TRIMANTIUM GrowthOps

# Annual Report 2018



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# CORPORATE DIRECTORY

**Trimantium GrowthOps Limited**
ACN 621 067 678
ABN 80 621 067 678

**Directors**
Dominique Fisher – Chairman
Phillip Kingston
Paul Mansfield
Melissa Field

**Company Secretary**
Dustine Pang

**Notice of annual general meeting**
The details of the annual general meeting of Trimantium GrowthOps Limited are:
10:00am, Wednesday, 28 November 2018
at Level 50, Bourke Place
600 Bourke Street
Melbourne VIC 3000

**Registered office**
Level 11, 31 Queen Street
Melbourne VIC 3000

**Principal place of business**
Level 11, 31 Queen Street
Melbourne VIC 3000

**Share Register**
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

**Auditor**
Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

**Legal advisers**
King & Wood Mallesons
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

**Website**
www.growthops.com.au

**Stock Exchange Listing**
Trimantium GrowthOps Limited shares are listed on the Australian Securities Exchange (ASX code: TGO)

**Business objectives**
In accordance with Listing Rule 4.10.19 the Company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period in a way that is consistent with its business objectives.

**Corporate Governance Statement**
The Corporate Governance Statement was approved by the Board of Directors at the same time as the Financial Report and can be found on the Investor Relations page at www.growthops.com.au/investors/corporate-governance/

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# LETTER FROM THE CHAIRMAN, MANAGING DIRECTOR & CEO

Dear fellow shareholders,

We are pleased to provide you with Trimantium GrowthOps' (GrowthOps or the Company) inaugural Annual Report for the financial year ended June 30, 2018 (FY18).

It has been an active period for GrowthOps, beginning with our Initial Public Offering on the Australian Securities Exchange (ASX) in March 2018, when we raised $70 million to bring together eight independently profitable and growing businesses across management consulting, technology and creative services.

Our FY18 highlights include:

- Exceeding our full-year prospectus pro forma net profit after tax and excluding amortisation (NPATA) forecast by 10%;
- The appointment of our Chief Executive Officer, Paul Mansfield;
- The completion of our first wave of re-branding and integration initiatives; and
- The acquisition of Asia Pacific Digital Ltd (APD), which has added meaningfully to our Asia footprint across Singapore, Malaysia, and the Philippines.

GrowthOps outperformed its FY18 prospectus forecast, generating pro forma actual revenue and EBITDA of $61.8m and $15.5m, respectively. This represents a top-line increase of 16.6% over FY17 pro forma revenue, and a 25.1% EBITDA margin. Underpinning this margin are cost savings driven by a combination of lower cost of sales from cross-selling to clients across the group, and lower project delivery costs as a result of strong staff support of the Company's integration efforts.

Under the stewardship of our CEO, Paul Mansfield, GrowthOps has already reorganised and integrated five of the initial GrowthOps technology-driven businesses that were acquired at IPO. Together, these businesses now operate as one technology services team under the GrowthOps brand. In addition to this first wave of re-branding, we have also centralised our customer relationship and sales pipeline, and consolidated offices in Melbourne and Sydney.

With APD, GrowthOps has expanded its footprint in Asia, adding offices in Malaysia, Singapore, and the Philippines. APD's service offering of transformation strategy, research insights, technology solutions, customer experience, creative, performance marketing, social media, CRM and analytics is directly complementary to the GrowthOps "growth services" offering and has already been well-received by our clients.

**Future outlook**

We expect near-term growth to be driven largely by revenue synergies captured through further cross-selling initiatives, particularly across GrowthOps' and APD's respective client bases. We also expect to leverage our broader footprint in Asia to capture market share as global cloud infrastructure providers expand into Asia and demand for our technology services from mid-cap clients in the region grows.

Our Board will also continue to evaluate our pipeline of potential acquisitions against the criteria of:

- Adding strategic, complementary value to GrowthOps' platform of core capabilities;
- Identifying high-performing teams who will fit naturally within the GrowthOps culture; and
- Providing near-to-medium term earnings accretion to our shareholders.

Employee engagement, retention and attraction will always be one of the biggest priorities for GrowthOps. We now have over 500 employees across nine cities in six countries in the Asia Pacific region, and expect to implement a number of equity incentive programs so that those talented individuals are aligned with our public shareholders and continue to deliver the best outcomes for our clients.

GrowthOps will continue to be an integrated, accountable execution partner, working with our clients across the full scope of growth services – management consulting, technology and creative services – that are necessary to help our clients continue thrive in the modern global marketplace.

Thank you for your continued support.



**Dominique Fisher**
Chairman



**Philip Kingston**
Managing Director



**Paul Mansfield**
Chief Executive Officer

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# Our Business

**Where did we come from?**
Our story starts with 15 entrepreneurs who founded 8 independent businesses across creative, technology, and management consulting services.

They overcame barriers and competition to grow these businesses into recognised leaders in their fields.

These entrepreneurs became founders because they knew they could do things better. In time, they realised markets were changing and converging, and that to keep getting better, they should come together.

Consumers expect seamlessly integrated products, services, support and engagement. Businesses need a seamlessly integrated partner to help them meet these expectations.

**What is GrowthOps?**
GrowthOps is a new kind of service provider – a growth services partner. We're creating a new category that fuses together marketing, technology and people disciplines to help organisations acquire and retain customers, build and launch transformational products, and scale their operations.

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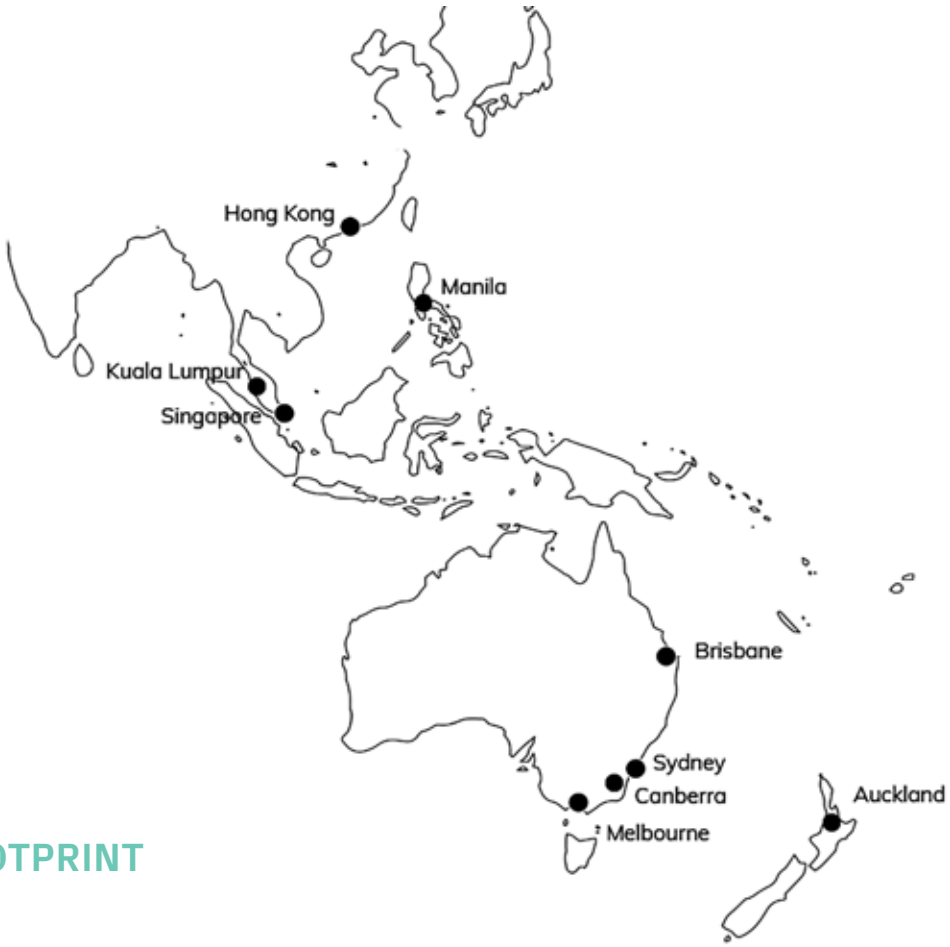
TRIMANTIUM GrowthOps

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## Vision

**To supercharge the transformation and growth of high impact organisations.**

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## GEOGRAPHIC FOOTPRINT

including APD

Our organisation is made up of **500+ world-class talent** across offices in **9 cities** in **6 countries** in Asia and Oceania, which allow us to deliver truly regional projects.

# DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'GrowthOps') consisting of Trimantium GrowthOps Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2018.

## DIRECTORS

The following persons were directors of Trimantium GrowthOps Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

**Dominique Fisher**
Non-executive Chairman (appointed on 18 October 2017)

**Phillip Kingston**
Managing Director (appointed on 14 August 2017)

**Paul Mansfield**
Executive Director (appointed on 18 October 2017)

**Melissa Field**
Non-executive Director (appointed on 18 October 2017)

**Angus Parker**
Director (appointed on 22 August 2017 and resigned on 18 October 2017)

**Daniel Wirjoprawiro**
Director (appointed on 22 August 2017 and resigned on 18 October 2017)

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the period was the provision of services to organisations seeking growth solutions to address rapidly changing market conditions. The Group performs the tasks required to create and implement a technology-driven new product, service or growth initiative, from start to finish.

## DIVIDENDS

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

## REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to $13.6m

Highlights for the financial period ending 30 June 2018 include:

- Listing on 16 March 2018 raising $70m (before Listing costs)
- Acquisition of 10 companies
- Pro forma prospectus actual NPATA[1] of $10.8m exceeded prospectus forecast of $9.8m
- Statutory net loss after tax of $13.6m compared to prospectus statutory forecast loss of $16.2m

### Operating and Financial Review

Statutory net loss after tax of $13.6m covers the period from 14 August 2017 to 30 June 2018 of the Company, and the Group from 16 March 2018 when the Company listed on the Australian Securities Exchange and acquired the 10 companies, through to 30 June 2018. The acquisition of the 10 companies contributed to $4.4m in statutory NPAT.

Statutory net loss after tax includes the accounting impact of share-based payment expense of $9.9m and the amortisation of identifiable intangible assets arising from the acquisitions of $1.5m.

During the financial period, the Company completed the acquisition of 10 companies and completed an Initial Public Offering to list on the Australian Securities Exchange, raising $70m before Listing costs. The total purchase consideration for the 10 companies was $95.6m. Vendors received $47.8m in cash and 47.8m convertible redeemable preference shares (CRPS) at $1.00 each. The application of provisional accounting for business combinations resulted in the recognition of goodwill and intangible assets of $47.0m, and an amortisation expense associated with identifiable intangible assets of $1.5m.

The recognition of the CRPS purchase consideration was expensed as a non-cash share-based payment giving rise to an expense of $9.8m in the financial period (see note 34).

On a pro forma basis for the financial year ended 30 June 2018, net profit after tax excluding amortisation for the financial period was $10.8m, exceeding the prospectus forecast of $9.8m.

### Pro forma prospectus forecast against pro forma prospectus actual (unaudited)

The use of the term pro forma relates to the period from 1 July 2016 to 30 June 2018. All acquisitions have been included in the pro forma financial reports as if owned for the full year. Pro forma financial reports in the directors' report have been prepared to exclude Offer-related costs and one-off acquisition costs. The directors believe the presentation of the pro forma actual numbers is useful for users of this financial report as the results of the Group can be directly compared to the pro forma prospectus forecast. Comparison of the pro forma actual numbers to the pro forma forecast numbers is considered to be of more relevance than using the comparative statutory financial information.

[1] *Net profit after tax excluding amortisation*

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| | PRO FORMA PROSPECTUS FORECAST FY18 $m | PRO FORMA ACTUAL FY18 $m | HISTORICAL PRO FORMA ACTUAL FY17 $m | FY18 / FY17 ACTUALS % CHANGE % |
|---|---|---|---|---|
| Revenue | 61.3 | 61.8 | 53.0 | 16.6% |
| Media pass-through income | 17.1 | 16.5 | 16.6 | |
| Media pass-through expense | (17.1) | (16.5) | (16.6) | |
| Cost of sales | (12.2) | (11.5) | (9.2) | |
| Staff costs | (28.4) | (27.7) | (24.1) | |
| Occupancy | (1.8) | (2.0) | (1.6) | |
| Other | (4.6) | (5.1) | (6.0) | |
| **EBITDA** | **14.3** | **15.5** | **12.1** | **28.1%** |
| Depreciation and Amortisation | (3.1) | (5.5) | (3.1) | |
| **EBIT** | **11.2** | **10.0** | **9.0** | |
| Interest | - | (0.1) | - | |
| **Net profit before tax** | **11.2** | **10.1** | **9.0** | |
| Income tax | (3.2) | (3.0) | (2.4) | |
| **Net profit after tax** | **8.0** | **7.1** | **6.6** | |
| Amortisation of acquired intangible assets | 1.8 | 3.7 | 1.8 | |
| **NPATA** | **9.8** | **10.8** | **8.4** | **10.2%** |
| **EBITDA % of revenue** | **23.3** | **25.1** | **22.8** | |

Pro forma actual revenue of $61.8m was slightly ahead of forecast of $61.3m and 16.6% higher than FY17. Revenue in the second half of the financial year is historically higher than the first half due to government procurement cycles which impact certain parts of the Group. Revenue for the second half was $33.7m compared to $28.1m in the first half. Rapid integration through developing a group operating rhythm and culture that started prior to the completion of the IPO greatly assisted with client opportunities being serviced across the businesses acquired, and in turn had a positive impact on lowering cost of sales and staff costs leading to the EBITDA margin improving to 25.1% compared to 23.3% in the forecast.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company was incorporated on 14 August 2017. On 16 March 2018, the Company completed an initial public offering ('IPO') of 70,000,000 ordinary shares at $1.00 per share and was admitted to the Official List of ASX Limited with the ASX code TGO. The net proceeds of the IPO after payment of fees and expenses were $67,399,000.

On 15 March 2018 the Company acquired the shares of 10 companies for total cash consideration transferred of $47,780,201.

Details of the entities acquired are as follows:

| ENTITY ACQUIRED | PRINCIPAL ACTIVITY | OWNERSHIP ACQUIRED |
|---|---|---|
| AJF Partnership Pty Ltd | Creative agency | 100% |
| First Floor Films Pty Ltd | Creative agency | 100% |
| Moshi Asia Pty Ltd | Enterprise IT consulting | 100% |
| The Institute of Executive Coaching and Leadership Australia Pty Ltd. | Coaching and leadership development | 100% |
| 3wks Pty Ltd | Enterprise cloud and software solutions | 100% |
| Khemistry Pty Ltd | Digital creative agency | 100% |
| jTribe Pty Ltd | Mobile application developer | 100% |
| Voodoo Creative Pty Ltd | Web development & graphic design | 100% |
| GrowthOps KDIS Pty Ltd | Digital marketing solutions | 100% |
| The Unit Co Pty Ltd | Non-operating | 100% |

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Refer to note 25 of the financial statements for further information.

On 15 March 2018, 47,780,200 convertible redeemable preference shares ('CRPS') were issued to vendors of the acquired companies. Refer to note 34 for more information.

There were no other significant changes in the state of affairs of the Group during the financial period.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On the 15 of June 2018, GrowthOps announced it had entered into a Bid Implementation Agreement with Asia Pacific Digital Limited (ASX: DIG) under which GrowthOps would make an off-market takeover bid to acquire 100% of the fully paid ordinary shares of APD by offering 1 GrowthOps share for every 8.9 APD fully paid shares.

Based on the GrowthOps' closing price on 14 June 2018 of $1.23 per share, the Offer consideration valued APD's equity at approximately $20m. As at the end of June 2018, APD also had approximately $14.5m in debt.

APD was was one of few independent, publicly traded digital transformation companies in the Asia Pacific region, employing approximately 300 professionals in offices across Singapore, Malaysia, the Philippines, Australia and New Zealand.

On 6 July 2018, GrowthOps issued a Bidder Statement in relation to the off-market takeover. At the close of the offer period on 7 August 2018, GrowthOps had acquired a relevant interest of 96.7% and provided notice to APD shareholders who had not accepted the offer that it would begin the process of compulsorily acquiring their shares.

On 8 August 2018, GrowthOps announced that it would be compulsorily acquiring the remaining shares in ASX-listed Asia Pacific Digital Limited ("Asia Pacific Digital" or "APD"), having acquired a relevant interest in 96.7% of APD's fully paid ordinary shares as a result of the off-market takeover offer contained in its Bidder's Statement dated 6 July 2018.

GrowthOps' acquisition of APD will help to cement its position as an independent, regional provider of integrated consulting, creative and technology-driven services with the scale and local market experience to serve multinational corporate and government clients. The expansion of its technology services and geographic footprint within the Asia Pacific market will diversify GrowthOps' client base and strengthen its competitive edge against global players that operate in the region.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

GrowthOps expects its near-term growth to be driven in large part by organic opportunities arising from potential revenue synergies captured through collaboration and cross-selling.

The management team will seek to implement synergies as part of an on-going integration plan and to drive top-line growth, as well as effectively manage costs and appropriately hire to achieve that growth.

Near-term growth is expected to be supported in large part by the continued transition of corporate and government clients to public cloud infrastructure, and their resulting need for cloud native applications.

In addition, GrowthOps will leverage the team's combined 40+ years of operations experience and deep relationships in the Asian region to:

- extend existing client workstreams into whole-of-enterprise level services relationships;
- capitalise on fast-growing cloud vendors' expansion into Asia; and
- capture market share as the regional economy matures, and demand from mid-cap clients for our technology services grows.

## ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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# INFORMATION ON DIRECTORS



**DOMINIQUE FISHER**
Independent and
Non-Executive Chairman

Dominique is currently Chair of the Victorian Government's Innovation Expert Panel; Non-Executive Director of Integrity Life Australia Limited and Integrity Group; and Executive Chair & CEO of Paddl Co., an online experience and employment platform that connects emerging talent through value-added professional experiences.

Dominique has had extensive public company experience and has been actively involved in the commercialisation of technology and its related services in Australia for over 30 years. She has previously served as a Non-Executive Director at both high-profile public sector organisations and publicly listed companies, including: Australia Post; LaunchVic (Victorian Government's organisation charged with building the state's entrepreneurial and start-up ecosystem); Circadian Technologies Ltd previously (ASX:CIR), now Opthea (ASX:OPT); Pacific Brands Ltd previously (ASX:PBG); National Roads and Motorists' Association (NRMA); NRMA Insurance Ltd; and Insurance Australia Group (ASX:IAG). In her capacity as a Non-Executive Director, she has also served on a number of committees, including those tasked with People & Remuneration and Audit & Risk responsibilities.

Dominique brings to the GrowthOps Board significant operating experience from a wide range of startups and roles at private companies over the course of her career. She was Chair, Director and an Audit Committee member of Sky Technologies (business mobility software and consulting); Managing Director of Helix Digital (digital agency specialising in web applications and social media platforms); Principal & CEO of EC Strategies (technology commercialisation consulting); Vice President of the e-commerce division of OzEmail; CEO & Director of Weldon Information Enterprises (online publishing); and held various positions at AUSSAT (Australia's satellite system).

Dominique has served as a member of the ICT Advisory Board to the Minister for Communications; as a Director of Australian Council of the Arts and Chair of the Dance Board; as a Director of the Communications and Media Law Association; as an Adviser on the Vocational Education & Training Advisory Board to various Ministers; and a Trustee of the Sydney Opera House.

Dominique Fisher holds a BA. (Hons.) University of Sydney and is a Member of the Australian Institute of Company Directors.

**Other current directorships:** None

**Former directorships (last 3 years):** Dominique was previously Chair of Circadian Technologies Limited (now Opthea Limited ASX: OPT), a Non-Executive Director of LaunchVic, a Non-Executive Director of Pacific Brands Limited (ASX: PBG), and a Non-Executive Director of Insurance Australia Group (ASX: IAG).

**Special responsibilities:** Chair of the Nomination and Remuneration Committee

**Interests in shares:** 495,380 ordinary shares

**Interests in options:** None

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# INFORMATION ON DIRECTORS



**PHILLIP KINGSTON**
Founder and
Managing Director

Phillip is the Founder, Managing Director of Trimantium GrowthOps Limited. Phillip founded KDIS in 2008, one of the eight businesses that form the GrowthOps Group. He is also the Founder and Managing Director of the diversified investment firm Trimantium Capital, as well as Founder and CEO of Sargon, a financial technology and infrastructure provider to institutions and entrepreneurs seeking to launch and grow investment funds. He is the Chairman of Lumineer Academy and a Partner at Dragonfire in California.

Phillip founded the Henley Club, Good Super, and was a Director of the New Palm Court Orchestra, the Centre for Sustainability Leadership and LaunchVic, the Victorian Government's organisation charged with building the state's entrepreneurial and start-up ecosystem.

Phillip holds both a Bachelor of Science in Mathematics & Statistics and a Bachelor of Commerce from the University of Melbourne, and is a Member of the Australian Institute of Company Directors.

**Other current directorships:** None

**Former directorships (last 3 years):** None

**Special responsibilities:** None

**Interests in shares:** 24,864,736 ordinary shares and 309,000 Convertible Redeemable Preference Shares

**Interests in options:** None

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**PAUL MANSFIELD**
Chief Executive Officer
and Managing Partner

Mr Mansfield is co-founder and Board member at Skedulo, a scheduling SaaS product business. Paul was a strategic adviser to 3wks and Khemistry, two of the initial businesses that formed GrowthOps Group at the time of its March 2018 IPO. Paul has founded and exited multiple tech companies, including Weblinc (which sold to Cloud Sherpas in 2018) and as a foundation shareholder in Cloud Sherpas (which sold to Accenture in 2015) where he served as Asia Pacific Managing Director from 2012 to 2015. He was part of the executive team that listed QM Technologies on the ASX in late 2005 (which sold to Computershare in 2008).

Paul holds a Bachelor of Commerce from the University of Wollongong.

**Other current directorships:** None

**Former directorships (last 3 years):** None

**Special responsibilities:** None

**Interests in shares:** 1,238,450 ordinary shares and 102,000 Convertible Redeemable Preference Shares

**Interests in options:** None

**Contractual rights to shares:** Up to $75,000 of ordinary shares as part of CEO variable remuneration

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# INFORMATION ON DIRECTORS



**MELISSA FIELD**
Non-executive Director

Melissa is also a Director and Chair of the Finance and Risk Management Committee of Mind Australia Ltd, an independent member of the Surf Coast Shire Audit and Risk Committee, and a non-executive Director of Attra which provides specialised IT services to the cards and payment industry globally. Melissa was an Executive Director with EY's Strategic Growth Markets practice where she assisted early-stage, high-growth businesses and midcap public companies in becoming next-generation market leaders. She has served as a Director of Trimantium Capital and as a Director and Chair of the Centre for Sustainability Leadership.

Melissa holds a Bachelor of Commerce from Melbourne University, an MBA from Melbourne Business School, and is a member of the Institute of Chartered Accountants in Australia and New Zealand and the Australian Institute of Company Directors.

**Other current directorships:** None

**Former directorships (last 3 years):** None

**Special responsibilities:** Chair of the Audit and Risk Committee

**Interests in shares:** 247,690 ordinary shares

**Interests in options:** None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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**DUSTINE PANG**
Chief Financial Officer
and Company Secretary

Dustine Pang is Chief Financial Officer and Company Secretary of the Company. He was previously the Deputy Chief Executive Officer and Chief Financial Officer at eChoice Limited (formerly ASX: ECO), a FinTech business providing home loan advice to over 50,000 Australians. Working across the UK, Asia and Australia, he has held CFO and senior finance roles at AIMS Financial Group, Merrill Lynch HSBC, BNP Paribas Equities Group, and Jardine Fleming Ord Minnett (now J.P. Morgan). Dustine helped start Onceonline, and was one of the founding shareholders of DirectMoney. Dustine is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Chartered Accountants in Australia and New Zealand.

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## MEETING OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 30 June 2018, and the number of meetings attended by each director were:

| | FULL BOARD | | NOMINATION AND REMUNERATION COMMITTEE | | AUDIT AND RISK COMMITTEE | |
|---|---|---|---|---|---|---|
| | Attended | Held | Attended | Held | Attended | Held |
| Dominique Fisher | 5 | 5 | - | - | - | - |
| Phillip Kingston | 7 | 7 | - | - | - | - |
| Paul Mansfield | 5 | 5 | - | - | - | - |
| Melissa Field | 5 | 5 | - | - | - | - |
| Angus Parker | 2 | 2 | - | - | - | - |
| Daniel Wirjoprawiro | 2 | 2 | - | - | - | - |

## REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has not formally met since listing. Instead, matters relating to remuneration, incentive structures and Board composition have been addressed by the Board with a plan for delegation to the Committee to enact in FY19.

The Board working through the Nomination and Remuneration Committee is in the process of engaging an external remuneration consultant to advise on the structuring an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group, which will be implemented during FY19.

The reward framework is designed to align executive reward to shareholders' interests. The objective of the reward framework is one that is designed for:

- having economic profit and revenue as a core component of plan design
- focusing on sustained growth in shareholder wealth and focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards
- providing opportunities to executives to participate as shareholders over time and directly benefit from potential growth in shareholder wealth through that participation

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors remuneration*

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Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of her own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The total amount paid to all non-executive directors' must not exceed in aggregate in any financial year the amount fixed by GrowthOps in a general meeting. This amount, being the fee pool limit, has been fixed at $200,000 per financial year.

These fees will be reviewed on an annual basis and any increases must be within the overall fee pool limit, unless this limit is increased with shareholder approval.

*Executive remuneration*
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, revenue, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares may be awarded to executives based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors.

*Group performance and link to remuneration*
Remuneration for certain individuals is directly linked to the performance of the Group. All cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the adoption of performance based compensation will lead to profitable growth and increase shareholder wealth if maintained over the coming years.

*Use of remuneration consultants*
During the financial period ended 30 June 2018, the Group did not engage remuneration consultants to review its remuneration policies. Subsequent to the period end, the Group has sought proposals from reputable remuneration consultants to advise on a range of remuneration policy matters.

## DETAILS OF REMUNERATION

*Amounts of remuneration*
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Trimantium GrowthOps Limited:

**Dominique Fisher**
Non-executive Chairman (appointed on 18 October 2017)

**Phillip Kingston**
Managing Director (appointed on 14 August 2017)

**Paul Mansfield**
Executive Director (appointed on 18 October 2017)

**Melissa Field**
Non-executive Director (appointed on 18 October 2017)

**Angus Parker**
Director (appointed on 22 August 2017 and resigned on 18 October 2017)

**Daniel Wirjoprawiro**
Director (appointed on 22 August 2017 and resigned on 18 October 2017)

And the following person:

**Dustine Pang**
Chief Financial Officer and Company Secretary (appointed on 22 August 2017)

| | SHORT-TERM BENEFITS | | | POST-EMPLOYMENT BENEFITS | LONG-TERM BENEFITS | SHARE-BASED PAYMENTS | |
|---|---|---|---|---|---|---|---|
| | Cash salary and fees | Cash Bonus | Non-monetary | Super-annuation | Long service leave | Equity-settled | TOTAL |
| **For the period from 14 Aug 2017 to 30 Jun 2018** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| *Non-Executive Director* | | | | | | | |
| Dominique Fisher | 25,745 | - | - | 2,446 | - | - | 28,191 |
| Melissa Field | 19,308 | - | - | 1,834 | - | - | 21,142 |
| *Executive Directors* | | | | | | | |
| Phillip Kingston | 9,375 | - | - | 119 | - | 63,839 | 73,333 |
| Paul Mansfield * | 35,831 | - | - | 2,507 | - | 21,073 | 59,411 |
| *Other Key Management Personnel* | | | | | | | |
| Dustine Pang | 259,481 | 85,000 | - | 19,902 | - | 100,000 | 464,383 |
| | 349,740 | 85,000 | - | 26,808 | - | 184,912 | 646,460 |

** Salary also includes new base salary from 1 June 2018. Equity-settled remuneration represents shares awarded for services rendered to one of the acquired businesses prior to acquisition.*

All amounts included in the table above represents remuneration from the date of appointment and/or up to the date of resignation.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | Fixed remuneration for the period from 14 Aug 2017 to 30 Jun 2018 | At risk – STI for the period from 14 Aug 2017 to 30 Jun 2018 | At risk – LTI for the period from 14 Aug 2017 to 30 Jun 2018 |
|---|---|---|---|
| *Non-Executive Director* | | | |
| Dominique Fisher | 100% | - | - |
| Melissa Field | 100% | - | - |
| *Executive Directors* | | | |
| Phillip Kingston | 100% | - | - |
| Paul Mansfield * | 100% | - | - |
| *Other Key Management Personnel* | | | |
| Dustine Pang | 60% | 18% | 22% |

The proportion of the cash bonus paid/payable is as follows:

| | Cash bonus paid/payable for the period from 14 Aug 2017 to 30 Jun 2018 | Cash bonus forfeited for the period from 14 Aug 2017 to 30 Jun 2018 |
|---|---|---|
| *Other Key Management Personnel* | | |
| Dustine Pang | 100% | - |

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***Service agreements***
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

**PHILLIP KINGSTON**
Managing Director
- **Agreement commenced:** 10 November 2017
- **Term of Agreement:** No fixed term
- **Details:** Base salary of $15,000 plus superannuation and 3 month notice period.

**PAUL MANSFIELD**
Chief Executive Officer and Managing Partner
- **Agreement commenced:** 01 June 2018
- **Term of Agreement:** 3 years
- **Details:** Base salary of $350,000 including superannuation and 3 month notice period. Short term incentives up to $75,000 and long term incentives up to $75,000.

**DUSTINE PANG**
Chief Financial Officer and Company Secretary
- **Agreement commenced:** 22 August 2017
- **Term of Agreement:** No fixed term
- **Details:** Base salary of $299,951 plus superannuation. In the 12 month period commencing from the first anniversary of the commencement date, an incentive payment of $85,000 linked to objectives agreed with the Company, and 3 month notice period.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

## SHARE-BASED COMPENSATION

*Issue of shares*
Other than the issue of 100,000 ordinary shares to Dustine Pang on listing of the Company, there were no shares issued to directors and other key management personnel as part of compensation during the period ended 30 June 2018.

*Options*
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the period ended 30 June 2018.

## ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

*Shareholding*
The number of shares in the Company held during the financial period by each director (directly held, controlled by and/or beneficially held) and other members of key management personnel of the Group, including their personally related parties, is set out below:

| | Balance at the start of the period | Received as part of remuneration | Additions | Disposals / other | Balance at the end of the period |
|---|---|---|---|---|---|
| *Ordinary Shares* | | | | | |
| Dominique Fisher | - | - | 495,380 | - | 495,380 |
| Melissa Field | - | - | 247,690 | - | 247,690 |
| Phillip Kingston | - | - | 24,864,736 | - | 24,864,736 |
| Paul Mansfield | - | - | 1,238,450 | - | 1,238,450 |
| Dustine Pang | - | 100,000 | - | - | 100,000 |
| | - | 100,000 | 26,846,256 | - | 26,946,256 |

The number of convertible redeemable preference shares in the Company held during the financial period by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

| | Balance at the start of the period | Received as part of remuneration | Additions | Disposals / other | Balance at the end of the period |
|---|---|---|---|---|---|
| *Convertible to redeemable preference shares* | | | | | |
| Paul Mansfield * | - | - | 102,000 | - | 102,000 |
| Phillip Kingston | - | - | 309,000 | - | 309,000 |
| | - | - | 411,000 | - | 411,000 |

**The shares were awarded for independent advisory services rendered to one of the acquired businesses prior to the execution of the share purchase agreement to acquire the business.*

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*Other transactions with key management personnel and their related parties*

During the period ended 30 June 2018, the Group sold services procured on an arms-length commercial basis, totalling $1,192,194 to Sargon Capital Pty Ltd and its controlled entities. Phillip Kingston is a founder, a shareholder, CEO and an executive director of Sargon Capital Pty Ltd. The amount receivable at 30 June 2018 was $259,716.

During the period ended 30 June 2018, the Group sold services procured on an arms-length commercial basis, totalling $500,000 to Trimantium Taiping Investment Management Pty Ltd, a company controlled by Phillip Kingston. The amount receivable at 30 June 2018 was $126,500.

During the period ended 30 June 2018, the Group paid rental expenses of $13,436 to The Hong Kong Trust Company Limited, a company controlled by Sargon Capital Pty Ltd. There were no amounts outstanding at 30 June 2018.

During the period ended 30 June 2018, remuneration totalling $41,564 was paid to a close family member of a key management personnel for services rendered.

***This concludes the remuneration report, which has been audited.***

## SHARES UNDER OPTION

There were no unissued ordinary shares of Trimantium GrowthOps Limited under option outstanding at the date of this report.

There were 47,780,200 convertible redeemable preference shares issued to the vendors of the acquired companies during the period. Refer to note 34 for further information.

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Trimantium GrowthOps Limited issued on the exercise of options during the period ended 30 June 2018 and up to the date of this report.

## INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF DELOITTE TOUCHE TOHMATSU

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

## ROUNDING OF AMOUNTS

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

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## AUDITOR'S INDEPENDENCE DECLARATION

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

## AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



**Dominique Fisher**
Chairman

22 August 2018

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# AUDITOR'S INDEPENDENCE DECLARATION

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Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
Trimantium GrowthOps Group Limited
Level 9, 287 Collins Street
Melbourne VIC 3000

22 August 2018

Dear Board Members,

**Trimantium GrowthOps Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Trimantium GrowthOps Limited.

As lead audit partner for the audit of the financial report of Trimantium GrowthOps Limited for the period ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Carlo Pasqualini
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2018

| | Notes | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ '000 |
|---|---|---|
| **Revenue** | | |
| Rendering of services | | 19,510 |
| Media pass through income | | 5,395 |
| | | 24,905 |
| Other income | 4 | 157 |
| **Expenses** | | |
| Media pass through expense | | (5,395) |
| Freelance, contractors, consumables and associated costs | | (3,529) |
| Employee benefits expense | | (8,393) |
| Share-based payments expense | | (9,929) |
| Occupancy costs | | (620) |
| Depreciation and amortisation expense | 5 | (1,601) |
| Professional and consultancy expenses | | (851) |
| Travel and entertainment expenses | | (390) |
| IT expenses | | (283) |
| Administration expenses | | (504) |
| Initial public offering ('IPO') and acquisition expenses | | (5,752) |
| Other expenses | | (396) |
| Finance costs | 5 | (1) |
| **Loss before income tax expense** | | (12,582) |
| Income tax expense | 7 | (1,018) |
| **Loss after income tax expense for the period attributable to the owners of Trimantium GrowthOps Limited** | | (13,600) |
| **Other comprehensive income** | | |
| *Items that may be reclassified subsequently to profit or loss* | | |
| Foreign currency translation | | 15 |
| Other comprehensive income for the period, net of tax | | 15 |
| **Total comprehensive income for the period attributable to the owners of Trimantium GrowthOps Limited** | | (13,585) |

| | Notes | Cents |
|---|---|---|
| Basic earnings per share | 33 | (28.21) |
| Diluted earnings per share | 33 | (28.21) |

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

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

| | Notes | Consolidated 2018 $ '000 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | 8 | 21,608 |
| Trade and other receivables | 9 | 18,530 |
| Work in progress | | 715 |
| Other assets | 10 | 497 |
| Total current assets | | 41,350 |
| **Non-current assets** | | |
| Property, plant and equipment | 11 | 815 |
| Intangibles | 12 | 45,552 |
| Total non-current assets | | 46,367 |
| **Total assets** | | 87,717 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 13 | 10,331 |
| Borrowings | 14 | 8 |
| Income tax | 7 | 2,077 |
| Provisions | 15 | 2,028 |
| Deferred revenue | 16 | 5,818 |
| Total current liabilities | | 20,262 |
| **Non-current liabilities** | | |
| Deferred tax liabilities | 7 | 3,404 |
| Provisions | 17 | 308 |
| Total non-current liabilities | | 3,712 |
| **Total Liabilities** | | 23,974 |
| **Net assets** | | 63,743 |
| **Equity** | | |
| **Issued capital** | 18 | 67,399 |
| Reserves | 19 | 9,944 |
| Accummulated Loses | | (13,600) |
| **Total Equity** | | 63,743 |

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

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2018

| Consolidated | Issued Capital $ '000 | Reserves $ '000 | Accumulated Losses $ '000 | Total Equity $ '000 |
|---|---|---|---|---|
| **Balance as of 14 August 2018** | - | - | - | - |
| Loss after income tax expense for the period | - | - | (13,600) | (13,600) |
| Other comprehensive income for the period, net of tax | - | 15 | - | 15 |
| **Total comprehensive income for the period** | - | 15 | (13.600) | (13,585) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 18) | 67,399 | - | - | 67,399 |
| Share-based payments (note 34) | - | 9,929 | - | 9,929 |
| **Balance at 30 June 2018** | 67,399 | 9,944 | (13,600) | 63,743 |

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

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# CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2018

| | Notes | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ '000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers (inclusive of GST) | | 25,290 |
| Payments to suppliers and employees (inclusive of GST) | | (21,432) |
| | | 3,858 |
| Interest received | | 125 |
| Interest and other finance costs paid | | (1) |
| Income taxes paid | | (1,698) |
| Net cash from operating activities | 32 | 2,284 |
| **Cash flows from investing activities** | | |
| Payment for purchase of subsidiaries, net of cash acquired | 25 | (40,936) |
| Transaction costs relating to business acquisition | | (3,006) |
| Payments for property, plant and equipment | 11 | (122) |
| Payments for intangibles | 12 | (14) |
| Loans to other entities | | (1,250) |
| Net cash used in investing activities | | (45,328) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | 18 | 70,000 |
| Share issue transaction costs | | (5,347) |
| Repayment of borrowings | | (1) |
| Net cash from financing activities | | 64,652 |
| Net increase in cash and cash equivalents | | 21,608 |
| Cash and cash equivalents at the beginning of the financial period | | - |
| Cash and cash equivalents at the end of the financial period | 8 | 21,608 |

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

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2018

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## NOTE 1. General information

The financial statements cover Trimantium GrowthOps Limited as a consolidated entity consisting of Trimantium GrowthOps Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Trimantium GrowthOps Limited's functional and presentation currency.

Trimantium GrowthOps Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9, 287 Collins St
Melbourne VIC 3000

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

The Company was incorporated on 14 August 2017 and this financial report covers the period from the date of incorporation to 30 June 2018. The Company's first full financial report will be for the financial year ended 30 June 2019.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 August 2018. The directors have the power to amend and reissue the financial statements.

## NOTE 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

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

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and derivative financial instruments.

### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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**Parent entity information**
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

**Principles of consolidation**
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Trimantium GrowthOps Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the period then ended. Trimantium GrowthOps Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Operating segments**
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**Foreign currency translation**
The financial statements are presented in Australian dollars, which is Trimantium GrowthOps Limited's functional and presentation currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

**Revenue recognition**
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Rendering of services*
Revenue is recognised in profit or loss progressively as the projects are completed and approved by customers. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

*Media pass through revenue*
Media pass through revenue recognised comprises the value of advertising production costs of clients that are subcontracted by the Group to external parties. The Group acts as principal for the production of these services. Media pass through revenue is recognised when services have been provided by the subcontractors with a corresponding disbursement expense recognised in profit or loss.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences and tax losses at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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**Current and non-current classification**
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Work in progress includes those projects where work has been performed but invoices have been issued after year end, due to milestones for invoicing yet to be reached, or customers approvals being delayed.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Investments and other financial assets**
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

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*Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Leasehold improvements | over the term of the lease |
| Plant and equipment | 2 – 5 years |
| Fixtures and fittings | 2 – 5 years |
| Motor vehicles | 2 – 5 years |
| Office equipment | 2 – 5 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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**Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

*Brand names*

Brand names acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

*Customer relationships*

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

*Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 5 years.

*Other intangibles*

Other intangibles consists of intellectual properties acquired in a business combination and capitalised costs in relation to the formation of the Group. Other intangibles are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2 years.

**Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

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**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-settled share-based compensation benefits may be provided to employees or other parties.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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If equity-settled awards are cancelled, they are treated as if they have vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Fair value measurement**
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

| | |
|---|---|
| **LEVEL 1** | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date |
| **LEVEL 2** | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly |
| **LEVEL 3** | Unobservable inputs for the asset or liability |

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**Issued capital**
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**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. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

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Where the business combination is achieved in stages, the Group 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.

**Earnings per share**

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Trimantium GrowthOps Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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

**New Accounting Standards and Interpretations not yet mandatory or early adopted**
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

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*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss. For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that the main financial assets recognised represent cash and cash equivalent and trade receivables that do not carry a significant financing component and involve a single cash flow representing the repayment of principal, which in the case of trade receivables is the transaction price.

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018. The Group is currently undertaking a comprehensive review of the implementation impacts of AASB 15. The Group has assessed the impacts of AASB 15 and concluded that this standard has an insignificant impact to the Group's revenue recognition.

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019.

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The standard will affect primarily the accounting for the Group's operating leases. The Group's operating leases include short term lease (less than 12 months) and long-term leases. As at the reporting date, the group has non-cancellable operating lease commitments of $2,700,000, see note 27. The Group would apply exemption for short-term lease. Accordingly the standard does not change how the Group accounts for its short-term lease.

Had the group early adopted the standard at 30 June 2018, the Group would opt to apply the simplified approach and would have recognised a right-of-use asset and lease liability in relation to its long-term leases. In assessing the right-of-use asset value and lease liability balance, the Group has taken into accounts the extension and termination options of its leases. In addition, the Group would recognise an additional depreciation expense of approximately the operating lease expense in relation to depreciation of right-of-use asset and interest expense in relation to the lease liability.

**IASB revised Conceptual Framework for Financial Reporting**
The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accountings standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

## NOTE 3. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Goodwill and other indefinite life intangible assets*
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 12 for assumptions used.

*Income tax*
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Business combinations*
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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*Share-based payment transactions*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by referencing to the fair value of ordinary shares at the completion date with the assumption that each preference share will be converted into one ordinary share. The fair value consideration also takes into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## NOTE 4. Other income

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ '000 |
|---|---|
| Interest | 125 |
| Other income | 32 |
| **Other income** | 157 |

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## NOTE 5. Expenses

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ '000 |
|---|---|
| Loss before income tax includes the following specific expenses: | |
| *Depreciation* | |
| Leasehold improvements | 38 |
| Plant and equipment | 55 |
| Fixtures and fittings | 2 |
| Office equipment | 20 |
| **Total depreciation** | 115 |
| *Amortisation* | |
| Brand names | 197 |
| Customer relationships | 1,226 |
| Software | 6 |
| Other intangibles | 57 |
| **Total amortisation** | 1,486 |
| **Total depreciation and amortisation** | 1,601 |
| *Finance costs* | |
| Interest and finance charges paid/payable | 1 |
| *Rental expense relating to operating leases* | |
| Minimum lease payments | 517 |
| *Superannuation expense* | |
| Defined contribution superannuation expense | 655 |
| *Share-based payments expense* | |
| Share-based payments expense | 9,929 |
| *Employee benefits expense excluding superannuation* | |
| Employee benefits expense excluding superannuation | 7,738 |

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## NOTE 6. Operating segments

*Identification of reportable operating segments*

The Group is organised into three operating segments: Creative, Technology and Management Consulting. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation and share-based payments). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

*Types of products and services*

The principal products and services of each of these operating segments are as follows:

| | |
|---|---|
| **Creative** | develop simple, powerful brand and communication strategies through the services we offer including brand strategy, positioning, digital strategy, marketing communications, social media, graphic design etc. |
| **Technology** | provide technology transformation services to build strong foundations in security, automation and cloud. Our services include AI and machine learning, application design and development, cloud solutions, mobile, security software development, system integration etc. |
| **Management consulting** | develop exceptional and adaptive leaders as well as provide advice to solve complex business issues including financial performance, business strategy and operational structure. |
| **Other segments** | head office revenue, expenses including certain group expenses that have not been allocated such as amortisation of acquired identifiable intangible assets. Assets of other segments comprise mainly cash and cash equivalents. |

*Intersegment transactions*

Intersegment transactions were made at market rates and are eliminated on consolidation.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Major customers*

During the period ended 30 June 2018, no one customer contributed more than 10% to the Group's external revenue.

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*Operating segment information*

| Consolidated – For the period from 14 Aug 2017 to 30 Jun 2018 | Creative $ '000 | Technology $ '000 | Management consulting $ '000 | Other segments $ '000 | Total $ '000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Rendering of services | 10,094 | 6,377 | 3,039 | - | 19,510 |
| Media pass through income | 5,395 | - | - | - | 5,395 |
| **Total Revenue** | 15,489 | 6,377 | 3,039 | - | 24,905 |
| | | | | | |
| **EBIDTA (before share based payment)** | 3,523 | 2,087 | 553 | (7,339) | (1,176) |
| Depreciation and amortisation | (65) | (16) | (9) | (1,511) | (1,601) |
| Share-based payment expense | (5,452) | (3,995) | (382) | (100) | (9,929) |
| Interest revenue | 18 | - | 2 | 105 | 125 |
| Finance costs | - | (1) | - | - | (1) |
| **Profit / (loss) before income tax expense** | (1,976) | (1,925) | 164 | (8,845) | (12,582) |
| Income tax expense | | | | | (1,018) |
| **Loss after income tax expense** | | | | | (13,600) |
| | | | | | |
| **Assets** | | | | | |
| Segment assets | 18,360 | 6,720 | 5,327 | 12,814 | 43,221 |
| Intersegment eliminations | | | | | (1,056) |
| *Unallocated assets* | | | | | |
| Intangible assets | | | | | 45,552 |
| **Total assets** | | | | | 87,717 |
| | | | | | |
| **Liabilities** | | | | | |
| Segment liabilities | 8,500 | 3,030 | 4,367 | 451 | 16,348 |
| Intersegment eliminations | | | | | 2,145 |
| *Unallocated liabilities* | | | | | |
| Provision for income tax | | | | | 2,077 |
| Deferred tax liability | | | | | 3,404 |
| **Total liabilities** | | | | | 23,947 |

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*Geographical information*

| | Sales to external customers For the period from 14 Aug 2017 to 30 Jun 2018 $ '000 | Non-current assets 2018 $ '000 |
|---|---|---|
| Australia | 23,502 | 44,401 |
| Singapore | 242 | 4 |
| Hong Kong | 1,161 | 1,962 |
| | 24,905 | 46,367 |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

## NOTE 7. Income tax

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ '000 |
|---|---|
| *Income tax expense* | |
| Current tax | 1,955 |
| Deferred tax – origination and reversal of temporary differences | (937) |
| Aggregate income tax expense | 1,018 |
| | |
| Deferred tax included in income tax expense comprises: | |
| Decrease in deferred tax liabilities | (937) |
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | |
| Loss before income tax expense | (12,582) |
| Tax at the statutory tax rate of 30% | (3,775) |
| Tax effect amounts which are not deductible / (taxable) in calculating taxable income: | |
| Entertainment expenses | 31 |
| Non-deductible transaction costs | 1,926 |
| Share-based payments | 2,979 |
| Sundry items | (160) |
| | 1,001 |
| Difference in overseas tax rates | 17 |
| Income tax expense | 1,018 |

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| | Consolidated 2018 $ '000 |
|---|---|
| *Deferred tax liability* | |
| Deferred tax liability comprises temporary differences attributable to: | |
| Amounts recognized in profit or loss: | |
| Intangible assets | 4,472 |
| Tax losses | (252) |
| Employee benefits | (656) |
| Provisions for lease make good | (45) |
| Other | (115) |
| Deferred tax liability | 3,404 |
| | |
| Amount expected to be settled within 12 months | 547 |
| Amount expected to be settled after more than 12 months | 2,857 |
| | 3,404 |
| | |
| Movements: | |
| Credited to profit or loss | (937) |
| Additions through business combinations (note 25) | 4,341 |
| Closing balance | 3,404 |

| | Consolidated 2018 $ '000 |
|---|---|
| *Provision for income tax payable* | |
| Provision for income tax payable | 2,077 |

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## NOTE 8. Current assets – cash and cash equivalents

| | Consolidated 2018 $ '000 |
|---|---|
| *Cash at bank* | 21,451 |
| Cash on deposit | 157 |
| | 21,608 |

Cash on deposit represents deposits held for the purpose of operating leases of office premises.

## NOTE 9. Current assets – trade and other receivables

| | Consolidated 2018 $ '000 |
|---|---|
| Trade receivables | 17,040 |
| Less: Provision for impairment of receivables | (152) |
| | 16,888 |
| Other receivables | 392 |
| Loan receivable[a] | 1,250 |
| | 18,530 |

[a]Loan receivable represents a short-term interest-bearing loan to Asia Pacific Digital Limited. The facility limit is $2 million which expires on 14 October 2018. Interest is charged at 10% per annum.

*Ageing of past due receivables*
The ageing of past due receivables, including receivables that have been impaired is as follows:

| | Consolidated 2018 $ '000 |
|---|---|
| 0 to 3 months overdue | 4,101 |
| 3 to 6 months overdue | 905 |
| Over 6 months overdue | 448 |
| | 5,454 |

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*Impairment of receivables*
The Group has recognised a loss of $6,000 in profit or loss in respect of impairment of receivables for the period ended 30 June 2018.

The ageing of the impaired receivables provided for above are as follows:

| | Consolidated 2018 $ '000 |
|---|---|
| Over 6 months overdue | 152 |

Movements in the provision for impairment of receivables are as follows:

| | Consolidated 2018 $ '000 |
|---|---|
| Additional provisions recognised | 6 |
| Additions through business combinations | 146 |
| Closing balance | 152 |

*Past due but not impaired*
Customers with balances past due but without provision for impairment of receivables amount to $5,302,000 as at 30 June 2018.

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

| | Consolidated 2018 $ '000 |
|---|---|
| 0 to 3 months overdue | 4,101 |
| 3 to 6 months overdue | 905 |
| Over 6 months overdue | 296 |
| | 5,302 |

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## NOTE 10. Current assets – other assets

| | Consolidated 2018 $ '000 |
|---|---|
| Prepayments | 411 |
| Security deposits | 86 |
| | 497 |

## NOTE 11. Non-current assets – property, plant and equipment

| | Consolidated 2018 $ '000 |
|---|---|
| Leasehold improvements – at cost | 328 |
| Less: Accumulated depreciation | (38) |
| | 290 |
| Plant and equipment – at cost | 423 |
| Less: Accumulated depreciation | (55) |
| | 368 |
| Fixtures and fittings – at cost | 50 |
| Less: Accumulated depreciation | (2) |
| | 48 |
| Motor vehicles – at cost | 7 |
| Office equipment – at cost | 122 |
| Less: Accumulated depreciation | (20) |
| | 102 |
| | 815 |

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*Reconciliations*

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

| Consolidated | Leasehold improvements $ '000 | Plant and equipment $ '000 | Fixtures and fittings $ '000 | Motor vehicles $ '000 | Office equipment $ '000 | Total $ '000 |
|---|---|---|---|---|---|---|
| Balance at 14 August 2017 | - | - | - | - | - | - |
| Additions | 25 | 70 | 2 | - | 25 | 122 |
| Additions through business combinations (note 25) | 303 | 353 | 48 | 7 | 97 | 808 |
| Depreciation expense | (38) | (55) | (2) | - | (20) | (115) |
| Balance at 30 June 2018 | 290 | 368 | 48 | 7 | 102 | 815 |

## NOTE 12. Non-current assets – intangibles

| | Consolidated 2018 $ '000 |
|---|---|
| Goodwill – at cost | 30,593 |
| Brand name – at cost | 3,398 |
| Less: Accumulated amortisation | (197) |
| | 3,201 |
| Customer relationships – at cost | 12,615 |
| Less: Accumulated amortisation | (1,226) |
| | 11,389 |
| Software – at cost | 42 |
| Less: Accumulated amortisation | (6) |
| | 36 |
| Other intangible assets – at cost | 390 |
| Less: Accumulated amortisation | (57) |
| | 333 |
| | 45,552 |

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*Reconciliations*

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

| Consolidated | Goodwill $ '000 | Brand name $ '000 | Customer relationships $ '000 | Software $ '000 | Other intangibles $ '000 | Total $ '000 |
|---|---|---|---|---|---|---|
| Balance at 14 August 2017 | - | - | - | - | - | - |
| Additions | - | - | - | 14 | - | 14 |
| Additions through business combinations (note 25) | 30,593 | 3,398 | 12,615 | 28 | 390 | 47,024 |
| Amortisation expense | - | (197) | (1,226) | (6) | (57) | (1,486) |
| Balance at 30 June 2018 | 30,593 | 3,201 | 11,389 | 36 | 333 | 45,552 |

*Impairment testing*

Goodwill acquired through business combinations has been allocated to the following segments:

| | Consolidated 2018 $ '000 |
|---|---|
| Creative | 13,546 |
| Technology | 16,153 |
| Management consulting | 894 |
| Total goodwill | 30,593 |

Goodwill and the CGU to which it belongs is tested annually for impairment or at the end of each reporting date where an indicator impairment exists.

The recoverable amount of the CGU, which includes the carrying values of all intangibles, is determined based on value-in-use calculations using a five year discounted cash flow model, with a terminal value applied to the discounted cash flows after year five. This model incorporates the forecast to 30 June 2019 and extrapolated for a further four years using a steady rate.

The following table sets out the key assumptions used in the value-in-use calculations:

| | Pre-tax discount rate used % | Terminal growth rate % | EBITDA growth rate per annum from FY19 to FY23 % |
|---|---|---|---|
| Creative | 19.2% | 1.0% | 3.0% |
| Technology | 19.2% | 1.0% | 3.0% |
| Management consulting | 19.2% | 1.0% | 3.0% |

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*Impairment testing results*
No impairment existed at 30 June 2018. Based on the value-in-use calculation methodology and assumptions stated above, the carrying amount of each CGU at balance date does not exceed its recoverable amount.

*Impact of possible changes in assumptions*
A reasonable possible change in assumptions would not cause the carrying amount of each CGU to exceed its recoverable amount.

## NOTE 13. Current liabilities – trade and other payables

| | Consolidated 2018 $ '000 |
|---|---|
| Trade payables | 2,399 |
| Accrued expenses | 840 |
| GST payable | 1,301 |
| Other payables[a] | 5,791 |
| | 10,331 |

Refer to note 21 for further information on financial instruments.

[a]Other payables include pre-acquisition dividend payable to the previous owners of $3.4 million.

## NOTE 14. Current liabilities – borrowings

| | Consolidated 2018 $ '000 |
|---|---|
| Hire purchases | 8 |

Refer to note 21 for further information on financial instruments.

*Assets pledged as security*
The hire purchase liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

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## NOTE 15. Current liabilities – provisions

| | Consolidated 2018 $ '000 |
|---|---|
| Annual leave | 1,068 |
| Long service leave | 960 |
| | 2,028 |

## NOTE 16. Current liabilities – deferred revenue

| | Consolidated 2018 $ '000 |
|---|---|
| Deferred revenue | 5,818 |

## NOTE 17. Non-current liabilities – provisions

| | Consolidated 2018 $ '000 |
|---|---|
| Long service leave | 158 |
| Lease make good | 150 |
| | 308 |

*Lease make good*
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

*Movements in provisions*
Movements in each class of provision during the current financial period, other than employee benefits, are set out below:

| Consolidated – 2018 | Lease make good $ '000 |
|---|---|
| Carrying amount at the start of the period | - |
| Additions through business combinations (note 25) | 150 |
| Carrying amount at the end of the period | 150 |

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## NOTE 18. Equity – issued capital

| | CONSOLIDATED | |
|---|---|---|
| | 2018 Shares | 2018 $ '000 |
| Ordinary shares – fully paid | 94,869,006 | 67,399 |
| Convertible redeemable preference shares (refer below) | 47,780,200 | - |
| | 142,649,206 | 67,399 |

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ '000 |
|---|---|---|---|---|
| Balance | 14 August 2017 | - | - | - |
| Issues of shares | 14 August 2017 | 120 | $ 1.00 | - |
| Shares split (109,584 for 1) | 16 October 2017 | 13,149,960 | $ 0.00 | - |
| Shares split (1.88358 for 1) | 14 March 2018 | 11,618,926 | $ 0.00 | - |
| Issue of shares on IPO | 15 March 2018 | 70,000,000 | $ 1.00 | 70,000 |
| Capitalisation of share issue expense | | - | $ 0.00 | (2,601) |
| Issuance of shares | 15 March 2018 | 100,000 | $ 0.00 | - |
| Balance | 30 June 2018 | 94,869,006 | | 67,399 |

*Movements in convertible redeemable preference shares*

| Details | Date | Shares | Issue price | $ '000 |
|---|---|---|---|---|
| Balance | 14 August 2018 | - | - | - |
| Issue of convertible redeemable preference shares | 15 March 2018 | 47,780,200 | $ 0.00 | - |
| Balance | 30 June 2018 | 47,780,200 | | - |

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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*Convertible redeemable preference shares*
Preference shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held, with priority over ordinary shareholders.

Preference shares only have voting rights in limited circumstances. In these circumstances, each preference share shall have one vote.

Each convertible redeemable preference share ('CRPS') can convert into a minimum of 0 ordinary shares and a maximum of 2 ordinary shares, depending on the achievement of FY18 specified performance measures of the individual businesses acquired by GrowthOps (each a 'GrowthOps Business'). If a GrowthOps Business meets its FY18 specified performance measures, then each relevant CRPS will convert into 1 ordinary share. If a GrowthOps Business exceeded its FY18 specified performance measures, then each relevant CRPS will convert at a ratio that is proportionate to the percentage of outperformance or underperformance, subject to a maximum conversion ratio of 1 CRPS to 2 ordinary shares and a minimum of 1 CRPS to 0 ordinary shares. Conversion remains subject to vesting conditions and provided these are met, conversion will be staggered so that 50% of the CRPS will convert on the first anniversary of the IPO, and a further 25% on each of the second and third anniversaries of the IPO. GrowthOps has until 30 October 2018 to provide each vendor with a draft revaluation statement and conversion ratio to determine the final number of ordinary shares that will be issued.

Refer to note 34 for further information.

*Share buy-back*
There is no current on-market share buy-back.

*Capital risk management*
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

Except for the issuance of shares, there have been no major financing arrangements during the financial period.

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## NOTE 19. Equity – reserves

| | Consolidated 2018 $ '000 |
|---|---|
| Foreign currency reserve | 15 |
| Share-based payments reserve | 9,929 |
| | 9,944 |

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

*Share-based payments reserve*
The reserve is used to recognise the value of equity-settled benefits provided to the vendors of acquired subsidiaries, and other parties as part of their compensation for services. The balance at 30 June 2018 represents compensation for services rendered during the period with the assumption that each preference share will be entitled to one ordinary share on conversion dates. Refer to note 34 for further information.

*Movements in reserves*
Movements in each class of reserve during the current financial period are set out below:

| Consolidated | Foreign currency $ '000 | Share-based payments $ '000 | Total $ '000 |
|---|---|---|---|
| Balance at 14 August 2017 | - | - | - |
| Foreign currency translation | 15 | - | 15 |
| Share-based payments | - | 9,929 | 9,929 |
| Balance at 30 June 2018 | 15 | 9,929 | 9,944 |

## NOTE 20. Equity – dividends

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

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## NOTE 21. Financial instruments

***Financial risk management objectives***

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures when necessary. However, the Group's exposures to foreign currency risk, price risk and interest rate risk are insignificant at 30 June 2018. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board') from time to time. Finance identifies, evaluates and hedges financial risks, when necessary within the Group's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

*Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's foreign exchange risk is managed to ensure sufficient funds are available to meet foreign denominated financial commitments in a timely and cost-effective manner. The Group will continually monitor this risk and consider entering into forward foreign exchange, foreign currency swap and foreign currency option contracts if appropriate.

Creditors and debtors as at 30 June 2018 were reviewed to assess currency risk at year end. The value of transactions denominated in a currency other than the functional currency of the respective subsidiary was insignificant and therefore the risk was determined as not being significant.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| Consolidated | Assets 2018 $ '000 | Liabilities 2018 $ '000 |
|---|---|---|
| Hong Kong dollars | 793 | 866 |
| US dollars | 1,012 | 32 |
| Singapore dollars | 190 | 134 |
| Chinese Yuan | 330 | - |
| Philippines Peso | - | 8 |
| | 2,325 | 1,040 |

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The Group had net assets denominated in foreign currencies of $1,285,000 (assets of $2,325,000 less liabilities of $1,040,000) as at 30 June 2018. Based on this exposure, had the Australian dollars weakened by 10%/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's profit before tax for the period would have been $117,000 lower/$117,000 higher and equity would have been $117,000 lower/$117,000 higher. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements during the year and the spot rate at each reporting date.

*Price risk*
The Group is not exposed to any significant price risk.

*Interest rate risk*
The Group is not exposed to any significant interest rate risk.

***Credit risk***
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

***Liquidity risk***
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Remaining contractual maturities*
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated – 2018 | Weighted average interest rate % | 1 year or less $ '000 | Between 1 and 2 years $ '000 | Between 2 and 5 years $ '000 | Over 5 years $ '000 | Remaining contractual maturities $ '000 |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 2,339 | - | - | - | 2,339 |
| Other payables | - | 7,932 | - | - | - | 7,932 |
| *Interest-bearing – fixed rate* | | | | | | |
| Hire purchase | 2.50% | 8 | - | - | - | 8 |
| Total non-derivatives | | 10,279 | - | - | - | 10,279 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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## NOTE 22. Fair value assessment

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

## NOTE 23. Key management personnel disclosures

*Compensation*
The aggregate compensation made to the members of key management personnel of the Company is set out below:

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ |
|---|---|
| Short-term employee benefits | 434,740 |
| Post-employment benefits | 26,808 |
| Share-based payments | 184,912 |
| | 646,460 |

## NOTE 24. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and unrelated firms:

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ |
|---|---|
| *Audit services – Deloitte Touche Tohmatsu* | |
| Audit or review of the financial statements | 167,500 |
| | |
| *Other services – Deloitte Touche Tohmatsu* | |
| Services provided during IPO and acquisition process | 464,000 |
| Preparation of the tax return | 50,000 |
| Indirect tax compliance services | 35,800 |
| Due diligence for potential acquisition | 110,000 |
| | 659,800 |
| | 827,300 |
| | |
| *Audit services – unrelated firms* | |
| Audit or review of the financial statements | 18,846 |

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## NOTE 25. Business combinations

On 15 March 2018, the Company acquired the shares of 10 companies for a total cash consideration of $47,780,201.

Details of the entities companies acquired are as follows:

| ENTITY ACQUIRED | PRINCIPAL ACTIVITY | OWNERSHIP ACQUIRED | OPERATING SEGMENT |
|---|---|---|---|
| AJF Partnership Pty Ltd | Creative agency | 100% | Creative |
| First Floor Films Pty Ltd | Creative agency | 100% | Creative |
| Moshi Asia Pty Ltd | Enterprise IT consulting | 100% | Technology |
| The Institute of Executive Coaching and Leadership Australia Pty Ltd. | Coaching and leadership development | 100% | Management consulting |
| 3wks Pty Ltd | Enterprise cloud and software solutions | 100% | Technology |
| Khemistry Pty Ltd | Digital creative agency | 100% | Creative |
| jTribe Pty Ltd | Mobile application developer | 100% | Technology |
| Voodoo Creative Pty Ltd | Web development & graphic design | 100% | Technology |
| GrowthOps KDIS Pty Ltd | Digital marketing solutions | 100% | Technology |
| The Unit Co Pty Ltd | Non-operating | 100% | Other |

The businesses were acquired to complement their existing portfolio of service providers and innovation initiatives with an entrepreneurial partner designed to deliver a new product, service, or growth strategy quickly, which will enable Trimantium GrowthOps Limited as a group to deliver end-to-end value proposition to clients. The goodwill of $30,593,000 is attributable to the workforce and the high profitability of the acquired business. The acquired businesses contributed revenues of $19,542,000 (before media pass through revenue) and profit after tax of $4,380,000 to the Company for the period from 16 March 2018 to 30 June 2018. If the acquisition occurred on 1 July 2017, the full year contributions would have been revenues of $61,800,000 and profit after tax and before amortisation of $11,340,000. The values identified in relation to the acquisition of these businesses are provisional as at 30 June 2018. Details of the business combinations by segment are set out in the following page.

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| | Creative Fair Value $ '000 | Technology Fair Value $ '000 | Management consulting Fair Value $ '000 | Total Fair Value $ '000 |
|---|---|---|---|---|
| Cash and cash equivalents | 3,038 | 752 | 2,886 | 6,676 |
| Trade and other receivables | 8,027 | 3,416 | 1,439 | 12,882 |
| Term deposits | 41 | 28 | 99 | 168 |
| Prepayments | 164 | 134 | 178 | 476 |
| Plant and equipment | 680 | 74 | 54 | 808 |
| Customer relationships | 10,203 | 2,412 | - | 12,615 |
| Brand name and trade mark | 2,340 | 817 | 241 | 3,398 |
| Other intangible assets | 9 | - | 409 | 418 |
| Deferred tax asset | 300 | 110 | 164 | 574 |
| Trade and other payables | (4,464) | (2,441) | (1,464) | (8,369) |
| Provision for income tax | (1,194) | (499) | (127) | (1,820) |
| Deferred tax liability | (3,762) | (964) | (189) | (4,915) |
| Provisions | (1,189) | (344) | (584) | (2,117) |
| Deferred revenue | (1,230) | (226) | (2,142) | (3,598) |
| Borrowing | (9) | - | - | (9) |
| Net assets acquired | 12,954 | 3,269 | 964 | 17,187 |
| Goodwill | 13,546 | 16,153 | 894 | 30,593 |
| Acquisition-date fair value of the total consideration transferred | 26,500 | 19,422 | 1,858 | 47,780 |
| Representing: | | | | |
| Cash paid or payable to vendor | 26,500 | 19,422 | 1,858 | 47,780 |
| Cash used to acquire business, net of cash acquired: | | | | |
| Acquisition-date fair value of the total consideration transferred | 26,500 | 19,422 | 1,858 | 47,780 |
| Less: cash and cash equivalents and term deposits | (3,079) | (780) | (2,985) | (6,844) |
| Net cash used / (received) | 23,421 | 18,642 | (1,127) | 40,936 |

In addition to the above, GrowthOps acquired Unit Co Pty Ltd for $1 and assumed its outstanding liabilities of $5,017,000. The loans were immediately repaid on acquisition and charged to profit or loss as part of acquisition costs.

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## NOTE 26. Contingent Liability

The Group has no contingent liabilities as at 30 June 2018.

## NOTE 27. Commitments

| | Consolidated 2018 $ '000 |
|---|---|
| *Capital commitments* | |
| Committed at the reporting date but not recognised as liabilities, payable: | |
| Property, plant and equipment | 255 |
| | |
| *Lease commitments – operating* | |
| Committed at the reporting date but not recognised as liabilities, payable: | |
| Within one year | 1,486 |
| One to five years | 1,236 |
| | 2,722 |
| | |
| *Hire purchase commitments* | |
| Committed at the reporting date but not recognised as liabilities, payable: | |
| Within one year | 8 |
| | |
| Total commitment | 8 |
| Less: Future finance charges | - |
| Net commitment recognised as liabilities | 8 |
| | |
| Representing: | |
| Hire purchase liability – current | 8 |

Capital commitments includes contracted amounts for office fit outs and purchase of equipment.

Operating lease commitments includes contracted amounts for offices under non-cancellable operating leases expiring within 1 to 3 years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated.

Hire purchase commitments includes contracted amounts for motor vehicles with a written down value of $7,000 under hire purchase expiring within 1 years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

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## NOTE 28. Related party transactions

*Parent entity*
Trimantium GrowthOps Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 29.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

*Transactions with related parties*
The following transactions occurred with related parties:

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ |
|---|---|
| Sale of goods and services | |
| Sale of services to Sargon Capital Pty Ltd and its controlled entities* | 1,192,194 |
| Sale of services to Trimantium Taiping Investment Management Pty Ltd, a company controlled by Phillip Kingston | 500,000 |
| Payment for goods and services | |
| Rent of office from The Hong Kong Trust Company Limited, a company controlled by Sargon Capital Pty Ltd | 13,436 |
| Other transactions | |
| Remuneration to close member of a key management personnel for services rendered | 41,654 |

*Phillip Kingston is a founder, a shareholder, CEO and an executive director of Sargon Capital Pty Ltd

*Receivable from and payable to related parties*
The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | Consolidated 2018 $ |
|---|---|
| Current receivables: | |
| Trade receivables from Sargon Capital Pty Ltd and its controlled entities* | 259,716 |
| Trade receivables from Trimantium Taiping Investment Management Pty Ltd, a company controlled by Phillip Kingston | 126,500 |
| Trade receivables from other related party | 18,000 |

*Phillip Kingston is a founder, a shareholder, CEO and an executive director of Sargon Capital Pty Ltd

*Loans to/from related parties*
There were no loans to or from related parties at the reporting date.

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## NOTE 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership Interest 2018 % |
|---|---|---|
| AJF Partnership Pty Ltd | Australia | 100% |
| First Floor Films Pty Ltd | Australia | 100% |
| Rumble Asia Limited | Hong Kong | 100% |
| Moshi Asia Pty Ltd | Australia | 100% |
| Trimantium GrowthOps Singapore Pte Ltd | Singapore | 100% |
| Trimantium GrowthOps Hong Kong Limited | Hong Kong | 100% |
| The Institute of Executive Coaching and Leadership Australia Pty Ltd. | Australia | 100% |
| The Institute of Executive Coaching and Leadership (HK) Limited | Hong Kong | 100% |
| IECL SG Pte Ltd | Singapore | 100% |
| IECL Shanghai Company Ltd | China | 100% |
| GrowthOps KDIS Pty Ltd | Australia | 100% |
| 3wks Pty Ltd | Australia | 100% |
| Khemistry Pty Ltd | Australia | 100% |
| jTribe Pty Ltd | Australia | 100% |
| Voodoo Creative Pty Ltd | Australia | 100% |
| The Unit Co Pty Ltd | Australia | 100% |
| GrowthOps Holdings Pty Limited | Australia | 100% |
| GrowthOps Services Pty Limited | Australia | 100% |

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## NOTE 30. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent for the period from 14 Aug 2017 to 30 Jun 2018 $ '000 |
|---|---|
| Loss after income tax | (7,108) |
| Total comprehensive income | (7,108) |

*Statement of financial position*

| | Parent for the period from 14 Aug 2017 to 30 Jun 2018 $ '000 |
|---|---|
| Total current assets | 12,820 |
| Total assets | 70,693 |
| Total current liabilities | 473 |
| Total liabilities | 473 |
| Equity | |
| Issued capital | 67,399 |
| Share-based payments reserve | 9,929 |
| Accumulated losses | (7,108) |
| Total Equity | 70,220 |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
The parent entity is a party to a deed of cross guarantee (refer note 31) which was formed during the financial year, under which it guarantees the debts of certain of its subsidiaries as at 30 June 2018.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2018.

*Capital commitments – Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018.

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*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.
- The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.
- At the date of this report, the tax consolidation group has not been formed. Therefore the parent entity only recognises its own income tax balances.

## NOTE 31. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

GrowthOps Holdings Pty Ltd
Trimantium GrowthOps Limited
AJF Partnership Pty Ltd
First Floor Films Pty Ltd
3wks Pty Ltd
jTribe Pty Ltd
GrowthOps KDIS Pty Ltd
Khemistry Pty Ltd
Voodoo Creative Pty Ltd
The Institute of Executive Coaching and Leadership Australia Pty Ltd
The Institute of Executive Coaching and Leadership (Hong Kong) Limited
IECL SG Pte. Ltd
The Unit Co Pty Ltd
Moshi Asia Pty Ltd
Rumble Asia Limited
Trimantium GrowthOps Hong Kong Limited
Trimantium GrowthOps Singapore Pte. Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' reports under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Trimantium GrowthOps Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

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## NOTE 32. Cash flow information

*Reconciliation of loss after income tax to net cash from operating activities*

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ |
|---|---|
| Loss after income tax expense for the period | (13,600) |
| Adjustments for: | |
| Depreciation and amortisation | 1,601 |
| Share-based payments | 9,929 |
| Foreign-exchange differences | 15 |
| Investing and financing expenses | 5,752 |
| Change in operating assets and liabilities | |
| Increase in trade and other receivables | (5,199) |
| Decrease in prepayments | 65 |
| Increase in trade and other payables | 4,182 |
| Increase in provision for income tax | 257 |
| Decrease in deferred tax liabilities | (937) |
| Increase in employee benefits | 2,186 |
| Decrease in provisions | (1,967) |
| Net cash from operating activities | 2,284 |

*Changes in liabilities arising from financing activities*

| Consolidated | Hire purchase liability $ '000 | Total $ '000 |
|---|---|---|
| Balance at 14 August 2017 | - | - |
| Net cash used in financing activities | (1) | (1) |
| Changes through business combinations (note 25) | 9 | 9 |
| Balance at 30 June 2018 | 8 | 8 |

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## NOTE 33. Earnings per share

| | Consolidated for the period from 14 Aug 2017 to 30 Jun 2018 $ |
|---|---|
| Loss after income tax attributable to the owners of Trimantium GrowthOps Limited | (13,600) |

| | Number |
|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 48,208,694 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 48,208,694 |

| | Cents |
|---|---|
| Basic earnings per share | (28.21) |
| Diluted earnings per share | (28.21) |

Convertible redeemable preference shares have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

## NOTE 34. Share-based payments

*Convertible redeemable preference shares*
On 15 March 2018, 47,780,200 convertible redeemable preference shares ('CRPS') were issued to the vendors of the acquired companies. The shares issued do not form part of total purchase price for the acquired entities and instead have been treated as a share based payment in accordance with AASB 2 'Share Based Payments' as the CRPS are subject to vesting conditions linked to service and will be expensed over the vesting period. Subject to terms and conditions each CRPS converts into ordinary shares on the following dates (each a conversion Date) and in the following tranches:

| | Number of shares |
|---|---|
| 15/03/2019 – First anniversary of the Completion Date | 23,890,100 |
| 15/03/2020 – Second anniversary of the Completion Date | 11,945,050 |
| 15/03/2021 – Third anniversary of the Completion Date | 11,945,050 |
| | 47,780,200 |

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Conversion of the CRPS into Shares is subject to performance and retention hurdles:

- Performance – Each CRPS can convert into a minimum of 0 Shares and a maximum of 2 Shares, depending on the individual performance of each of the acquired businesses in FY18. If the businesses meets its FY18 specified performance measures, each relevant CRPS will convert into 1 Share. At 30 June 2018, 47,780,200 CRPS are expected to be converted into approximately 47,780,200 ordinary shares. The conversion ratio will be finalised by 31 October 2018 based on the performance outcomes of the acquired businesses.
- Retention – Conversion will be staggered so that 50% of the CRPS will convert on the first anniversary of Completion and a further 25% on each of the second and third anniversaries of Completion. Conversion will only occur if the Partner who represents the relevant Vendor continues to be employed by GrowthOps at the time (other than in exceptional circumstances).

The CRPS had a fair value of $1.00 per share on the date they were issued. The fair value of the CRPS is measured by the fair value of ordinary shares with the assumption that each CRPS will be converted to one ordinary share, which is the best estimate of conversion ratio at reporting date.

During the period ended 30 June 2018, the Group recognised a share-based payment expense of $9,929,000 including $9,829,000 with respect to the convertible redeemable preference shares issued on 15 March 2018. The table below summarises the estimated share-based payment expense from FY18 to FY22 in relation to this CRPS scheme:

| | 30 June 2018 $ '000 | 30 June 2019 $ '000 | 30 June 2020 $ '000 | 30 June 2021 $ '000 | Total $ '000 |
|---|---|---|---|---|---|
| Share based payment expense in relation to CRPS scheme * | 9,829 | 26,906 | 8,231 | 2,814 | 47,780 |

* Share-based payment subject to changes if there are changes in conversion ratio or retention hurdles not being met, as detailed in note 18.

Set out below are summaries of the redeemable preference shares issued in accordance with the Share Purchase Agreement.

| Grant Date | Expiry Date | Exercise Price | Balance at the start of the period | Issued | Converted to ordinary shares | Expired / forfeited / other | Balance at the end of the period |
|---|---|---|---|---|---|---|---|
| 15/03/2018 | 15/03/2021 | $0.00 | - | 47,780,200 | - | - | 47,780,200 |
| | | | - | 47,780,200 | - | - | 47,780,200 |

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## NOTE 35. Events after the reporting period

On the 15 of June 2018, GrowthOps announced it had entered into a Bid Implementation Agreement with Asia Pacific Digital Limited (ASX: DIG) under which GrowthOps would make an off-market takeover bid to acquire 100% of the fully paid ordinary shares of APD by offering 1 GrowthOps share for every 8.9 APD fully paid shares.

Based on the GrowthOps' closing price on 14 June 2018 of $1.23 per share, the Offer consideration valued APD's equity at approximately $20m. As at the end of June 2018, APD also had approximately $14.5m in debt.

APD is one of few independent, publicly traded digital transformation companies in the Asia Pacific region, employing approximately 300 professionals in offices across Singapore, Malaysia, the Philippines, Australia and New Zealand.

On 6 July 2018, GrowthOps issued a Bidder Statement in relation to the off-market takeover. At the close of the offer period on 7 August 2018, GrowthOps had acquired a relevant interest of 96.7% and provided notice to APD shareholders who had not accepted the offer that it would begin the process of compulsorily acquiring their shares.

On 8 August 2018, GrowthOps announced that it would be compulsorily acquiring the remaining shares in ASX-listed Asia Pacific Digital Limited ("Asia Pacific Digital" or "APD"), having acquired a relevant interest in 96.7% of APD's fully paid ordinary shares as a result of the off-market takeover offer contained in its Bidder's Statement dated 6 July 2018.

GrowthOps' proposed acquisition of APD will help to cement its position as an independent, regional provider of integrated consulting, creative and technology-driven services with the scale and local market experience to serve multinational corporate and government clients. The expansion of its technology services and geographic footprint within the Asia Pacific market will diversify GrowthOps' client base and strengthen its competitive edge against global players that operate in the region.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# DIRECTORS' DECLARATION

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- The attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial period ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Dominique Fisher**
Chairman

22 August 2018

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# Independent Auditor's Report to the Members of Trimantium GrowthOps Limited and its subsidiaries

## Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of Trimantium GrowthOps Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the period then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| **Accounting for acquisitions**<br><br>On 15 March 2018, the Group completed various acquisitions as disclosed in Note 25 and an initial public offering ("IPO") on 16 March 2018. The acquisitions were satisfied through a combination of cash consideration and convertible redeemable preference shares.<br><br>Accounting for acquisitions is a complex and judgemental exercise requiring management to determine:<br><br>• The accounting treatment for the acquisitions;<br><br>• The fair value of the total purchase consideration including the accounting treatment of the convertible redeemable preference shares issued to vendors; and<br><br>• The identification of intangible assets such as brands and customer relationships and their measurement. | Our procedures included, but were not limited to:<br><br>• Reading the acquisition agreements to obtain an understanding of the rationale of the acquisitions and the accounting treatment adopted by management;<br><br>• Assessing the terms and conditions of the convertible redeemable preference shares issued to vendors and assessing management's accounting treatment thereof;<br><br>• Evaluating the competency and objectivity of management experts used to identify and measure the fair value of intangible assets acquired;<br><br>• Evaluating the criteria applied by the management expert when identifying intangible assets acquired specifically on brands and customer relationship, including rates applied for amortisation;<br><br>• In conjunction with our valuation specialists, assessing the valuation methodology, cash-flow assumptions including contributory asset charges, discount rates and the reasonableness of the valuation outputs; and<br><br>• Assessing the appropriateness of the disclosures in the financial statements. |
| **Carrying value of Goodwill and Intangible Assets**<br><br>As at 30 June 2018 the Group has recognised goodwill of $30.5 million, customer relationship of $12.6 million and other intangible assets of $3.8 million as a result of the IPO and acquisitions as disclosed in Note 12.<br><br>The directors' assessment of the recoverability of goodwill and intangible assets requires the exercise of significant judgement, including:<br><br>• Identifying the cash generating units (CGUs) to which goodwill has been allocated; and<br><br>• Estimating the future growth rates, nominal discount rates and the expected cash flows of each CGU to which goodwill has been allocated. | Our procedures included, but were not limited to:<br><br>• Evaluating the Group's categorisation of CGUs and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business. This evaluation included performing an analysis of the Group's internal reporting;<br><br>• Engaging with our valuation specialists to assist with:<br><br>- Comparing the discount rate utilised by management to independently calculated discount rates;<br><br>- Comparing the Groups forecast cash flows to management's forecasts and challenging the growth rates used; and<br><br>- Challenging the key assumptions adopted by management by performing sensitivity analysis on the growth and discount rates;<br><br>• Assessing the appropriateness of the disclosures in the financial statements. |

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*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 16 to 20 of the Directors' Report for the period ended 30 June 2018.

In our opinion, the Remuneration Report of Trimantium GrowthOps Limited, for the period ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 22 August 2018

# SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 1 August 2018.

**Distribution of equitable securities**
Analysis of number of equitable security holders by size of holding:

| | Number of holders of ordinary shares | Number of holders of options over ordinary shares |
|---|---|---|
| 1 to 1,000 | 24 | - |
| 1,001 to 5,000 | 289 | - |
| 5,001 to 10,000 | 16 | - |
| 10,001 to 100,000 | 21 | - |
| 100,001 and over | 24 | - |
| | 374 | - |
| Holding less than a marketable parcel | 2 | - |

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**Equity security holders**

*Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed in the following page:

| | Ordinary Shares | |
|---|---|---|
| | **Number held** | **% of total shares issued** |
| Asia Selangor Investments Pty Ltd | 20,000,000 | 21.08 |
| Forci Alternative Strategies Pty Ltd | 17,000,000 | 17.92 |
| TGO Holdings Pty Ltd (TC Special Operations Trust 7 A/C) | 14,861,404 | 15.67 |
| Pattani Private Capital Pty Ltd | 14,221,110 | 14.99 |
| Trimantium International Holdings Pty Ltd | 7,945,570 | 8.38 |
| Trimantium Capital Pty Ltd | 5,031,051 | 5.30 |
| Grand Circle Opportunities Pty Ltd | 3,400,000 | 3.58 |
| TGO Holdings Pty Ltd (TGO Trust 2 A/C) | 2,972,281 | 3.13 |
| GrowthOps Holdings Pty Ltd (TGO Trust 1 A/C) | 1,981,520 | 2.09 |
| National Nominees Limited | 1,081,630 | 1.14 |
| Adam James Francis Pty Ltd (Francis Family A/C) | 500,000 | 0.53 |
| AJF Fabbro Pty Ltd (AJF Fabbro Family A/C) | 500,000 | 0.53 |
| AJF Foote Pty Ltd (AJF Foote Family A/C) | 500,000 | 0.53 |
| Andrew Douglas Fyffe + Jacqueline Joanne Fyffe (Fyffe Family A/C) | 500,000 | 0.53 |
| JI Stephens Pty Ltd (JI Stephens Family A/C) | 500,000 | 0.53 |
| Ward Portfolio Pty Ltd | 500,000 | 0.53 |
| Brydan Hamor Ltd | 450,000 | 0.47 |
| Yanny Holdings Pty Ltd (Yanny Family A/C) | 308,250 | 0.32 |
| Netwealth Investments Limited (Super Services A/C) | 296,000 | 0.31 |
| Attain Consulting Pty Ltd (Attain Superfund A/C) | 278,730 | 0.29 |
| | 92,827,546 | 97.85 |

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*Unquoted equity securities*

| | Number on issue | Number of holders |
|---|---|---|
| Redeemable convertible preference shares | 47,780,200 | 15 |

**Substantial holders**
Substantial holders in the Company are set out below:

| | Ordinary Shares | |
|---|---|---|
| | Number held | % of total shares issued |
| Phillip James Kingston | 24,846,256 | 26.19 |
| Asia Selangor Investments Pty Ltd | 20,000,000 | 21.08 |
| Pattani Private Capital Pty Ltd and its related entities | 17,621,110 | 18.57 |
| Forci Alternative Strategies Pty Ltd | 17,000,000 | 17.92 |
| Trimantium International Holdings Pty Ltd | 7,945,570 | 8.38 |

**Voting rights**
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

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