-	2,369	2,369
Total revenue	9,468,467	8,350,518	5,943,373	2,369	23,764,727
Profit/(loss) before significant items, net finance costs, tax, depreciation and amortisation	3,521,121	1,572,599	232,858	(5,055,211)	271,367
Depreciation and amortisation	(1,199,778)	(221,021)	(475,477)	(127,270)	(2,023,546)
Impairment of assets	-	-	(2,453,010)	-	(2,453,010)
Loss on disposal of intangible assets	-	(284,668)	-	-	(284,668)
Interest revenue	-	-	-	2,369	2,369
Finance costs	-	-	-	(1,302,394)	(1,302,394)
Profit/(loss) before income tax expense	2,321,343	1,066,910	(2,695,629)	(6,482,506)	(5,789,882)
Income tax expense					(493,544)
Loss after income tax expense					(6,283,426)

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis.

Note 2. Operating segments (continued)

Revenue by geographical area
The group operates in three regions (31 December 2018: 3 regions). The sales revenue for each region is as follows:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Australasia	9,310,271	19,902,238
Europe	3,415,889	3,062,116
US	436,149	798,004
	13,162,309	23,762,358

Note 3. Revenue

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
From continuing operations		
Data & Insights	10,048,283	9,468,467
Media	2,185,819	2,945,035
Performance	928,207	1,413,566
Revenue from continuing operations	13,162,309	13,827,068

Disaggregation of revenue
Refer to note 2 'Operating segments' for analysis of revenue by major product line and geographical region.

During the financial half-years ended 31 December 2019 and 31 December 2018, all revenue was recognised based on services transferred over time.

Note 4. Other income

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Net gain on disposal of intangible assets, property, plant and equipment	581	10,698
Rental income	263,847	83,276
Other income	264,428	93,974

Note 5. Discontinued operations

Description
During the financial half-year ended 31 December 2018, the discontinued operations represented the disposal of:

- the group's media trading business unit. This media trading business unit was sold for total consideration of $541,499 on 4 October 2018; and
- 100% of the group's interest in Cohort Holdings Australia Pty Ltd and its controlled entities (collectively 'Cohort'). Cohort was sold for total consideration of $450,000 on 1 March 2019.

During the financial half-year ended 31 December 2019, the discontinued operations represented additional expenses incurred by the group in relation to Cohort Holdings Australia Pty Ltd.

Note 5. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Revenue from contracts with customers	-	9,935,290
Interest revenue calculated using the effective interest method	-	2,081
Total revenue	-	9,937,371
Other income	-	134,474
Direct cost of sales	-	(7,053,268)
Employee benefits expense	-	(1,734,120)
Foreign exchange loss	-	(24,186)
Depreciation and amortisation expense	-	(355,418)
Impairment of assets	-	(2,453,010)
Loss on disposal of intangible assets	-	(284,668)
Technology, engineering and licence fees	-	(258,911)
Occupancy costs	-	(178,087)
Other expenses	(171,000)	(68,263)
Finance costs	-	(138,848)
Total expenses	(171,000)	(12,548,779)
Loss before income tax expense	(171,000)	(2,476,934)
Income tax expense	-	-
Loss after income tax expense	(171,000)	(2,476,934)
Gain on disposal before income tax	-	216,588
Income tax expense	-	-
Gain on disposal after income tax expense	-	216,588
Loss after income tax expense from discontinued operations	(171,000)	(2,260,346)

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Trade receivables	5,300,403	6,560,276
Less: Allowance for expected credit losses	(243,968)	(266,091)
	5,056,435	6,294,185
Other receivables	126,208	119,553
	5,182,643	6,413,738

Note 7. Non-current assets - right-of-use assets

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Right-of-use assets	2,937,298	-
Less: Accumulated depreciation	(491,433)	-
	2,445,865	-

The group leases buildings for its offices and plant and equipment under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 8. Non-current assets - intangibles

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Goodwill - at cost	15,503,285	15,503,285
Less: Impairment	(15,503,285)	(13,396,158)
	-	2,107,127
Software - at cost	25,114,228	23,854,594
Less: Accumulated amortisation	(13,461,309)	(11,982,825)
Less: Impairment	(4,598,724)	(4,598,724)
	7,054,195	7,273,045
Customer contracts and partner network arrangement - at cost	3,622,000	3,622,000
Less: Accumulated amortisation	(1,168,990)	(1,168,990)
Less: Impairment	(2,453,010)	(2,453,010)
	-	-
Membership base - at cost	2,694,410	2,694,410
Less: Accumulated amortisation	(1,236,327)	(1,047,241)
	1,458,083	1,647,169
Brand names - at cost	94,000	94,000
	8,606,278	11,121,341

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

Consolidated	Goodwill $	Software $	Membership base $	Brand names $	Total $
Balance at 1 July 2019	2,107,127	7,273,045	1,647,169	94,000	11,121,341
Additions	-	1,259,634	-	-	1,259,634
Impairment of assets	(2,107,127)	-	-	-	(2,107,127)
Amortisation expense	-	(1,478,484)	(189,086)	-	(1,667,570)
Balance at 31 December 2019	-	7,054,195	1,458,083	94,000	8,606,278

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

Impairment testing
Goodwill is tested annually for impairment or at the end of each reporting date where an indicator of impairment exists. During the half-year ended 31 December 2019, goodwill was allocated to the Media cash generating unit ('CGU'). The Media CGU generated a loss for the half-year to 31 December 2019, which gave rise to an indicator of potential impairment and the CGU was subsequently tested for impairment.

The recoverable amount of the CGU has been determined based on a value in use calculation. This calculation uses a 5 year cash flow projection based upon financial budgets approved by management. Cash flows beyond the five year period are extrapolated using the long term growth rate stated below. The growth rate does not exceed the long term average growth rate for the business.

Based on the testing performed the recoverable amount of the CGU did not exceed its carrying value and the group recognised an impairment to goodwill of $2,107,127, reducing its carrying value to nil.

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Trade payables	3,254,713	4,153,807
Accrued expenses	2,287,048	3,740,973
Other payables	645,505	1,390,311
	6,187,266	9,285,091

Note 10. Current liabilities - borrowings

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Loans	-	14,400,000
Trade receivables financing facility	-	2,069,339
	-	16,469,339

Refer to note 12 for further information on assets pledged as security and financing arrangements.

Note 11. Current liabilities - lease liabilities

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Lease liability	353,410	-

Note 12. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Loans	19,450,000	-
Interest accrued on loans	2,141,475	-
	21,591,475	-

Note 12. Non-current liabilities - borrowings (continued)

As at 31 December 2019, the loan comprises as 3 facilities as follows:

(a) Facility A is $10,000,000 (30 June 2019: $10,000,000). Interest is fixed and payable at 20% per annum and is payable on the date the facility expires. The facility expires on 1 April 2021.

(b) Facility B is $3,000,000 (30 June 2019: $3,000,000). Interest is fixed at 20% per annum and is payable on the date the loan expires. The facility expires on 1 April 2021.

(c) Facility C is $7,000,000 (30 June 2019: $2,600,000). Interest is fixed and payable at 20% per annum and is payable on the date the facility expires. The facility expires on 1 April 2021.

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

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Loans	21,591,475	14,400,000

Assets pledged as security
The loans are secured by the assets of the group.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Total facilities		
Loans	20,000,000	15,600,000
Trade receivables financing facility	-	2,069,339
	20,000,000	17,669,339
Used at the reporting date		
Loans	19,450,000	14,400,000
Trade receivables financing facility	-	2,069,339
	19,450,000	16,469,339
Unused at the reporting date		
Loans	550,000	1,200,000
Trade receivables financing facility	-	-
	550,000	1,200,000

Note 13. Non-current liabilities - lease liabilities

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Lease liability	2,267,584	-

Note 14. Equity - issued capital

	Consolidated			
	31 Dec 2019 Shares	30 Jun 2019 Shares	31 Dec 2019 $	30 Jun 2019 $
Ordinary shares - fully paid	117,526,063	117,526,063	41,461,502	41,461,502

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.

Note 15. Equity - reserves

	Consolidated	
	31 Dec 2019 $	30 Jun 2019 $
Foreign currency reserve	(175,402)	(178,682)
Share-based payments reserve	449,241	449,241
	273,839	270,559

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

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

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

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 July 2019	(178,682)	449,241	270,559
Foreign currency translation	3,280	-	3,280
Balance at 31 December 2019	(175,402)	449,241	273,839

Note 16. Equity - dividends

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

Note 17. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade 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 instruments.

Note 18. Contingent liabilities

The group has given a bank guarantee as at 31 December 2019 of $nil (30 June 2019: $182,337) to its landlord for leased property.

Note 19. Earnings per share

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Pureprofile Ltd	(5,197,529)	(4,023,080)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,526,063	120,382,652
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,526,063	120,382,652
	Cents	Cents
Basic earnings per share	(4.42)	(3.34)
Diluted earnings per share	(4.42)	(3.34)

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of Pureprofile Ltd	(171,000)	(2,260,346)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,526,063	120,382,652
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,526,063	120,382,652
	Cents	Cents
Basic earnings per share	(0.15)	(1.88)
Diluted earnings per share	(0.15)	(1.88)

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$	$
Earnings per share for loss		
Loss after income tax attributable to the owners of Pureprofile Ltd	(5,368,529)	(6,283,426)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,526,063	120,382,652
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,526,063	120,382,652

Note 19. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(4.57)	(5.22)
Diluted earnings per share	(4.57)	(5.22)

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

Note 20. Events after the reporting period

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

Pureprofile Ltd
Directors' declaration
31 December 2019

In the directors' opinion:

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

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

On behalf of the directors

Andrew Edwards
Executive Chairman

28 February 2020
Sydney

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Independent Auditor's Review Report

To the Members of Pureprofile Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Pureprofile Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Pureprofile Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after income tax of $5,368,529 during the half-year ended 31 December 2019, and as of that date, the Group's current liabilities exceeded its current assets by $1,562,649. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 28 February 2020