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Tech Mpire Limited
ABN 88 156 377 141

Half-Year Financial Report
31 December 2017

Tech Mpire Limited

Corporate directory

Directors

Non-Executive Chairman	Mr Stephen Belben
Managing Director	Mr Lee Hunter
Executive Director	Mr Mathew Ratty
Non-Executive Director	Mr Renaud Besnard

Company Secretaries

Ms Susan Hunter
Mr Timothy Allison

Registered and Principal Office

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Share Registry

Security Transfer Australia Pty Ltd

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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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	Page
Appendix 4D	1
Directors' Report	2
Auditor's Independence Declaration	4
Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Interim Consolidated Statement of Financial Position	6
Interim Consolidated Statement of Cash Flows	7
Interim Consolidated Statement of Changes in Equity	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	18
Independent Auditor's Review Report	19

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Appendix 4D for the half-year ended 31 December 2017

Reporting period

Current period: Half-year ended 31 December 2017
Previous corresponding period: Half-year ended 31 December 2016

Results for announcement to market

Revenue from ordinary activities	down	32%	to	\$10,345,719	from	\$15,191,303
Loss from ordinary activities after tax attributable to members	up	353%	to	(\$3,449,509)	from	(\$761,534)
Net loss for the period attributable to members	up	353%	to	(\$3,449,509)	from	(\$761,534)

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 2017 Net tangible asset backing: 8.73 cents per share
31 December 2016 Net tangible asset backing: 10.88 cents per share

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 2017 and the independent auditor's review thereon.

Directors

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

Mr Stephen Belben (Non-Executive Chairman)
Mr Lee Hunter (Managing Director and Chief Executive Officer)
Mr Mathew Ratty (Executive Director) (Appointed as Executive Director on 21 December 2017)
Mr Renaud Besnard (Appointed 11 July 2017)

Principal Activities

Tech Mpire is a performance-based advertising technology company that provides cost-per-install (CPI) mobile advertising, helping its clients to acquire users for their mobile apps wherever they are in the digital world.

Clients are attracted to Tech Mpire's success-fee based pricing model, its ability to deliver results at scale through its nxus® technology platform and its ability to ensure installs and user acquisition are high quality through its TrafficGuard® fraud-prevention technology.

Tech Mpire continues to build its strategy around growing the business in three key areas:

- Iterating and improving its technology to maintain a competitive advantage
- Expansion into Asia Pacific (APAC)
- Targeting Tier 1 premium clients with significant advertising budgets

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

Review of operating results

During the half-year ended 31 December 2017, Tech Mpire reported revenue from ordinary activities of \$10,345,719, down 32% on the corresponding prior period of \$15,191,303.

Net loss before tax attributable to the members of Tech Mpire was \$3,941,030, up from the loss in the corresponding prior period of \$598,004. The Company incurred abnormal levels of costs (\$905,558) in the latter part of the half-year in relation to its North American restructure and establishment of its APAC presence.

While these endeavours near completion, the Company continues to reduce expenditure on all non-critical areas of the business and expects further savings to be realised over the remainder of the financial year, with commensurate improvements to the bottom line.

A number of sales operations initiatives implemented during the first half of the year, including driving APAC revenue growth, upskilling the North American sales team and upselling existing clients are expected to result in increased revenue in the second half of the year. At the same time, the Company is exploring new revenue opportunities through the potential licensing of its proprietary technology to third parties.

Cash position

The Company's cash at bank was \$6,829,617 as at 31 December 2017 (30 June 2017: \$8,202,204).

Rounding of amounts

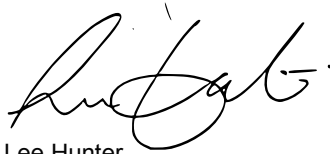
Amounts in this report and the financial report have been rounded to the nearest dollar, unless otherwise indicated.

Auditor's independence declaration

The Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included following the Directors' Report and forms part of the Directors' Report.

Directors' authorisation

This report is made in accordance with a resolution by the Board of Directors and is signed by authority for and behalf of the directors.



Lee Hunter
Managing Director

Perth, Western Australia
22 February 2018

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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 2017, 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
22 February 2018

Tech Mpire Limited

Interim consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2017

	Note	For the six months ended	
		31 December 2017	31 December 2016
		\$	\$
Continuing Operations			
REVENUE	4	10,345,719	15,191,303
Cost of services rendered		(8,606,080)	(11,903,603)
GROSS PROFIT		1,739,639	3,287,700
Other income	5(a)	79,825	75,906
OVERHEADS			
Administration costs	5(e)	(455,644)	(420,507)
Compliance costs	5(f)	(172,640)	(104,848)
Consultancy costs	5(d)	(136,671)	(103,935)
Employment costs	5(b)	(3,698,330)	(2,547,721)
Occupancy costs	5(c)	(126,491)	(115,668)
Marketing costs		(158,415)	(257,714)
Bad and doubtful debts expense	5(g)	(513,756)	(344,080)
Foreign exchange differences		(236,218)	(21,660)
Finance costs		(64,711)	-
Depreciation		(38,679)	(35,479)
		(5,601,555)	(3,951,612)
OTHER EXPENSES			
Share based payments	9	(158,939)	(9,998)
		(158,939)	(9,998)
Loss before income tax		(3,941,030)	(598,004)
Income tax benefit / (expense)	7	491,521	(163,530)
Loss for the period attributable to the members of Tech Mpire Limited		(3,449,509)	(761,534)
Other comprehensive income net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(35,771)	(93,386)
Total comprehensive loss for the period attributable to the members of Tech Mpire Limited		(3,485,280)	(854,920)
Loss per share attributable to the members of Tech Mpire Limited		Cents	Cents
Basic loss per share (cents)		(4.79)	(1.16)
Diluted loss per share (cents)		(4.79)	-

Tech Mpire Limited

Interim consolidated statement of financial position as at 31 December 2017

		As at	
	Note	31 December 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents		6,829,617	8,202,204
Trade and other receivables	8	3,158,713	3,668,862
Total current assets		9,988,330	11,871,066
Non-current assets			
Goodwill		34,000	34,000
Plant and equipment		122,501	142,786
Total non-current assets		156,501	176,786
Total assets		10,144,831	12,047,852
Liabilities			
Current liabilities			
Trade and other payables		1,881,670	1,900,615
Provisions		208,349	747,611
Interest-bearing loans and borrowings		200,215	1,096,574
Total current liabilities		2,290,234	3,744,800
Non-current liabilities			
Provisions		96,854	98,968
Total non-current liabilities		96,854	98,968
Total liabilities		2,387,088	3,843,768
Net assets		7,757,743	8,204,084
Equity			
Contributed equity	14	22,586,507	17,157,235
Share based payment reserve		2,705,771	5,096,104
Foreign currency translation reserve		(103,026)	(67,255)
Accumulated losses		(17,431,509)	(13,982,000)
Total equity		7,757,743	8,204,084

Tech Mpire Limited

Interim consolidated statement of cash flows for the half-year ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities			
Receipts from customers		10,360,718	14,130,806
Payments to suppliers and employees		(13,435,387)	(14,504,108)
Other income received		63,808	36,906
Interest received		16,017	8,293
Interest paid		(30,871)	-
Income tax paid		-	(11,384)
Net cash flows used by operating activities		(3,025,715)	(339,487)
Cash flows from investing activities			
Purchase of plant and equipment		(18,394)	(50,157)
Acquisition of subsidiary		-	(30,073)
Deposits paid for leased premises		-	(34,432)
Net cash flows used by investing activities		(18,394)	(114,662)
Cash flows from financing activities			
Proceeds from issues of shares		3,000,000	-
Share issue costs paid		(120,000)	-
Net short term advances under debtor financing facility		(896,359)	-
Net cash flows provided by financing activities		1,983,641	-
Net decrease in cash and cash equivalents		(1,060,468)	(454,149)
Cash and cash equivalents at the beginning of the period		8,202,204	5,601,353
Effect of exchange rate changes on cash and cash equivalents		(312,119)	59,695
Cash and cash equivalents at the end of the period		6,829,617	5,206,899

Tech Mpire Limited

Interim consolidated statement of changes in equity for the half-year ended 31 December 2017

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Total equity \$
Balance at 1 July 2017	17,157,235	(13,982,000)	5,096,104	(67,255)	8,204,084
Loss for the half-year	-	(3,449,509)	-	-	(3,449,509)
<i>Other comprehensive income</i>					
Net foreign exchange differences arising on translation of foreign operations	-	-	-	(35,771)	(35,771)
Total comprehensive loss for the half-year	-	(3,449,509)	-	(35,771)	(3,485,280)
Ordinary shares issued	3,000,000	-	-	-	3,000,000
Share issue costs	(120,000)	-	-	-	(120,000)
Share based payments expense	-	-	158,939	-	158,939
Shares issued on vesting of Class B performance rights	2,549,272	-	(2,549,272)	-	-
Transactions with equity holders in their capacity as owners	5,429,272	-	(2,390,333)	-	3,038,939
Balance at 31 December 2017	22,586,507	(17,431,509)	2,705,771	(103,026)	7,757,743
Balance at 1 July 2016	17,143,905	(14,399,206)	4,893,993	396,849	8,035,541
Loss for the half-year	-	(761,534)	-	-	(761,534)
<i>Other comprehensive income</i>					
Net foreign exchange differences arising on translation of foreign operations	-	-	-	(93,386)	(93,386)
Total comprehensive loss for the half-year	-	(761,534)	-	(93,386)	(854,920)
Share based payments expense	-	-	9,998	-	9,998
Transactions with equity holders in their capacity as owners	-	-	9,998	-	9,998
Balance at 31 December 2016	17,143,905	(15,160,740)	4,903,991	303,463	7,190,619

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 2017 were authorised for issue in accordance with a resolution of the directors on 22 February 2018.

Tech Mpire Limited (**the Company**) is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The principal activities of the Group are described in the Directors' report.

2. Basis of preparation

General information

The interim consolidated financial statements for the six months ended 31 December 2017 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 for the year ended 30 June 2017.

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

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 2017.

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 to which they are applicable.

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 2017 for a discussion of the significant estimates and judgments.

3. Segment information

The Group 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 and its office in Croatia.
- **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 interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of financial position and the interim consolidated 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 2017 and 2016, respectively.

Tech Mpire Limited

Notes to the consolidated financial statements for the half-year ended 31 December 2017

3. Segment information (continued)

For the six months ended 31 December 2017	Performance		Other	Elimination of inter- segment transactions	Consolidated
	Technology	Marketing			
	\$	\$	\$	\$	\$
Revenue	1,783,173	10,345,719	-	(1,783,173)	10,345,719
Other income	25,875	37,933	-	-	63,808
Cost of services rendered	(392,579)	(9,989,939)	-	1,776,438	(8,606,080)
Overheads	(1,849,434)	(2,205,767)	(1,483,539)	6,735	(5,532,005)
Other expenses	-	-	(158,939)	-	(158,939)
EBITDA	(432,965)	(1,812,054)	(1,642,478)	-	(3,887,497)

Reconciliation of reportable segment loss

EBITDA	(432,965)	(1,812,054)	(1,642,478)	-	(3,887,497)
Interest income	-	-	16,017	-	16,017
Interest expense	(21)	(30,850)	-	-	(30,871)
Depreciation	(25,686)	(11,269)	(1,724)	-	(38,679)
Income tax benefit	8,646	482,875	-	-	491,521
Loss after income tax	(450,026)	(1,371,298)	(1,628,185)	-	(3,449,509)

For the six months ended 31 December 2016	Performance		Other	Elimination of inter- segment transactions	Consolidated
	Technology	Marketing			
	\$	\$	\$	\$	\$
Revenue	2,291,192	15,191,303	-	(2,291,192)	15,191,303
Other income	8,324	47,908	32,895	(21,514)	67,613
Cost of services rendered	(164,093)	(14,013,183)	-	2,273,673	(11,903,603)
Overheads	(1,085,580)	(1,888,915)	(980,671)	39,033	(3,916,133)
Other expenses	-	-	(9,998)	-	(9,998)
EBITDA	1,049,843	(662,887)	(957,774)	-	(570,818)

Reconciliation of reportable segment profit / (loss)

EBITDA	1,049,843	(662,887)	(957,774)	-	(570,818)
Interest Income	-	-	8,293	-	8,293
Interest expense	-	-	-	-	-
Depreciation	(29,078)	(6,104)	(297)	-	(35,479)
Income tax expense	(18,893)	-	(144,637)	-	(163,530)
Profit / (loss) after income tax	1,001,872	(668,991)	(1,094,415)	-	(761,534)

Tech Mpire Limited

Notes to the consolidated financial statements for the half-year ended 31 December 2017

3. Segment information (continued)

The following tables present assets and liabilities information for the Group's operating segments as at 31 December 2017 and 30 June 2017, respectively.

As at 31 December 2017	Technology	Performance Marketing	Other	Elimination of inter-segment transactions	Consolidated
	\$	\$	\$	\$	\$
Assets	1,236,876	4,045,316	5,473,539	(610,900)	10,144,831
Liabilities	459,946	2,164,954	373,088	(610,900)	2,387,088

As at 30 June 2017	Technology	Performance Marketing	Other	Elimination of inter-segment transactions	Consolidated
	\$	\$	\$	\$	\$
Assets	489,128	6,213,360	6,525,751	(1,180,387)	12,047,852
Liabilities	1,649,960	2,909,720	464,475	(1,180,387)	3,843,768

4. Revenue

	Consolidated For the six months ended	
	31 December 2017	31 December 2016
	\$	\$
From continuing operations		
Revenue from advertising services	10,345,719	15,191,303

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 up to 45 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 2017	31 December 2016
	\$	\$
(a) Other income		
Rental income	-	2,803
Recoveries	35,554	40,774
Miscellaneous income	44,271	32,329
	79,825	75,906
(b) Employment costs		
Salaries and wages	3,053,529	2,111,725
Ancillary employment costs	375,896	335,192
Other	268,905	100,804
	3,698,330	2,547,721
(c) Occupancy costs		
Rent and variable outgoings	111,129	94,502
Other	15,362	21,166
	126,491	115,668

5. Other income and expense items (continued)

	Consolidated	
	For the six months ended	
	31 December	31 December
	2017	2016
	\$	\$
(d) Consultancy costs		
Legal	50,866	55,484
Investor relations	67,142	48,451
Other	18,663	-
	136,671	103,935
(e) Administration costs		
IT costs	141,841	91,217
Office and general administration costs	165,594	233,228
Travel	148,209	96,062
	455,644	420,507
(f) Compliance costs		
Accounting fees	5,860	9,772
ASX compliance fees	93,797	38,076
Tax advice and compliance fees	72,436	56,350
Regulatory body fees	547	650
	172,640	104,848
(g) Bad and doubtful debts expense		
Trade receivables doubtful debts provision	512,756	(153,784)
Trade receivables bad debt expense	1,000	497,864
	513,756	344,080

6. Interest-bearing loans and borrowings

Debtor factoring facility

On 31 March 2017, a group company entered into a secured debtor factoring facility with an unrelated party (the Lender). The debtor factoring facility enables the company to receive cash receipts in advance on certain of its customer invoices which are purchased by the Lender. The amount which may be advanced is limited to 90% of the face value of factored invoices with a maximum credit limit of USD \$3,600,000. A fixed fee of 1.0% of the customer invoice purchased is charged by the Lender. Where the customer invoice remains unpaid after 30 days, a further fee of 0.033% of the invoice value is charged per day thereafter that the invoice remains unpaid. In addition to the fees, interest is payable on the average daily balance drawn based on the Bank of Montreal prime rate plus 3%. In the event the customer invoice remains unpaid for 90 days from invoice date, the company may be required to repay to the Lender all advances received for that invoice plus all related fees, interest and costs associated with that invoice. Under the current terms the debtor factoring facility will terminate on 31 March 2018 (12 month term). The company is not obligated to factor a minimum value of customer invoices over the life of the facility.

At 31 December 2017, AUD \$200,215 had been drawn. The total facility limit on 31 December 2017 eligible debtors was AUD \$471,334.

7. Income tax expense

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

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

	Consolidated	
	For the six months ended	
	31 December 2017	31 December 2016
	\$	\$
Accounting loss before income tax	(3,941,030)	(598,004)
Income tax benefit at the statutory income tax rate of 30% (2016: 30%)	1,182,309	179,401
Adjusted for:		
Non-deductible share-based payments	(47,682)	(2,999)
Other non-deductible amounts	(46)	(111,941)
Tax losses and temporary differences not recognised as a deferred tax asset	(1,170,386)	(237,547)
Over provision for income tax in prior periods	515,391	-
Difference between the Australian statutory income tax rate and the statutory income tax rate applicable to foreign operations	11,935	9,556
Income tax benefit / (expense) reported in the statement of profit or loss and other comprehensive income	491,521	(163,530)

8. Trade and other receivables

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Trade receivables	2,873,350	3,203,736
Accrued revenue	-	200,698
Prepayments	202,987	184,872
Deposits	42,895	42,984
Other receivables	10,308	368
GST receivables	29,173	36,204
	3,158,713	3,668,862

As at 31 December 2017 (30 June 2017), the ageing analysis of trade receivables, net of impairment loss, is as follows:

	Total \$	< 30 days \$	Past due but not impaired		
			30-60 days \$	61-90 days \$	> 90 days \$
31 December 2017	2,873,350	2,788,557	84,793	-	-
30 June 2017	3,203,736	2,940,849	261,887	-	1,000

8. Trade and other receivables (continued)

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

	Consolidated	
	31 December 2017 \$	30 June 2017 \$
Provision for doubtful debts		
Balance at the beginning of the period / year	294,250	515,784
Net movement for during the period / year	512,756	(198,382)
Net impact of foreign exchange	(6,570)	(23,152)
Balance at the end of the period / year	800,436	294,250

9. Share based payments

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 2017 Number	As at 30 June 2017 Number
Opening balance	8,500,000	13,800,000
Granted during the period	500,000	1,500,000
Expired during the period	-	(6,800,000)
Closing balance	9,000,000	8,500,000

500,000 options were granted during the current period (2017: 1,500,000).

The options were granted to non-executive director, Renaud Besnard.

The fair value of options granted during the period was \$50,000. The options were issued as part of directors' remuneration and vested on issue. Holders of options do not have any voting or dividend rights in relation to the options. The options were valued using the Black-Scholes model and took into account the following assumptions:

Dividend yield	0.00%
Expected volatility	80 - 90%
Risk-free interest rate	1.93%

No allowance was made for the effects of early exercise.

The weighted average remaining contractual life for the share based payment options outstanding as at 31 December 2017 was 0.90 years (30 June 2017: 1.31 years).

The exercise price for share based payment options outstanding as at the end of the period was a range of \$0.45 to \$0.50 (30 June 2017: range of \$0.45 to \$0.50).

Details regarding the options granted during the year ended 30 June 2017 can be found in Note 16(b) of the Company's 2017 Annual Report.

9. Share based payments (continued)

Performance Rights

(i) Class E, Class F and Class G Performance Rights

During the period, The Class E, Class F and Class G performance rights were issued to Managing Director, Lee Hunter.

The performance rights were valued on grant date using the Monte Carlo method and taking into account the following assumptions:

	Class E	Class F	Class G
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	80 - 90%	80 - 90%	80 - 90%
Risk-free interest rate	1.70%	1.70%	1.70%
Fair value per Right	\$0.107	\$0.079	\$0.057

Class	Number Issued	Vesting Condition	Lapse Date
Class E performance rights	150,000	The Performance Rights will vest on the five day volume weighted average price of Shares being \$0.80 or higher.	30 June 2019
Class F performance rights	900,000	The Performance Rights will vest on the five day volume weighted average price of Shares being \$1.00 or higher.	30 June 2019
Class G performance rights	150,000	The Performance Rights will vest on the five day volume weighted average price of Shares being \$1.20 or higher.	30 June 2019

Share means a fully paid ordinary share in the capital of the Company.

The share based payment expense relating to Class E, Class F and Class G performance rights recognised in the period was \$95,700.

Holders of performance rights do not have any voting or dividend rights in relation to the performance rights.

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

(ii) Class C and Class D Performance Rights

The Class C and Class D performance rights were issued to incentivise management of Appenture d.o.o which was acquired during the year ended 30 June 2016.

The Class C performance rights vested on 1 June 2017.

The Class D performance rights vest on 1 June 2018 provided that, on or before that date, the holder has neither been summarily terminated by, nor has resigned as a full time employee or a non-executive director (as applicable) from, Appenture d.o.o.

Details regarding the Class C and Class D Performance Rights granted during the year ended 30 June 2016 can be found in Note 16(c)(ii) of the Company's 2017 Annual Report.

Tech Mpire Limited

Notes to the consolidated financial statements for the half-year ended 31 December 2017

9. Share based payments (continued)

The share based payment expense relating to the Class D performance rights recognised in the period is \$3,332 (2016: \$9,998).

Employee Incentive Share Plan

Under the Employee Incentive Share Plan, eligible employees may be granted up to \$1,000 of fully paid ordinary shares in the Company annually for no cash consideration. The number of shares issued to participants in the scheme is calculated at \$1,000 divided by the weighted average closing price of the Company's share price based on the closing (ASX) market prices over the five trading days before, but not including, the issue date, rounded down to the nearest whole number. The share based payment expense relating to the shares issued during the period was \$9,907 (2016: nil).

	31 December 2017	31 December 2016
Number of shares issued under the plan to participating employees on 28 September 2017 (2016: not applicable)	196,664	-

10. Financial instruments

The Group's principal financial instruments comprise receivables, 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	
		31 December 2017	31 December 2016
Livelynk Group Pty Ltd ¹	Australia	100	100
Mpire Media Pty Ltd ²	Australia	100	100
Mpire Network Inc. ²	Canada	100	100
Appenture d.o.o. ²	Croatia	100	100

¹ equity interest is held directly by Tech Mpire Limited.

² equity interest is held directly by Livelynk Group Pty Ltd.

Subsequent to the period end, on 8 January 2018, Mpire Operations Asia Pacific Pte. Ltd. was incorporated and Livelynk Group Pty Ltd holds a 100% equity interest.

12. Commitments and contingencies

(a) Operating Lease Commitments

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

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Within one year	169,037	196,877
After one year but not more than five years	315,162	402,450
More than five years	-	-
	484,199	599,327

Tech Mpire Limited

Notes to the consolidated financial statements for the half-year ended 31 December 2017

12. Commitments and contingencies (continued)

(b) Property, Plant and Equipment Commitments

At balance date the Group had no contractual obligations to purchase plant and equipment (30 June 2017: nil).

(c) Contingent Liabilities

At balance date the Group had no pending legal claims or other contingent liabilities (30 June 2017: nil).

13. Events after the balance sheet date

No event has arisen since 31 December 2017 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.

14. Contributed equity

(a) Issued capital

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Ordinary shares, fully paid	22,586,507	17,157,235

(b) Movements in share capital

	31 December 2017		30 June 2017	
	Number	\$	Number	\$
Balance at the beginning of the period / year	65,807,669	17,157,235	65,741,001	17,143,905
Shares issued on conversion of Class B Performance Rights	7,500,000	2,549,272	-	-
Shares issued under Employee Incentive Share Plan	196,664	-	-	-
Shares issued as part of placement, net of share issue costs	15,000,000	2,880,000	-	-
Shares issued on conversion of Class C Performance Rights	-	-	33,334	13,330
Shares issued as consideration for acquisition of controlled entity	-	-	33,334	-
Balance at the end of the period / year	88,504,333	22,586,507	65,807,669	17,157,235

(c) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Tech Mpire Limited

Directors' declaration

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 2017 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 2017 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.

On behalf of the board.



Lee Hunter
Managing Director

Perth, Western Australia
22 February 2018

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Independent auditor's review report to the Members of Tech Mpire Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Tech Mpire Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2017, 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, 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 2017 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 2017 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.

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

Ernst & Young



G Lotter
Partner
Perth
22 February 2018

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