Tech Mpire Limited
ABN 88 156 377 141

Half-Year Financial Report
31 December 2015

Tech Mpire Limited
Corporate directory

Directors

Non-Executive Chairman	Mr Darren Wates
Managing Director	Mr Luke Taylor
Non-Executive Director	Mr Zhenya Tsvetnenko

Company Secretaries

Ms Fiona Muir
Ms Clare Madelin

Registered Office

Suite 11, 16 Brodie Hall Drive
Bentley WA 6102

Principal Office

Suite 11, 16 Brodie Hall Drive
Bentley WA 6102

Telephone: 9473 2500
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Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: 9315 2333
Facsimile: 9315 2233

Securities Exchange Listing

Tech Mpire Limited shares are listed on the Australian Securities Exchange (ASX: TMP)

Solicitors

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
Perth WA 6000

Bankers

Commonwealth Bank of Australia Limited
150 St Georges Terrace
Perth WA 6000

Auditors

Ernst & Young
The EY Building
11 Mounts Bay Road
Perth WA 6000

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Reporting period

Current period:	Half-year ended 31 December 2015
Previous corresponding periods:	Half-year ended 31 December 2014

Results for announcement to market

Revenue from ordinary activities	up	465%	to	$ 17,646,088	from	$ 3,124,140
Loss from ordinary activities after tax attributable to members	down	36%	to	($ 1,422,212)	from	($ 2,218,138)
Net loss for the period attributable to members	down	36%	to	($ 1,422,212)	from	($ 2,218,138)

Dividends

	Amount per share	Franked amount per share
Final	$ nil	n/a
Interim	$ nil	n/a

Record date for determining entitlements to dividends: n/a

Brief explanation necessary to enable the figures above to be understood

Refer to Directors' Report.

Net tangible assets

31 December 2015:	Net tangible asset backing:	11.50 cents per share
31 December 2014:	Net tangible liabilities:	(32.25) cents per share

On 29 June 2015, the Company, formerly named Fortunis Resources Limited, completed its acquisition of 100% of Livelynk Group Pty Ltd (**Livelynk**) and changed its name to Tech Mpire Limited. In accordance with AASB 3 Livelynk is considered to be the parent of the Group for accounting purposes and consequently the consolidated financial statements represent a continuation of the financial statements of Livelynk, with the exception of the capital structure. The results for the half-year ended 31 December 2015 comprise the results of the Tech Mpire group. The comparative information above is that of Livelynk. On 7 July 2015, the Company was re-admitted to quotation on the Australian Securities Exchange under the code TMP.

The comparative figure for net tangible assets / (liability) per ordinary share relates to net tangible assets / (liabilities) of Livelynk. The shares at 31 December 2014 were unlisted. The number of shares has been converted to the equivalent number of Tech Mpire Limited shares issued in consideration for them.

Other

The group has not gained or lost control over any of its entities during the period. There are no associates or joint ventures held by the Group.

For foreign entities the set of accounting standards used in compiling the report is the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The directors present their report together with the financial report of Tech Mpire Limited (**Tech Mpire** or **Company**) and its controlled entities (collectively referred to as the **Group**) for the half-year ended 31 December 2015 and the independent auditor's review report thereon.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as set out below. Directors were in office for this entire period unless otherwise stated.

Mr Darren Wates (Non-Executive Chairman)
Mr Luke Taylor (Managing Director)
Mr Eugeni ("Zhenya") Tsvetnenko (Non-Executive Director)

Review of operations & operating results

Business performance

During the half-year ended 31 December 2015, Tech Mpire reported statutory revenue of $17,646,088 up 465% on corresponding prior half-year revenue of $3,124,140.

Net loss after tax attributable to the members of Tech Mpire Limited of $1,422,212, down 36% on the loss in the corresponding period of $2,218,138.

Tech Mpire has made significant progress in its strategy to grow the business, focusing on three key areas:

- increase the spend by existing advertiser clients and recruit additional advertiser clients;
- recruit additional quality affiliates; and
- actively seek ways to increase gross margins.

The principal activities of the Company are the provision of online performance-based marketing services to advertisers.

There were no other significant changes to the nature of the consolidated group's principal activities during the period.

About the business

Tech Mpire provides online performance-based marketing services and the strategic management of advertising campaigns. The Company acts as an intermediary between its advertiser clients and its network of affiliate partners that provide reach to an engaged consumer audience.

The services provided by the Company are performance-based which means that Tech Mpire only charges its advertiser clients and only pays its affiliates if a pre-agreed result is achieved such as: the subscription for a service; the sale of a product or the installation of software or mobile application.

As an advertising technology and marketing company, Tech Mpire's marketing services are provided utilising nxus®, its proprietary technology and infrastructure.

Cash flow

The Company's cash at bank was $4,922,196 at 31 December 2015.

Auditor independence

We have obtained the independence declaration as set out on page 7 from our auditors, Ernst & Young.

Signed in accordance with a resolution of the directors:

Luke Taylor
Managing Director

Perth, Western Australia
25 February 2016

Building a better working world

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Auditor's independence declaration to the Directors of Tech Mpire Limited

As lead auditor for the review of Tech Mpire Limited for the half-year ended 31 December 2015, 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 Tech Mpire Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

G Lotter
Partner
25 February 2016

GL:EH:TECHMPIRE:015

Tech Mpire Limited

Interim consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2015

	Note	For the six months ended 31 December 2015 $	31 December 2014 $
Revenue from trading activities	4	**17,646,088**	3,124,140
Other income	5(a)	**89,904**	125,163
Total revenue		**17,735,992**	3,249,303
Direct cost of services		**(13,283,551)**	(2,742,476)
Administration costs	5(e)	**(211,369)**	(157,146)
Compliance costs	5(f)	**(59,417)**	(90,018)
Consultancy costs	5(d)	**(118,842)**	(606)
Employment costs	5(b)	**(1,813,783)**	(1,237,973)
Occupancy costs	5(c)	**(110,075)**	(112,518)
Marketing costs		**(92,976)**	(87,662)
Finance costs		**(101,987)**	(105,920)
Foreign exchange differences		**(24,570)**	(6,514)
Depreciation		**(18,525)**	(12,396)
Corporate transaction costs		**-**	(255,116)
Share-based payments	9	**(1,200,559)**	-
Bad and doubtful debts	5(g)	**(1,739,125)**	(112,651)
Reversal of prior period sale	5(h)	**-**	(488,250)
Total expenses		**(18,774,779)**	(5,409,246)
Loss before income tax		**(1,038,787)**	(2,159,943)
Income tax expense	7	**(383,425)**	(58,195)
Loss for the period attributable to the members of Tech Mpire Limited		**(1,422,212)**	(2,218,138)
Other comprehensive income net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**50,764**	44,043
Total comprehensive expenditure for the period attributable to the members of Tech Mpire Limited		**(1,371,448)**	(2,174,095)
Loss per share attributable to the members of Tech Mpire Limited		**Cents**	Cents
Basic and diluted loss per share (cents)		**(2.35)**	(30.17)

Tech Mpire Limited

Interim consolidated statement of financial position as at 31 December 2015

	Note	As at 31 December 2015 $	30 June 2015 $
Assets			
Current assets			
Cash and cash equivalents		**4,922,196**	6,234,159
Restricted cash		**-**	37,500
Trade and other receivables	**8**	**4,959,835**	4,179,240
Total current assets		**9,882,031**	10,450,899
Non-current assets			
Property, plant and equipment		**110,766**	104,947
Total non-current assets		**110,766**	104,947
Total assets		**9,992,797**	10,555,846
Liabilities			
Current liabilities			
Trade and other payables		**1,607,774**	1,813,859
Provisions		**1,005,222**	900,719
Interest-bearing loans and borrowings	**6**	**330,579**	652,950
Total current liabilities		**2,943,575**	3,367,528
Non-current liabilities			
Provisions		**75,630**	63,837
Total non-current liabilities		**75,630**	63,837
Total liabilities		**3,019,205**	3,431,365
Net assets		**6,973,592**	7,124,481
Equity			
Contributed equity		**15,410,390**	15,390,390
Share-based payment reserve		**3,543,613**	2,343,054
Foreign currency translation reserve		**194,442**	143,678
Accumulated losses		**(12,174,853)**	(10,752,641)
Total equity		**6,973,592**	7,124,481

	31 December 2015 $	31 December 2014 $
Cash flows from operating activities		
Receipts from customers	**13,156,350**	2,393,518
Payments to suppliers and employees	**(15,606,007)**	
Other income received	**35,094**	128,808
Interest received	**36,987**	-
Interest paid	**(104,899)**	-
Income tax paid	**(267,537)**	-
Net cash flows used by operating activities	**(2,750,012)**	(1,391,184)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(37,535)**	(14,425)
Net cash flows used by investing activities	**(37,535)**	(14,425)
Cash flows from financing activities		
Proceeds from issues of shares, options, etc.	**20,000**	-
Share issue costs paid	**(377,304)**	-
Advances received under debtor factoring facility	**2,391,381**	-
Repayment of debtor factoring advances	**(577,122)**	-
Loan funds received from previous Parent Company	**-**	946,401
Repayment of loan from previous Parent Company	**-**	(385,862)
Loan funds advanced to Related Party	**-**	(198,339)
Loan repayments received from Related Party	**-**	151,496
Loan funds received from External Company	**-**	1,200,000
Net cash flows provided by financing activities	**1,456,955**	1,713,696
Net (decrease)/increase in cash and cash equivalents	**(1,330,592)**	308,087
Cash and cash equivalents at the beginning of the period	**6,234,159**	48,052
Net foreign exchange difference	**18,629**	44,043
Cash and cash equivalents at the end of the period	**4,922,196**	400,182

Loan fund to / from previous Parent Company

Due to restructuring that occurred in the previous financial year the Parent Company at 31/12/14 is no longer a related party.

Non-cash financing activities

The following financing transactions have had a material effect on consolidated assets and liabilities but did not involve cash flows:

Payments by customers made directly to the debtor factoring agent have the effect of reducing both the debtor balance owed to the Company and the amount owing by the Company to the debtor factoring agent. Given the amounts paid by these customers are not received directly by the Company, they are treated as non-cash flow movements and are excluded from the cash flow movements shown in the Interim Consolidated Statement of Cash Flows. The customer payments made directly to the debtor factoring agent total $2,158,203 in the period (2014: $nil).

Tech Mpire Limited

Interim consolidated statement of changes in equity for the half-year ended 31 December 2015

	Contributed equity $	Accumulated losses $	Share based payments reserve $	Foreign currency translation reserve $	Total equity $
Balance at 1 July 2015	**15,390,390**	**(10,752,641)**	**2,343,054**	**143,678**	**7,124,481**
Loss for the half-year	**-**	**(1,422,212)**	**-**	**-**	**(1,422,212)**
Other comprehensive income					
Net foreign exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**50,764**	**50,764**
Total comprehensive loss for the half-year	**-**	**(1,422,212)**	**-**	**50,764**	**(1,371,448)**
Shares issued on conversion of options	**20,000**	**-**	**-**	**-**	**20,000**
Share-based payments expense	**-**	**-**	**1,200,559**	**-**	**1,200,559**
Transactions with equity holders in their capacity as owners	**20,000**	**-**	**1,200,559**	**-**	**1,220,559**
Balance at 31 December 2015	**15,410,390**	**(12,174,853)**	**3,543,613**	**194,442**	**6,973,592**
Balance at 1 July 2014	100	(421,149)	-	3,593	(417,456)
Loss for the half-year	-	(2,218,138)	-	-	(2,218,138)
Other comprehensive income					
Net foreign exchange differences arising on translation of foreign operations	-	-	-	44,043	44,043
Total comprehensive loss for the half-year	-	(2,218,138)	-	44,043	(2,174,095)
Transactions with equity holders in their capacity as owners	-	-	-	-	-
Balance at 31 December 2014	100	(2,639,287)	-	47,636	(2,591,551)

1. Corporate information

The interim consolidated financial statements of Tech Mpire Limited and its subsidiaries (collectively, **the Group**) for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 25 February 2016.

Tech Mpire Limited (**the Company**) is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are those of delivering digital online performance-based marketing services and providing strategic management of advertising campaigns.

2. Basis of preparation

General information

The interim consolidated financial statements for the six months ended 31 December 2015 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2015.

The half-year financial statements are presented in Australian dollars.

Reverse acquisition

On 29 June 2015, the Company, formerly named Fortunis Resources Limited, completed its acquisition of 100% of Livelynk Group Pty Ltd (**Livelynk**) and changed its name to Tech Mpire Limited. The acquisition of Livelynk resulted in the shareholders of Livelynk obtaining control of the merged entity. In addition, the board of directors of the merged entity was restructured such that two of the Company's three directors stepped down and were replaced by Livelynk's nominees. A nominee of Livelynk serves as the Managing Director and the Livelynk management team has assumed responsibility for the management of the merged entity. Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 *Business Combinations*.

The application of the reverse acquisition guidance contained in AASB 3 has resulted in the Company (the legal parent) being accounted for as the subsidiary and Livelynk (the legal subsidiary) being accounted for as the parent entity.

At the time the Company's acquisition of Livelynk completed, its operations did not fall within the scope of a "business" under AASB 3. Consequently, the acquisition did not meet the definition of a "business combination" under AASB 3 and the principles of AASB 3 could not be applied in their entirety.

Instead, the acquisition has been accounted for as a share-based payment transaction using the principles set out in AASB 2 *Share-based Payment* whereby Livelynk is deemed to have issued shares in exchange for the net assets and listing status of Tech Mpire. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by Livelynk and the fair value of the identifiable net assets of Tech Mpire, is required to be recognised as an expense.

Given Livelynk is considered to be the parent of the Group for accounting purposes, the consolidated financial statements represent a continuation of the financial statements of Livelynk, with the exception of the capital structure. The results for the half-year ended 31 December 2015 comprise the results of the Tech Mpire group.

The comparative information for the interim consolidated statement of profit or loss and other comprehensive income is that of Livelynk. The comparative information for the interim consolidated statement of financial position is that of the Group. The classification of expenditure between categories within the interim consolidated statement of profit or loss and other comprehensive income for the comparative period has been adjusted to match the classification used in the annual financial report and in the current period in this report.

2. Basis of preparation (continued)

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 2015.

The Group has not early adopted any of the accounting standards that have been issued but are not yet effective as of balance date. The Group will assess the impact of these new standards during the reporting period they are applicable to.

Significant estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Refer to the most recent annual financial report for the year ended 30 June 2015 for a discussion of the significant estimates and judgments.

3. Segment information

The Group has identified that it has two operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The Group's key operating segments are as follows and are linked to the Group's geographic dispersion:

- Technology: responsible for the development and maintenance of the Group's proprietary software platform nxus®. These activities are conducted primarily at the Group's Australian head office.
- Performance Marketing: responsible for generating the Group's main revenue stream. These activities are driven out of the Group's office in Toronto, Canada.

The board of directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because, in aggregate, the information as presented is what is used by the board to make strategic decisions.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 December 2015 and 2014, respectively.

For the six months ended 31 December 2015	Technology	Performance Marketing	Other	Elimination of inter-segment transaction	Consolidated
	$	$	$	$	$
Revenue	1,753,549	17,646,088	-	(1,753,549)	17,646,088
Other income	-	5,349	84,555	-	89,904
Cost of services rendered	-	(15,029,513)	-	1,745,962	(13,283,551)
Overheads	(390,136)	(1,222,373)	(898,546)	7,587	(2,503,468)
Other expenses	-	(1,544,611)	(1,395,073)	-	(2,939,684)
EBITDA	1,363,413	(145,060)	(2,209,064)	-	(990,711)
Reconciliation of reportable segment profit/(loss)					
EBITDA	1,363,413	(145,060)	(2,209,064)	-	(990,711)
Interest expense	-	-	(29,551)	-	(29,551)
Depreciation	-	(10,487)	(8,038)	-	(18,525)
Income tax expense	-	-	(383,425)	-	(383,425)
Profit/(loss) after income tax	1,363,413	(155,547)	(2,630,078)	-	(1,422,212)

3. Segment information (continued)

For the six months ended 31 December 2014	Technology	Performance Marketing	Other	Elimination of inter-segment transaction	Consolidated
	$	$	$	$	$
Revenue	-	3,124,140	-	-	3,124,140
Other income	-	-	125,163	-	125,163
Cost of services rendered	-	(2,742,476)	-	-	(2,742,476)
Overheads	(510,855)	(682,587)	(498,995)	-	(1,692,437)
Other expenses	-	-	(856,017)	-	(856,017)
EBITDA	(510,855)	(300,923)	(1,229,849)	-	(2,041,627)
Reconciliation of reportable segment loss					
EBITDA	(510,855)	(300,923)	(1,229,849)	-	(2,041,627)
Interest expense	-	-	(105,920)	-	(105,920)
Depreciation	-	(2,810)	(9,586)	-	(12,396)
Income tax expense	-	-	(58,195)	-	(58,195)
Loss after income tax	(510,855)	(303,733)	(1,403,550)	-	(2,218,138)

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2015 and 30 June 2015, respectively.

As at 31 December 2015	Technology	Performance Marketing	Other	Consolidated
	$	$	$	$
Assets	**-**	**3,632,702**	**6,360,095**	**9,992,797**
Liabilities	**87,468**	**1,740,537**	**1,191,200**	**3,019,205**

As at 30 June 2015	Technology	Performance Marketing	Other	Consolidated
	$	$	$	$
Assets	-	1,987,232	8,568,614	10,555,846
Liabilities	67,428	3,134,787	229,150	3,431,365

4. Revenue

	Consolidated for the six months ended 31 December 2015	31 December 2014
	$	$
From continuing operations		
Revenue from advertising services	**17,646,088**	3,124,140

Revenue from advertising services is recognised in the accounting period in which the services are rendered.

Revenue is based on the price specified in the sale contract, net of any discounts at the time of sale. No element of financing is deemed present as the sales are made with a credit term of within 30 days, which is consistent with market practice.

5. Other income and expense items

This note provides a breakdown of the items included in 'other income' and an analysis of material expenses by nature.

	Consolidated For the six months ended 31 December 2015 $	31 December 2014 $
(a) Other income		
Web design services	**-**	55,370
Rental income	**12,487**	-
Recovery of shared office costs	**9,970**	-
Miscellaneous income	**67,447**	69,793
	89,904	125,163
(b) Employment costs		
Salaries and wages	**1,534,991**	1,088,337
Ancillary employment costs	**187,774**	137,312
Other	**91,018**	12,324
	1,813,783	1,237,973
(c) Occupancy costs		
Rent and variable outgoings	**98,931**	107,562
Other	**11,144**	4,956
	110,075	112,518
(d) Consultancy costs		
Legal	**37,660**	-
Investor relations	**60,765**	-
Other	**20,417**	606
	118,842	606
(e) Administration costs		
IT costs	**56,223**	25,988
Office and general administration costs	**130,395**	85,026
Travel	**24,751**	46,131
	211,369	157,145
(f) Compliance costs		
Accounting fees	**22,843**	41,124
ASX compliance fees	**27,887**	-
Tax advice and compliance fees	**8,194**	28,684
Regulatory body fees	**493**	1,746
Legal fees	**-**	18,464
	59,417	90,018
(g) Bad and doubtful debts		
Trade receivables doubtful debts provision	**1,348,697**	-
Trade receivables bad debt expense	**195,914**	-
Other	**194,514**	112,651
	1,739,125	112,651
(h) Reversal of prior period sales		
Software development sale reversed *	**-**	488,250
	-	488,250

* During the comparative period, a software development sale recognised in the year ended 30 June 2014 totalling $488,250 was reversed because the sale transaction was cancelled.

6. Interest-bearing loans and borrowings

	Consolidated as at	
	31 December 2015 $	30 June 2015 $
Debtor factoring facility	**330,579**	652,950
	330,579	652,950

Debtor factoring facility

The Group's debtor factoring agreement with an unrelated party enables the Group to receive cash receipts in advance on certain of its customer invoices which are purchased by the debtor factoring agent. A fixed fee of 1.5% of the customer invoice purchased is charged by the debtor factoring agent. In addition, where the customer invoice remains unpaid after 30 days, an additional fee of 1.5% of the invoice value is charged on a pro-rata basis for every 30 days the invoice remains unpaid.

In the event the customer invoice remains unpaid for 90 days, the Group is required to repay to the debtor factoring agent all advances received from the debtor factoring agent for that invoice plus all fees associated with that invoice.

At 31 December 2015, the debtor factoring facility had a credit limit of US$1,000,000 (A$1,342,500). The facility's term ends on 13 March 2017 and the Group is not obligated to factor a minimum value of customer invoices over the life of the facility.

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the period is as follows:

	Consolidated For the six months ended	
	31 December 2015 $	31 December 2014 $
Accounting loss before income tax	**(1,038,787)**	(2,159,943)
Income tax benefit at the statutory income tax rate of 30% (2014: 30%)	**311,636**	647,983
Adjusted for:		
Non-deductible share-based payments	**(360,168)**	-
Other non-deductible amounts	**(29,500)**	(405)
Other non-assessable amounts	**-**	505
Tax losses and temporary differences not recognised as a deferred tax asset	**(447,067)**	(648,083)
De-recognition of deferred tax asset relating to accrued expenses and provisions	**-**	(57,491)
Under provision in prior periods	**-**	(704)
Difference between the Australian statutory income tax rate and the statutory income tax rate applicable to foreign operations	**(459)**	-
Current Income Tax Expense	**(525,558)**	(58,195)
Recoupment of prior year tax losses not previously recognised	**142,133**	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	**(383,425)**	(58,195)

8. Trade and other receivables

	Consolidated	
	31 December 2015 $	30 June 2015 $
Trade receivables	**4,433,962**	3,780,379
Accrued revenue	**318,063**	103,435
Other loans	**-**	194,514
Prepayments	**95,912**	7,037
Deposits	**7,719**	7,520
Other receivables	**13,520**	100
GST receivables	**90,659**	86,255
	4,959,835	4,179,240

As at 31 December 2015 (30 June 2015), the ageing analysis of trade receivables, net of doubtful debt provisions, is as follows:

			Past due but not impaired		
	Total $	< 30 days $	30-60 days $	61-90 days $	> 90 days $
31 December 2015	**4,433,962**	**3,556,028**	**552,076**	**157,105**	**168,753**
30 June 2015	3,780,379	3,491,028	250,283	27,086	11,982

The balance of trade and other receivables is after provision for doubtful debts. The movement in the balance of this provision is as follows:

	Consolidated	
	31 December 2015 $	30 June 2015 $
Balance at the beginning of the period / year	**229,698**	-
Amounts provided for during the period / year	**1,543,211**	229,698
Net impact of foreign exchange	**(9,589)**	-
Balance at the end of the period / year	**1,763,320**	229,698

9. Share-based payments

No share-based payment arrangements were granted during the period. The following table outlines the share-based payment arrangements granted in the full year ended 30 June 2015:

Security	Number	Grant Date	Expiry Date	Exercise Price (cents)	Fair Value at Grant Date (cents)
Options	7,000,000	29 June 2015	29 June 2018	50.00	14.69
Class A Performance Rights	5,000,000	29 June 2015	29 December 2016	N/A	30.59
Class B Performance Rights	7,500,000	29 June 2015	29 June 2017	N/A	17.00

9. Share-based payments (continued)

Options

All options have vested. Holders of options do not have any voting or dividend rights in relation to the options.

The following table illustrates the movement of options during the period:

	As at 31 December 2015	As at 30 June 2015
	#	#
Opening balance	**14,000,000**	-
Options transferred under reverse acquisition accounting	**-**	7,000,000
Granted during the 6 months ended 31 December 2015 (year ended 30 June 2015)	**-**	7,000,000
Exercised during the period	**(100,000)**	-
Closing balance	**13,900,000**	14,000,000

100,000 options were exercised during the period (year ended 30 June 2015: Nil).

The weighted average remaining contractual life for the share-based payment options outstanding as at 31 December 2015 was 1.5 years (30 June 2015: 2.25 years).

The range of exercise prices for share-based payment options outstanding as at the end of the period was $0.20 to $0.50 (30 June 2015: $0.20 to $0.50).

No options were issued to directors or other key management personnel during the current period.

Performance Rights

The performance rights were issued to key management personnel as incentive awards. Holders of performance rights do not have any voting or dividend rights in relation to the performance rights.

Class A Performance Rights
The Class A performance rights vest upon the Company's controlled entities (**Subsidiary Group**) achieving $25,000,000 of cumulative gross revenue within 18 months from 29 June 2015.

Based on progress towards meeting the vesting conditions, the share-based payment expense relating to Class A performance rights recognised in the period is $1,200,559 (2014: $nil).

Class B Performance Rights
The Class B performance rights vest upon the Subsidiary Group achieving cumulative net profit before tax of at least $1,500,000 within 24 months from 29 June 2015.

The Subsidiary Group was profitable in the period, however it is considered premature to recognise any cost associated with the potential vesting of the Performance Rights. Based on progress towards meeting the vesting conditions and the level of uncertainty attributable to future performance within the vesting period, the share-based payment expense relating to the Class B performance rights recognised in the period is $nil (2014: $nil).

During the current period, no performance rights were exercised or forfeited.

10. Financial instruments

The Group's principal financial instruments comprise receivables, interest-bearing loans and borrowings, payables and cash and cash equivalents which arise directly from its operations.

Fair values
Fair values of financial assets and liabilities approximate to carrying values due to their short terms to maturity.

11. Related party disclosure

The consolidated financial statements include the financial statements of Tech Mpire Limited and the entities listed in the following table.

	Country of incorporation	% Equity interest	
		2015	2014
Livelynk Group Pty Ltd[1]	Australia	100	-
Mpire Media Pty Ltd[2]	Australia	100	-
Mpire Network Inc.[2]	Canada	100	-

[1] equity interest is held directly by Tech Mpire Limited.
[2] equity interest is held directly by Livelynk Group Pty Ltd.

Transactions with related parties

During the half-year the Company made payments to one of its Directors, Mr Darren Wates, in his personal capacity for consultancy services rendered as part of the reverse listing transaction that was completed during the 2015 financial year. These payments totalled $20,417.

During the half-year the Company also made payments to Capri Corporate, a consultancy service provider associated with Mr Wates' spouse, which was engaged by the Company to provide financial management services to the Company. The engagement of Capri Corporate came to an end in July 2015. The payments in the half-year totalled $1,667 (exclusive of GST).

In addition to the above, the Company's wholly owned subsidiary, Mpire Media Pty Ltd, transacted with the following entities which are associated with Mr Tsvetnenko. Mr Tsvetnenko is a director of the Company.

Name of entity	Mr Tsvetnenko's relationship	Nature of transaction	Revenue For the six months ended 31 December 2015	Revenue For the six months ended 31 December 2014
Digital X	Director	Administration Services	**19,533**	-
Velebit Digital Ltd	Director	Administration Services	**2,404**	86,742
Zhenya Holdings	Director	Administration Services	**8,593**	-
			30,530	86,742

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 party receivables and there are no formal agreements. Balances owing to the Group do not attract interest and are repaid within 30 days.

12. Commitments and contingencies

(a) Operating Lease Commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated	
	31 December 2015	30 June 2015
	$	$
Within one year	**190,028**	193,131
After one year but not more than five years	**131,359**	296,231
More than five years	**-**	-
	321,387	489,362

(b) Property, Plant and Equipment Commitments

At balance date the Group had no contractual obligations to purchase plant and equipment (30 June 2015: nil).

(c) Contingent Liabilities

At balance date the Group had no pending legal claims or other contingent liabilities (30 June 2015: nil).

13. Events after the balance sheet date

No event has arisen since 31 December 2015 that would be likely to materially affect the operations of the Group or its state of affairs which has not otherwise been disclosed in this financial report.

In accordance with a resolution of the directors of Tech Mpire Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of Tech Mpire Limited for the half-year ended 31 December 2015 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 2015 and of its performance for the half-year ended on that date; and

(ii) complying with 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.

Luke Taylor
Director

Perth, Western Australia
Dated this 25th day of February 2016

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To the members of Tech Mpire Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Tech Mpire Limited, which comprises the interim consolidated statement of financial position as at 31 December 2015, the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim 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, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 Tech Mpire Limited and the entities it controlled during the half-year ended 31 December 2015, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Building a better working world

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

G Lotter
Partner
Perth
25 February 2016