ASX Announcement
28 February 2020

HotCopper HOLDINGS LTD

2019 Appendix 4D – Half-Year Report

The Directors of HotCopper Holdings Limited (ASX:HOT) (**HotCopper** or the **Company**) are pleased to provide the Appendix 4D and audited Interim Financial Report for the Half-Year ended 31 December 2019.

Current reporting period: Half-year ended 31 December 2019

Previous interim reporting period: Half-year ended 31 December 2018

Previous full year reporting period: Full year ended 30 June 2019

Appendix 4D: Half-Year Report ended 31 December 2019 as required by ASX listing rule 4.2.A.3

Results for announcement to the market (all comparisons to the half-year ended 31 December 2018)	Movement	31 Dec 2019	31 Dec 2018
Audited Earnings			
Revenue from ordinary activities	Up 79%	3,948,577	2,210,888
Profit before income tax	Down 471%	(1,836,928)	494,601
Profit for the year attributable to ordinary equity holders	Down 621%	(1,883,185)	361,333
Appendix 4D Net tangible asset per share			
Net tangible assets/ (liabilities)	Down 435%	(10,373,507)	3,098,299
Fully paid ordinary shares on issue at Balance Date	-	188,966,839	106,985,001
Net tangible asset/(liabilities) backing per issued ordinary share (cents)	Down 290%	(5.49)	2.90

Commentary of the results

During the half-year HotCopper successfully acquired Stockhouse Publishing Limited, the largest Canadian stock market discussion forum. As a result of this transaction HotCopper now has a leading media position on two of the world's largest stock exchanges. This is a key step in delivering on HotCopper's vision of a global financial news and investor relations platform for self-directed wealth. When aggregated HotCopper now has approximately 100 million investor page impressions a month and serves over 400 listed company clients.

HotCopper is reporting a net loss before tax of $1,836,928 for the period (31 December 2018: Net profit before tax of $494,601). This includes acquisition related costs of $1,378,195 (31 December 2018: $Nil) to the Stockhouse transaction and non-cash share-based payment expenses of $605,052 (31 December 2018: $36,565). The impact of acquisition related costs on our reported net loss before tax is summarised as follows:

	Half-year ended 31 December 2019	**Half-year ended 31 December 2018**
Net (loss)/profit before tax	(1,836,928)	494,601
Less: Acquisition related costs	1,378,195	-
Net loss before tax and acquisition related costs	(458,733)	494,601

HotCopper HOLDINGS LTD

Revenue from contracts with customers was $3,948,577 for the 6 months which is 79% higher than the 2018 corresponding period. These contracts are prepaid and deferred to the Balance Sheet to be recognised as customers utilise investor relations services over the life of the contract, typically twelve months. HotCopper has already secured unrecognised revenue of $4,376,254 on the Balance Sheet as at 31 December 2019, compared to $1,440,377 at 31 December 2018 and $1,431,969 at 30 June 2019.

Dividend

As the company remains in a growth period, at present the board has not declared a dividend for the half-year ended 31 December 2019.

For further information, please contact:
Ben Donovan
Company Secretary
HotCopper Holdings Ltd
investors@hotcopper.com.au

About HotCopper Holdings Ltd

HotCopper Holdings Limited operates www.hotcopper.com.au, Australia's #1 internet discussion forum for ASX-listed companies and stock market analysis. HotCopper also operates www.stockhouse.com from 7 November 2019 after a successful acquisition. Stockhouse has over 1 million visitors a month and is one of North America's largest investor communities.

HotCopper derives revenue from commercial and corporate advertising, as well as investor relations services to listed entities.

HotCopper HOLDINGS LTD

ACN 611 717 036

Interim Financial Report for the Half-Year Ended 31 December 2019

HotCopper Holdings Limited
ACN 611 717 036

Corporate Directory

Directors

Alec Christopher Pismiris
Gavin John Argyle
Colin Edward Chenu
Jag Sanger

Company Secretary

Ben Donovan

Registered and Principal Office

Level 11, BGC Centre
28 The Esplanade,
Perth
WA 6000

Auditor

Ernst & Young
11 Mounts Bay Road,
Perth
WA 6000

Bankers

Westpac Banking Corporation
109 St Georges Terrace,
Perth
WA 6000

National Bank of Canada
600, De La Gauchetière Ouest,
Rez-de-Chaussée,
Montréal (Québec) H3B 4L2

Solicitors

Clayton Utz Lawyers
Level 27, QV1 Building,
250 St Georges Terrace,
Perth WA 6000,
Australia

HotCopper Holdings Limited
ACN 611 717 036

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HotCopper Holdings Limited
ACN 611 717 036

Directors' Report

The Board of Directors present their report, together with the interim financial statements of HotCopper Holdings Limited ("the Company" or "HotCopper") for the half-year ended 31 December 2019.

Directors

The names of the Directors of HotCopper Holdings Limited in office during the half-year and until the date of this report are:

- Alec Christopher Pismiris
- Gavin John Argyle
- Colin Edward Chenu
- Jag Sanger

All Directors were in office from the beginning of the half-year until the date of this report unless otherwise stated.

Principal activities

HotCopper Holdings Limited operates the HotCopper stock market trading forum (www.Hotcopper.com.au), Australia's number one stock market internet discussion forum. The HotCopper Forum is the largest internet discussion forum in relation to the Australian stock market and has become a popular source of research and discussion for a wide range of investors. In addition, the HotCopper Forum is an investor relations tool for ASX-listed companies seeking access to HotCopper Forum's substantial user base of retail and sophisticated investors and self-managed superannuation funds.

HotCopper also operates Stockhouse (www.Stockhouse.com) from 7 November 2019 after a successful acquisition. Stockhouse has over 1 million visitors a month and is one of North America's largest investor communities. Stockhouse helps individual investors create and manage their personal wealth by delivering a suite of aggregated news and information, portfolio management and analysis tools, and a forum for capturing and accessing user-generated content. Stockhouse is a leading publisher of opinions, research, and insight from respected and trusted analysts and experts.

HotCopper currently generates revenue from commercial and corporate advertising and the provision of professional services.

Review of operations and results

During the half-year HotCopper successfully acquired Stockhouse Publishing Limited, the largest Canadian stock market discussion forum. As a result of this transaction HotCopper now has a leading media position on two of the world's largest stock exchanges. This is a key step in delivering on HotCopper's vision of a global financial news and investor relations platform for self-directed wealth. When aggregated HotCopper now has approximately 100 million investor page impressions a month and serves over 400 listed company clients.

HotCopper's strategy is based on its positioning at the heart of 3 macro trends:

The first trend is the growth of self-directed wealth. HotCopper has a large audience of investors making investment decisions about where and what to invest in. HotCopper plays a pivotal role in the research of portfolio choices for investors.

The second trend is the unbundling of broker and investment bank research. For commercial, and in some markets regulatory, reasons many listed companies do not have analyst research. For these companies HotCopper provides a means for investors to research and develop their investment theses.

The third trend is the globalisation of business and finance media. The impact of digital on traditional newspapers has led to a decline for many local newspapers, but an opportunity for global reach for some. HotCopper is launching a range of publishing offers that will break business news in multiple markets across all platforms.

HotCopper is reporting a net loss before tax of $1,836,928 for the period (31 December 2018: Net profit before tax of $494,601). This includes acquisition related costs of $1,378,195 (31 December 2018: $Nil) to the Stockhouse transaction and non-cash share-based payment expenses of $605,052 (31 December 2018: $36,565). The impact of acquisition related costs on our reported net loss before tax is summarised as follows:

HotCopper Holdings Limited
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	Half year ended 31 December 2019	Half year ended 31 December 2018
Net (loss)/profit before tax	(1,836,928)	494,601
Less: Acquisition related costs	1,378,195	-
Net loss before tax and acquisition related costs	(458,733)	494,601

Revenue from contracts with customers was $3,948,577 for the 6 months which is 79% higher than the 2018 corresponding period. These contracts are prepaid and deferred to the Balance Sheet to be recognised as customers utilise investor relations services over the life of the contract, typically twelve months. HotCopper has already secured unrecognised revenue of $4,376,254 on the Balance Sheet as at 31 December 2019, compared to $1,440,377 at 31 December 2018 and $1,431,969 at 30 June 2019.

At 31 December 2019, HotCopper has cash and cash equivalents of $2,561,007 (30 June 2019: $1,492,369) and financial assets of $5,588,669 (30 June 2019: $1,296,389). The Group was in a net current liability position of $4,784,137 at balance date (30 June 2019: Net current asset position of $943,967) driven primarily by the recognition of deferred consideration payable to the vendors of Stockhouse over the next 12 months of $1,368,241 and an increase in unearned revenue to $4,376,254 (30 June 2019: $1,431,969) due to the consolidation of Stockhouse into the Group. This shortfall will be funded from cashflow generated on the sale of advertising to consumers and provision of corporate investor relations services by the Group. Financial assets of $5,588,669 (30 June 2019: $1,296,389) which have been classified as non-current assets may also be liquidated to fund any shortfall on an as needs basis.

Significant changes in state of affairs

On 7 November 2019, HotCopper obtained control of Stockhouse Publishing Limited by acquiring 100 per cent of its outstanding ordinary shares from Cherubim Investment Corp. for total consideration of $22,986,620.

There have been no other significant changes in the Group's state of affairs during the course of the half-year ended 31 December 2019.

Events after balance date

No matters or circumstances have arisen since 31 December 2019 that have significantly affected or may significantly affect;

- The Company's operations in future financial years; or
- The results of those operations in future financial years; or
- The Company's state of affairs in future financial years.

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 (Cth) for the half-year ended 31 December 2019 is included on page 6 of the Financial Report.

This report is made in accordance with a resolution of the Board of Directors made pursuant to section 306 of the Corporations Act 2001 (Cth).

Signed in accordance with a resolution of the Board of Directors

Alec Pismiris
Chairman

28 February 2020

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Auditor's Independence Declaration to the Directors of HotCopper Holdings Limited

As lead auditor for the review of the half-year financial report of HotCopper Holdings Limited for the half-year ended 31 December 2019, I declare 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.

This declaration is in respect of HotCopper Holdings Limited and the entities it controlled during the financial period.

Ernst and Young

Ernst & Young

Lily L Chirathamjaree
Partner
Perth
28 February 2020

HotCopper Holdings Limited
ACN 611 717 036
Interim Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2019

	Note	31 December 2019	31 December 2018
		$	$
Revenue from contracts with customers	3	3,948,577	2,210,888
Other income	4	341,897	14,872
Employee benefits expense		(1,804,356)	(660,367)
Share based payments		(605,052)	(36,565)
Depreciation and amortisation		(231,555)	(78,319)
Commissions paid		(364,510)	(201,135)
Finance cost		(98,717)	-
Other expenses	5	(3,023,212)	(754,773)
(Loss)/ profit before income tax		(1,836,928)	494,601
Income tax expense	6	(46,257)	(133,268)
(Loss)/ profit for the period attributable to members of the Company		(1,883,185)	361,333
Other comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		361,905	(265,887)
Movement in foreign currency translation reserve		(1,592)	-
Total comprehensive (loss)/income for the period attributable to members of the Company, net of tax		(1,522,872)	95,446
Earnings per share attributable to members			
Basic (loss)/earnings per share	7	(1.44)	0.338
Diluted (loss)/earnings per share	7	(1.44)	0.318

HotCopper Holdings Limited
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Interim Consolidated Statement of Financial Position
As at Half-Year Ended 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash Assets			
Cash and cash equivalents	8	2,561,007	1,492,369
Trade and other receivables	9	1,443,778	981,680
Other current assets		241,451	210,435
Current tax assets		81,377	81,379
TOTAL CURRENT ASSETS		4,327,613	2,765,863
NON-CURRENT ASSETS			
Plant & equipment		460,752	158,907
Intangibles		288,879	356,466
Right of use assets	1	847,251	-
Other financial assets	10	5,588,669	1,296,389
Deferred tax asset		470,622	522,190
Other receivables		170,602	120,627
Goodwill	11	21,712,825	-
TOTAL NON- CURRENT ASSETS		29,539,600	2,454,579
TOTAL ASSETS		33,867,213	5,220,442
CURRENT LIABILITES			
Trade and other payables	12	2,808,450	332,395
Lease liability	1	333,853	-
Provisions	13	170,724	57,532
Unearned revenue	14	4,376,254	1,431,969
Interest bearing liabilities	15	1,275,882	-
Current tax liability		146,587	-
TOTAL CURRENT LIABILITES		9,111,750	1,821,896
NON-CURRENT LIABILITES			
Interest bearing liabilities	15	10,623,861	-
Other payables	12	1,991,560	-
Lease liability	1	511,847	-
TOTAL NON-CURRENT LIABILITES		13,127,268	-
TOTAL LIABILITIES		22,239,018	1,821,896
NET ASSETS		11,628,195	3,398,546

HotCopper Holdings Limited
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Interim Consolidated Statement of Financial Position
As at Half-Year Ended 31 December 2019

EQUITY			
Issued and paid up capital	16	20,788,650	11,641,211
Reserves		(8,618,345)	(9,583,740)
(Accumulated losses)/retained earnings		(542,110)	1,341,075
TOTAL EQUITY		11,628,195	3,398,546

HotCopper Holdings Limited
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Interim Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2019

Half-year ended 31 December 2019	Issued & paid up capital	(Accumulated losses)/ retained earnings	Share based payment reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Distribution reserve	Total
	$	$	$	$	$	$	$
Balance at 1 July 2019	**11,641,211**	**1,341,075**	**874,945**	**(274,462)**	**-**	**(10,184,223)**	**3,398,546**
Loss for the half-year	-	(1,883,185)	-	-	-	-	(1,883,185)
Other comprehensive income/(loss)	-	-	-	361,905	(1,592)	-	360,313
Total comprehensive income/(loss)	-	(1,883,185)	-	361,905	(1,592)	-	(1,522,872)
Transactions with owners in their capacity as owners, and other transfers							
Issue of Shares	9,411,902	-	-	-	-	-	9,411,902
Share issue cost	(264,463)	-	-	-	-	-	(264,463)
Share based payments	-	-	605,082	-	-	-	605,082
Balance at 31 December 2019	20,788,650	(542,110)	1,480,027	87,443	(1,592)	(10,184,223)	11,628,195

HotCopper Holdings Limited
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Interim Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2019

Half-year ended 31 December 2018	Issued & paid up capital	Retained earnings	Share based payment reserve	Fair value reserve of financial assets at FVOCI	Distribution reserve	Total
	$	$	$	$	$	$
Balance at 1 July 2018	**11,641,211**	**1,911,375**	**501,890**	**(44,481)**	**(10,184,223)**	**3,825,772**
Profit for the half-year	-	361,333	-	-	-	361,333
Other comprehensive income	-	-	-	(265,887)	-	(265,887)
Total comprehensive income	-	361,333	-	(265,887)	-	95,446
Dividend paid	-	(534,925)	-	-	-	(534,925)
Share based payments	-	-	36,565	-	-	36,565
Balance at 31 December 2018	**11,641,211**	**1,737,783**	**538,455**	**(310,368)**	**(10,184,223)**	**3,422,858**

HotCopper Holdings Limited
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Interim Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,608,664	3,597,634
Payments to suppliers and employees		(5,167,293)	(1,947,727)
Interest received		-	5,315
Income tax paid		-	(120,638)
Interest paid		(117,799)	-
Net cash (used in)/provided by operating activities		(1,676,428)	1,534,584
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial instruments		(2,585,880)	(1,275,000)
Proceeds from sale of financial instruments		2,131,087	57,152
Loan to unrelated parties repaid		-	50,000
Purchase of plant and equipment		(315,356)	(17,439)
Proceeds from sale of plant and equipment		13,500	-
Payment for Stockhouse acquisition, net of cash acquired	11	(15,456,733)	-
Net cash used in investing activities		(16,213,382)	(1,185,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	16	6,954,026	-
Proceeds of borrowings		12,125,731	-
Payment of lease liabilities		(111,953)	-
Dividends Paid		-	(534,925)
Net cash provided by/(used in) financing activities		18,967,804	(534,925)
Net decrease in cash and cash equivalents		1,077,994	(185,628)
Net foreign exchange difference		(9,356)	-
Cash and cash equivalents at beginning of financial period		1,492,369	3,011,352
Cash and cash equivalents at end of financial period	8	2,561,007	2,825,724

1. General Information and Basis of Preparation

General information

The interim condensed consolidated financial statements of HotCopper Holdings Limited ("the Company" or "HotCopper") and its controlled entities (collectively, the Group) were authorised for issue in accordance with a resolution of the directors on 28 February 2020.

HotCopper is a for-profit limited company, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are described in the Directors Report.

Basis of preparation

The interim consolidated financial statements for the six months ended 31 December 2019 is a condensed general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting*.

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and considered with any public announcements made by the Group during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Going concern

At 31 December 2019, HotCopper has cash and cash equivalents of $2,561,007 (30 June 2019: $1,492,369) and financial assets of $5,588,669 (30 June 2019: $1,296,389). The Group was in a net current liability position of $4,784,137 at balance date (30 June 2019: Net current asset position of $943,967) driven primarily by the recognition of deferred consideration payable to the vendors of Stockhouse over the next 12 months of $1,368,241 and an increase in unearned revenue to $4,376,254 (30 June 2019: $1,431,969) due to the consolidation of Stockhouse into the Group. This shortfall will be funded from cashflow generated on the sale of advertising to consumers and provision of corporate investor relations services by the Group. Financial assets of $5,588,669 (30 June 2019: $1,296,389) which have been classified as non-current assets may also be liquidated to fund any shortfall on an as needs basis.

Accounting policies, disclosures, standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2019 unless stated otherwise.

New standards, interpretations and amendments adopted by the Group

Since 1 July 2019, the Group has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or before 1 July 2019. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards and interpretations as of 1 July 2019. The Group adopted AASB 16 *Leases* ("AASB 16") and AASB Interpretation 23 *Uncertainty Over Income Tax Treatments* ("Interpretation 23") with the date of initial application of 1 July 2019. The impact of these are disclosed in more detail below.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Group is the lessor.

(a) Nature of the effect of adoption of AASB 16

The Group applied the modified retrospective transition method to adopt AASB 16 and thus prior comparatives were not restated. Under this method, the cumulative effect of initially applying the standard is recognised directly as an adjustment to equity at the date of initial application of the standard, 1 July 2019. The Group elected to use the recognition exemptions for lease contracts that have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The Group has a lease contract for office space. Prior to the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Prior to the date of initial application of AASB 16, the Group did not have any finance leases recognised and leased property was classified as operating lease. Operating leases were not capitalised and the lease payments were recognised as rent expense in the profit or loss on a straight-line basis over the lease term.

On adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group recognised right-of-use asset and lease liability for the lease previously classified as operating leases, except for leases of low-value assets. The Group has elected to present right-of-use asset and lease liability separately in the statement of financial position. On transition, the right-of-use asset was recognised based on an amount equal to the lease liability. Lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The incremental borrowing rate was determined for property lease taking into consideration factors such as the remaining lease term, the nature of the asset, credit risk and economic environment in which the asset was located (which included the currency in which the lease was denominated). The weighted-average discount rate applied was 5.82%.

The Group also applied the available practical expedients wherein it excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The effect of adopting AASB 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

	$
Assets	
Non-current : Right-of-use assets	957,679
Total assets	957,679
Liabilities	
Current : Lease liabilities	416,235
Non-current : Lease liabilities	541,444
Total liabilities	957,679

For the period ended 31 December 2019:

- Depreciation expense increased because of the depreciation of ROU of property recognised (i.e., increase in right-of-use assets,). This resulted in increase in 'Administrative expenses' of $110,428.
- Rent expense included in 'Other expenses', relating to previous operating leases, decreased by $118,370.
- 'Finance costs' increased by $21,870 relating to the interest expense on additional lease liabilities recognised.
- 'Income tax expense' decreased by $4,200 relating to the tax effect of these changes in expenses.
- Cash outflows from operating activities decreased by $111,953 and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities.

(i) Reconciliation of operating lease commitments

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	$
Operating lease commitments as at 30 June 2019	1,070,728
Weighted average incremental borrowing rate as at 1 July 2019	5.82 %
Discounted operating lease commitments as at 1 July 2019	957,679
Less:	
Commitments relating to short-term leases	-
Commitments relating to variable leases	-
Commitments relating to leases of low-value assets	-
Lease liabilities as at 1 July 2019	957,679

(ii) Amounts recognised in the statement of financial position and profit or loss

Set out below are the carrying amounts of the Group's right-of-use asset and lease liability and the movements during the period:

ROU Asset – Property	**$**
Recognised at 1 July 2019 on adoption of AASB 16	957,679
Additions	-
Depreciation expense	110,428
ROU asset as at 31 December 2019	**847,251**

Lease Liability	
Recognised at 1 July 2019 on adoption of AASB 16	957,679
Interest expense	21,870
Payments	(133,849)
Lease liabilities as at 31 December 2019	**845,700**

(iii) Summary of new accounting policies for leases (applied from 1 July 2019)

Below are the new accounting policies of the Group upon adoption of AASB 16 which have been applied from the date of initial application:

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

- Property lease 5 years

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

c) Leases of low-value assets

The lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(b) AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately.

• The assumptions an entity makes about the examination of tax treatments by taxation authorities.

• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

• How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Group considered whether it had any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions and the taxation authorities may challenge those tax treatments. The interpretation did not have an impact on the consolidated financial statements of the Group.

Other accounting policies adopted by the Group

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

2. Segment Information

For management purposes the Group is organised into two operating segments, which involves the operation of the HotCopper and Stockhouse website. All significant operating decisions are based upon analysis of the Group as two segments. The financial results of these two segment are equivalent to the financial statements of the Group as a whole. The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements.

	HotCopper	Stockhouse	Total
	$	$	$
Revenue			
31 December 2019	2,809,704	1,138,873	3,948,577
31 December 2018	2,210,888	-	2,210,888
Segment profit/(loss)			
31 December 2019	(2,033,682)	150,499	(1,883,183)
31 December 2018	361,333	-	361,333
Assets			
As at 31 December 2019	6,284,024	27,583,189	33,867,213
As at 30 June 2019	5,220,442	-	5,220,442

3. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	31 December 2019	31 December 2018
	$	$
Revenue from contracts with customers		
Advertising services – Revenue recognised overtime	520,248	1,778,374
Advertising services – Revenue recognised at a point in time	3,428,329	432,514
Total revenue from contracts with customers	3,948,577	2,210,888
Geographical markets		
Australian customers	2,373,678	1,778,374
Overseas customers	1,574,899	432,514
Total revenue from contracts with customers	3,948,577	2,210,888

4. Other Income

	31 December 2019	31 December 2018
	$	$
Fair value gain on equity instruments at fair value through profit or loss	324,539	-
Other income	17,358	14,872
Total other income	341,897	14,872

5. Other Expenses

	31 December 2019	31 December 2018
	$	$
Included in other expenses are the following significant items:		
Acquisition expenses	1,378,195	-
Consultant fees	218,128	76,461
Marketing and advertising	107,865	34,836
Subscriptions – Office Software	103,671	33,863
IT expenses	134,623	74,646
Hosting fees	90,168	87,975
Market data	141,977	58,444

6. Income tax

	31 December 2019	31 December 2018
	$	$
(a) Major components of income tax expense are:		
Current tax	26,310	371,904
Deferred tax	19,947	(238,636)
Income tax expense reported in profit or loss	46,257	133,268
Deferred tax related to items recognised in OCI during the year	-	100,854
Deferred tax charged to OCI	-	100,854
(b) The prima facie tax on operating (loss)/profit before income tax is reconciled to the income tax as follows		
Prima facie tax (benefit)/expense on operating profit before income tax	(450,312)	136,015
Adjust tax effect of:		
Non-deductible expenses and other items	496,168	98,107
Current (under)/over	401	-
	46,257	234,122

(c) Amounts charged or credited directly in equity

During the current period, no deferred income tax relating to capital raising costs was charged directly in equity (31 December 2018: Nil).

(d) Unrecognised temporary differences

At 31 December 2019, there were no unrecognised temporary differences (31 December 2018: Nil).

7. Earnings Per Share (EPS)

	31 December 2019	31 December 2018
	$	$
Basic earnings/(loss) per share (cents)	(1.44)	0.338
Diluted earnings/(loss) per share (cents)	(1.44)	0.318
Net profit/(loss) after income tax	(1,883,185)	361,333
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	130,422,891	106,985,001
Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	130,422,891	113,635,001

Options are anti-dilutive if the company is in a loss position. Therefore the options have the effect of reducing the loss per share.

8. Cash and Cash Equivalents

	31 December 2019	30 June 2019
	$	$
Cash at bank	2,561,007	1,492,369
	2,561,007	1,492,369

9. Trade and Other Receivables

	31 December 2019	30 June 2019
	$	$
Trade receivables at amortised cost	1,903,885	394,346
Allowance for expected credit loss	(668,706)	(65,917)
Other receivables	208,599	653,251
	1,443,778	981,680

Trade receivables are measured at amortised cost. The other receivables balance includes subscription monies held in trust pending the allotment of shares.

10. Other Financial Assets

	31 December 2019	30 June 2019
Non-Current	$	$
Fair value through profit and loss – Options	1,156,522	23,265
Fair Value through OCI – Quoted shares	4,432,147	1,273,124
	5,588,669	1,296,389

11. Business Combination

On 7 November 2019, HotCopper obtained control of Stockhouse Publishing Limited by acquiring 100 per cent of its outstanding ordinary shares. HotCopper's acquisition of Stockhouse Publishing is a key step in its strategy to grow a global finance news and retail investor relations platform. The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration	**AU$**
Cash	17,497,813
Deferred payment	2,343,393
Equity instruments (a)	2,457,878
Contingent consideration arrangement (b)	988,035
Estimated working capital adjustment	(300,499)
Total consideration transferred	22,986,620

(a) 16,950,876 ordinary shares of HotCopper were issued as part of the consideration. The fair value of the ordinary shares issued was based on the listed price of HotCopper's ordinary shares on the acquisition date.

(b) The Group has agreed to pay the selling shareholders in two years' time additional consideration of AU$988,035 (CAD$: 903,459) if revenue of the acquiree exceeds AU$11 million (CAD$10 million) for the year ending 31 December 2020. The additional consideration will be paid in four equal quarterly instalments commencing 31 March 2021. The fair value of the contingent consideration arrangement was estimated by applying the income approach. The fair value measurement is based on significant Level 3 inputs. Key assumptions include a discount rate range of 5.9 per cent and assumed probability-adjusted revenues.

As of 31 December 2019, neither the amount recognised for the contingent consideration arrangement, nor the range of outcomes or the assumptions used to develop the estimates had changed.

Recognised amounts of identifiable assets acquired and liabilities assumed	**AU$**
Cash	1,987,112
Financial assets	3,173,985
Property, plant and equipment	333,775
Identifiable intangible assets	-
Financial liabilities	4,189,068
Deferred tax liability	32,009
Contingent liabilities	-
Total identifiable net assets	1,273,795
Goodwill	21,712,825
	22,986,620

The initial accounting is incomplete and the amounts recognised have been only determined provisionally as:

a) fair value of the acquired identifiable net assets is provisional pending receipt of the final valuations; and
b) the final consideration is dependent on completion of the acquisition date audit of the acquiree.

Key factors contributing to goodwill arising on acquisition are the synergies existing within the acquired business, and synergies expected to be achieved as a result of combining Stockhouse with the rest of the Group. Goodwill is not expected to be deductible for income tax purposes.

Acquisition-related costs amounted to $1,378,195 and has been recognised as expense under other expenses in the statement of comprehensive income for the period ended 31 December 2019.The revenue included in the consolidated statement of comprehensive income since date of acquisition contributed by acquiree was $1,138,873. Acquiree also contributed profit after tax of $150,499 over the same period. The acquiree's contribution to the net profit of the Group cannot be determined as this business was part of a larger Group and standalone audited financial information prior to acquisition date is not available. It is therefore impracticable to disclose the total revenue and profit for the combined entity as though the acquisition had taken place at the beginning of the period.

11. Business Combination (Continued)

Analysis of cash flows on acquisition:

	AU$
Cash consideration for acquisition of subsidiary (included in cash flows from investing activities)	(17,497,813)
Cash Acquired	2,041,080
Net cash flow on acquisition	(15,456,733)

12. Trade and Other Payables

	31 December 2019	30 June 2019
Current Liabilities	**$**	**$**
Trade creditors	842,200	46,760
GST/HST payable	65,116	26,055
Stockhouse consideration – Deferred consideration*	1,368,241	-
Other current liabilities	532,893	231,925
	2,808,450	304,740
Non-Current Liabilities		
Stockhouse consideration – Deferred consideration*	975,151	-
Stockhouse consideration – Contingent consideration**	1,016,409	-
	1,991,560	-

*The fair value of the deferred consideration was discounted at a discount rate of 5.9 percent.

**The fair value of the contingent consideration arrangement was estimated by applying the income approach. The fair value measurement is based on significant Level 3 inputs. Key assumptions include a discount rate range of 5.9 per cent and assumed probability-adjusted revenues.

13. Provisions

	31 December 2019	30 June 2019
	$	**$**
Annual leave	170,724	32,240
	170,724	32,240

14. Unearned revenue

Movements in unearned revenue for the period ended 31 December 2019 is as follows:

Date		31 December 2019	30 June 2019
		$	$
1 July 2019	Opening balance	4,448,893	716,363
	Additions:	3,061,435	2,896,086
	Revenue recognised in the period from:		
	- Amounts included in the deferred revenue at the beginning of the period	(2,153,779)	(716,363)
	- Advance payments applied to current period	(980,295)	(1,464,117)
31 December 2019	Closing balance	4,376,254	1,431,969

15. Interest-bearing liabilities

	31 December 2019	30 June 2019
	$	$
Current borrowings	1,275,882	-
Non-Current borrowings	10,623,861	-
Total	11,899,743	-

The initial value of the term loan is CAD $11m with interest rate of Canadian Prime rate plus 1.95% per annum. The loan repayments consist of monthly interest only during each of the first six (6) months, followed by straight-line amortization over the subsequent sixty-six (66) months by way of blended payments of principal and interest. This loan is secured by first-ranking charge on all of the present and after-acquired personal property of the borrower (Report Card Media Canada Ltd) and each of its subsidiaries.

16. Issued Capital

	31 December 2019 Number	31 December 2018 Number	31 December 2019 $	31 December 2018 $
(a) Share Capital				
Ordinary shares – Fully paid	177,428,378	106,985,001	20,788,650	11,641,211
Ordinary shares – Other*	11,538,461	-	-	-
	188,966,839	106,985,001	20,788,650	11,641,211

*Shares issued under the long term incentive plan to the Managing Director is subject to repayment of a limited recourse loan made to the Managing Director. The shares may not be traded until the limited recourse loan in respect to those shares has been paid in full.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote**.**

(b) Movement in ordinary share capital

Date	Details	No. of shares	$
1 July 2018	**Shares on issue**	**106,985,001**	**11,641,211**
30 June 2019	**Shares on issue**	**106,985,001**	**11,641,211**
28 October	Issue under capital raising	42,838,335	5,568,983
6 November	Issue under capital raising	10,654,166	1,385,041
7 November	Issued as part consideration for the acquisition of Stockhouse (refer Note 11a)	16,950,876	2,457,878
7 November	Share issue cost		(264,463)
27 December	Issued under long term incentive plan	11,538,461	-
31 December 2019	**Shares on issue**	**188,966,839**	**20,788,650**

(c) Capital Risk Management

The Group's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Group and shareholders from time to time, including undertaking capital raisings, share buy-backs, capital reductions and the payment of dividends.

17. Share based payments

The following table illustrates the outstanding options granted, exercised and forfeited during the half-year:

	Number	Weighted average exercise price $
Outstanding at 30 June 2019	13,650,000	0.27
Options granted to underwriters (i)	3,000,000	0.25
Managing Director in-substance options (ii)	6,538,461	0.13
Outstanding at 31 December 2019	23,188,461	0.23

(i) 3,000,000 options were issued to the underwriters, or their nominees in accordance with the Entitlement offer. The option is exercisable at $0.25 on or before 7 November 2022. The options valuation are based on the following assumptions, risk free rate of 0.79%, expected volatility of 55%, and expected dividend of 0%.

(ii) During the period, the Managing Director's limited recourse loan facility was varied to increase from $1,000,000 to $1,500,000 following shareholder approval at the Annual General Meeting of the Company on 29 November 2019. The loan was drawn down in full on 27 December 2019 and the Managing Director was issued 11,538,461 shares in the Company. As a result of the modification during the half-year, the fair value of the in-substance option was remeasured at $819,231 at grant date (29 November 2019). With 5,000,000 (estimated) of in-substance options at the value of $300,000 recognised during the prior year ended 30 June 2019, the increase in the number of in-substance options of 6,538,461 and fair value of $519,231 were recognised in the half-year ended 31 December 2019. This award has no vesting conditions as the by the board determined the existing conditions of employment were considered commercially reasonable and sufficient. The value of the loan are based on the following assumptions, risk free rate of 0.74%, expected volatility of 50%, and expected dividend of 0%.

18. Related Party Transactions

	31 December 2019 $	31 December 2018 $
Legal services provided by Lawfirst Pty Ltd (t/a Bennett+Co law firm), a company of which Colin Chenu was previously a Principal	-	473
	-	473

Terms and conditions of transactions with related parties
Outstanding balances at reporting date are unsecured. There have been no guarantees provided or received for any related parties. Balances owing to related parties do not attract interest and are paid within 30 days.

The Group provided the Managing Director with a limited recourse loan facility of up to $1,500,000 to fund the acquisition of Shares and otherwise on the terms and conditions set out in the Explanatory Memorandum included in that notice of meeting. Please also refer to note 17.

19. Dividends Paid or Provided For

No dividends were paid during the half-year (31 December 2018: $534,925).

20. Fair Value Measurement

The Group invests in the issue of ordinary shares as part of a capital raising by existing clients of the Group. These investments are paid for in cash at the time of the application on the same price terms as other investors applying for ordinary shares in the capital raising.

The following table provides the fair value measurement hierarchy of the Group's assets as at 31 December 2019.

			Fair value measurement using		
	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		$	**$**	**$**	**$**
Fair value through OCI – Quoted shares (Note 10)					
Quoted equity shares					
- Energy Sector	31- Dec-19	262,444	262,444	-	-
- Metals & Mining Sector	31- Dec-19	1,408,104	1,408,104	-	-
- Consumer Staple Sector	31- Dec-19	75,180	75,180	-	-
- Consumer Discretionary Sector	31 -Dec-19	30,000	30,000	-	-
- Information Technology Sector	31 -Dec-19	516,636	516,636	-	-
- Healthcare Sector	31 -Dec-19	338,525	338,525	-	-
- Software & Services Sector	31- Dec -19	66,667	66,667	-	-
- Industrials Sector	31 -Dec -19	1,299,552	1,299,552	-	-
- Agriculture Sector	31- Dec -19	241,470	241,470	-	-
- Gaming Sector	31 -Dec -19	49,213	49,213	-	-
- Utilises Sector	31- Dec -19	144,356	144,356	-	-

	Date of Valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		$	**$**	**$**	**$**
Fair value through P&L – Financial Instruments (Note 10)					
Quoted and unquoted financial instruments					
- Energy Sector	31- Dec -19	3,867	3,867	-	-
- Metals & Mining Sector	31- Dec -19	234,332	24,265	210,067	-
- Consumer Discretionary Sector	31- Dec -19	179	-	179	-
- Information Technology Sector	31- Dec -19	170,878	20,000	150,878	-
- Industrial Sector	31-Dec -19	603,592	-	603,592	-
- Agriculture Sector	31- Dec-19	110,266	-	110,266	-
- Gaming Sector	31-Dec-19	32,614	-	32,614	-
- Healthcare Sector	31-Dec-19	794	-	794	-

20. Fair Value Measurement (Continued)

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		$	$	$	$
Fair value through P&L – Liabilities (note 11)					
- Deferred Consideration	31- Dec-19	2,343,393	-	-	2,343,393
- Contingent Consideration	31- Dec-19	1,016,409	-	-	1,016,409

Reconciliation of recurring fair value measurement categories at Level 3 of the fair value hierarchy:

	31 December 2019
	$
As at 1 July 2019	-
Deferred consideration from business combination	2,343,393
Contingent consideration from business combination	988,035
Remeasurement of deferred and contingent consideration	28,374
As at 31 December 2019	3,359,802

There were no fair value measurement categories at Level 3 of the fair value hierarchy in the comparative period.

The following table provides the fair value measurement hierarchy of the Group's assets as at 30 June 2019.

	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		$	$	$	$
Fair value through OCI – Quoted shares (Note 10)					
Quoted equity shares					
- Energy Sector	30 June 2019	93,750	93,750	-	-
- Metals & Mining Sector	30 June 2019	752,044	752,044	-	-
- Consumer Staple Sector	30 June 2019	80,964	80,964	-	-
- Consumer Discretionary Sector	30 June 2019	66,667	66,667	-	-
- Information Technology Sector	30 June 2019	234,699	234,699	-	-
- Healthcare Sector	30 June 2019	45,000	45,000	-	-

20. Fair Value Measurement (Continued)

	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		$	$	$	$
Fair value through P&L – Financial Instruments (Note 10)					
Quoted and unquoted financial instruments					
- Metals & Mining Sector	30 June 2019	18,293	13,193	5,100	-
- Consumer Discretionary Sector	30 June 2019	536	-	536	-
- Information Technology Sector	30 June 2019	4,436	-	4,436	-

21. Events After Balance Date

No matters or circumstances have arisen since 31 December 2019 that have significantly affected or may significantly affect;

- The Company's operations in future financial years; or
- The results of those operations in future financial years; or
- The Company's state of affairs in future financial years.

HotCopper Holdings Limited
ACN 611 717 036
Director's Declaration

In accordance with a resolution of the directors of HotCopper Holdings Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of HotCopper Holdings Limited for the half-year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Regulations 2001;* and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Alec Pismiris
Chairman

28 February 2020

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Independent auditor's review report to the members of HotCopper Holdings Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of HotCopper Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2019 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Building a better working world

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*.

Ernst & Young

Lily L Chirathamjaree
Partner
Perth
28 February 2020