impelus

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 AUGUST 2019

IMPELUS LIMITED

ACN 089 805 416

Impelus Limited

ABN: 24 089 805 416

Appendix 4E Preliminary Final Report
For the period 1 July 2018 to 30 June 2019

Appendix 4E

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

The following information sets out the requirements of the Appendix 4E of Impelus Limited and its controlled entities.

The Appendix 4E covers the reporting period from the 1 July 2018 to the 30 June 2019. The previous corresponding period is 1 July 2017 to the 30 June 2018.

Results for Announcement to the Market

	FY19 $	FY18 $	Change $	Change %
Revenue from ordinary activities	**12,074,388**	**25,510,096**	**(13,435,708)**	**(53%)**
Impairment	(6,506,007)	(24,790,128)	18,284,121	(74%)
Disposal of Asset - Clipp	(1,553,895)	-	(1,553,895)	100%
Net Profit/loss before tax including depreciation and impairment	(12,634,706)	(29,513,651)	16,878,945	(57%)
Exchange difference on translating foreign operations*	416	(285,820)	286,236	(100%)
Total comprehensive Profit/Loss for the half year	(12,271,242)	(29,010,946)	16,739,706	(58%)
Profit/loss from ordinary activities (EBITDA)	**70,860**	**4,551,844**	**(4,480,984)**	**(98%)**

***Exchange difference on translating foreign operations** – The Company operates wholly owned subsidiaries in the UK and Singapore; on converting these entities' financial accounts to Australian dollars an unrealized exchange gain or loss occurs.

Normalised Profit/Loss from ordinary activities (EBITDA)
During FY 19, the Group incurred $0.6m restructuring costs. The normalized Profit/Loss from ordinary activities (EBITDA) is $0.7m excluding the restructuring costs as per the breakdown below.

Dividends
No dividend has been proposed or declared in respect of the period ended 30 Jun 2019.

Capital
Total issued and paid up ordinary shares: 692,216,518.

Comments
EBITDA from ordinary activities is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and non-ordinary items. The directors consider EBITDA from ordinary activities to reflect the core earnings of the consolidated group.

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Financial Summary

Normalised Profit/Loss from ordinary activities (EBITDA)	FY19 $ million	FY18 $ million
Performance Marketing Revenue	10.2	17.2
DCB Revenue	1.1	8.1
Clipp Revenue	0.7	0.2
NP before tax	(12.6)	(29.0)
Add: Restructuring Cost	(0.6)	(1.4)
Add: Depreciation and Amortisation	(4.2)	(4.2)
Add: Impairment	(6.4)	(24.8)
Add: Loss on Disposal of Asset - Clipp	(1.5)	(4.8)
Add: Finance Costs	(0.4)	(0.3)
Normalised Profit/Loss from ordinary activities (EBITDA)	0.7	6.5

Review of Operations

Impelus Limited posted an EBITDA of $0.07 million (FY2018 $4.55 million), Revenue of $12.07 million (FY2018 $25.51 million) and a full-year loss after tax of $12.27 million compared to the prior year loss after tax of $29.01 million.

The decrease in financial performance is due to external factors that impacted carrier billing and digital performance marketing as previously announced, and the divestment of Clipp.

H2 FY2019 Group EBITDA improved on H1 FY2019 satisfying our stated expectation of steady and gradual improvement. We aspire to accelerate the improvements. Much remains to be done, however.

H2 FY2019 Group revenue is lower than H1 FY2019 due to non-inclusion of revenue from Clipp which was divested in H1 FY2019.

Our traditional Australian lead campaign types, impacted by the Royal Commission into Banking and Insurance (see ASX announcement 30 November 2018), have not yet recovered. However, the Company's success with Premium Lead Generation (PLG) produced revenues to offset this and is a key and encouraging development focus to drive growth. We are currently working hard to increase revenue and improve profit margins.

Soft sales revenue continues to put pressure on cash resources. As announced additional loan funding has been put in place to assist the Company in overcoming this problem.

An internal product and systems review identified the measures necessary to increase digital lead delivery capacity in order to service more clients and grow revenue.

The sales pipeline in both AU and UK is improving.

The UK business has continued its profitable performance. Additional EMEA Premium Lead Generation trials have been secured including launching in the new territory Portugal with positive early results. The AU business has recently received several new orders, which although small initially, show strong indications for growth in the intermediate term.

The significant product and IT systems development work currently underway is progressing well and has already improved some margins and increased efficiencies with further improvement expected.

Review of Operations (continued)

Bank debt has reduced further during FY2019.

The circa $1.75m of annualised cost savings (see ASX AGM Presentation 30 November 2018) have continued to be progressively realised.

Refer Market Updates ASX release 3 September 2018, 20 November 2018, 30 November 2018, 28 February 2019, 5 April 2019, 2 July 2019 and the Directors' Report Review of Operations in the full year financial report for commentary on the results for the period and explanations to understand the Group's revenue and profit / (loss) from ordinary activities.

($) million	**FY 2019**	**FY 2018**	**Variance**
Revenue	$12.07	$25.51	($13.44)
Gross Profit	$5.60	$17.14	($11.54)
Employment costs	$3.34	$8.33	$4.99
EBITDA	**$0.07**	$4.55	**($4.48)**
Depreciation and amortisation	$4.20	$4.18	($0.02)
Impairment of intangible assets	$7.28	$29.57	$22.29
Net Profit / (Loss) After Tax	**($12.27)**	($29.01)	**$16.74**

Half year comparison

($) million	**H2 FY19**	**H1 FY19**	**Variance**
Revenue	$5.95	$6.12	($0.17)
Gross Profit	$2.95	$2.65	$0.30
Employment costs	$1.40	$1.94	$0.54
EBITDA	**$0.44**	**($0.37)**	**$0.81**
Depreciation and amortisation	$2.39	$1.81	$0.58
Impairment of intangible assets	$0.41	$6.87	($6.46)
Net Profit / (Loss) After Tax	**($3.75)**	**($8.52)**	**$4.77**

Impelus Limited (ASX:IMS) in FY 2019 operated as a technology led Digital Customer Generation company utilising its Digital Performance Marketing (**DPM**) infrastructure.

Impelus helps companies to cost efficiently find customers through digital channels, at scale, globally.
For more information please see: www.impelus.com.

Cash Flow

The Company's Cash at Bank was $1,206,701 at 30 June 2019, compared to $3,334,276 at 30 June 2018. Across the course of the financial year ending 2019 the Company was forced due to external factors beyond its control to exit from its operations in Direct Carrier Billing.

Period	30 June 2018	31 December 2018	30 June 2019
Cash at Bank	$3,334,276	$1,120,704	$1,206,701

The Company retired $2,168,024 in bank debt during the Financial Year 2019.

The table below compares the last half of the financial year 2019 (HY2 FY19 1 January 2019 to 30 June 2019) to the first half of the financial year 2019 (HY1 FY19 1 July 2019 to 31 December 2019) and displays the full year for financial year 2019:

Period	**HY2 FY19**	**HY1 FY19**	**Full Year FY19**
	6 months	**6 months**	**12 months**
	AUD	AUD	AUD
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by / (used in) operating activities	405,070	(2,372,548)	(1,967,478)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided by / (used in) investing activities	(575,917)	85,988	(489,930)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	256,845	72,988	329,833
Net (decrease) in cash held	85,997	(2,213,572)	(2,127,575)
Cash at beginning of financial year period	1,120,704	3,334,276	3,334,276
Cash at end of financial year	**1,206,701**	**1,120,704**	**1,206,701**

Divestment of Non-core Asset

Clipp

The Company divested through the sale of its non-core 97%-owned Clipp business to PNI Financial Services Pty Ltd (PNI) for $300,000 cash. The Clipp business is a bar tab and hospitality application with a shareholding first acquired in 2015. (ASX announcement 22 October 2019)

Future Developments, Prospects and Business Strategies

The Company is building out its Digital Performance Marketing (DPM) platforms and infrastructure globally. IMS has created a Digital Performance Marketing infrastructure from its offices in Australia, and the UK, and has commenced EMEA expansion with Portugal, so that its clients can utilise its proprietary and integrated partner technology, tools and data assets to seamlessly target and connect consumers to products they value, enabling them to generate high quality customer acquisitions at scale, on online and mobile devices.

Throughout FY2019:

Impelus has invested strongly in the development of its Digital Lead Generation products and technology. Results to date are encouraging with benefits already apparent. An internal product and systems review identified the measures necessary to increase digital lead delivery capacity in order to service more clients and grow revenue. The Impelus operations and sales team has been strengthened and reporting systems improved.
The objectives of the work, in line with the Company's strategy, include:

- Strengthen the platform for revenue generation through expansion of lead delivery capacity.
- Increase scalability and cost base efficiency through systems automation.
- Grow marketing return on investment (MROI) and drive gross profit performance through
    - advanced reporting & analytics and;
    - integration of multiple disparate audience channels and data sources.

As a result of this effort, substantial product and systems development progress has been made with heartening results gradually becoming evident. This work, now being undertaken in AU, will be deployed and quickly utilised in the larger UK market.

H2 FY2019 Group EBITDA improved on H1 FY2019 satisfying our stated expectation of steady and gradual improvement. We aspire to accelerate the improvements. Much remains to be done, however.

Soft sales revenue in Australia in Q1 FY2020 continues to put pressure on cash resources. As announced additional loan funding has been put in place to assist the Company in overcoming this problem.

The sales pipeline in AU, as well as in the UK, is improving.

The UK business has continued its profitable performance. Additional EMEA Premium Lead Generation trials have been secured including launching in the new territory Portugal with positive early results. Other EMEA expansion territories have also been identified. The AU business has recently received several new orders, which although small initially, show strong indications for growth in the intermediate term.

Bank debt has reduced further during FY2019.

The circa $1.75m of annualised cost savings (see ASX AGM Presentation 30 November 2018) have continued to be progressively realised.

The significant product and IT systems development work currently underway is progressing well and has already improved some margins and increased efficiencies with further improvement expected.

The Company believes the future benefits of this and the increasing business development activity will start to flow during H1 FY2020.

Outlook

Impelus is now well advanced in establishing itself with a platform to grow as a digital-led customer generation business underpinned by the very best technology platforms.
Digital marketing industry expenditures are forecast for continued growth. Generating leads and lead generation return on investment (ROI) are major challenges across business sectors globally.

Impelus intends to harness this growth through its products, technology and agility. The Company believes its strategy is well-founded and that its team possesses the persistence and grit to complete the job.

In FY2020 the Company will focus on the further development and on building scale of its higher value lead generation capability. The significant product and IT systems development work currently underway is progressing well and has already improved some margins and increased efficiencies with further improvement expected.

The Company will increase its investment in the growth and development of the new DPM assets throughout FY2020, given they are expected to generate higher average revenue per transaction, and stronger global demand is anticipated, and will lessen activity on lower value, lower average revenue per transaction products where there is stronger demand in the UK market than in the Australian market.

The UK operations have a strong base of valuable Company-owned publishing properties (websites). These sites generate large amounts of quality consented consumer data and supply large volumes of Digital Leads for UK clients every month. New developments in this area are expanding the UK operations revenue generation capacity and will enable it to service a broader range of clients.

EMEA expansion has commenced with lead generation trials in Portugal with positive early results. This has been achieved without any in territory infrastructure cost. A number of EMEA territories have been identified for further expansion that can be managed from the Company's UK office.

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PRELIMINARY FINAL REPORT

30 AUGUST 2019

IMPELUS LIMITED

ACN 089 805 416

LEVEL 23 100 WILLIAM STREET EAST SYDNEY NSW 2011

Directors' Report

The directors of Impelus Limited present their report together with the financial statements of the Group, being the Company and its controlled entities, for the year ended 30 June 2019.

The names and particulars of the directors of the Company during or since the end of the financial year unless otherwise stated are:

Directors

Name	Particulars
Brendan Birthistle Independent chairman Non-executive director appointed 04 December 2018.	Mr Birthistle has significant and substantial strategic and operational experience. Early in his career, he worked as a management consultant with WD Scott, and as a Corporate Planner for ICL Australia (International Computers) and Wormald International Limited. As a CEO of Raynors (a subsidiary of Adelaide Steamships), he and the enthusiastic management team successfully transformed what was a moribund company. Brendan operated his boutique financial planning organisation, Connaught Consultants, for over 30 years (1984 to 2015). To achieve a better deal for Australian shareholders he joined the Association serving as Chairman for 3 years in the early Nineties. In 2003 he was elected as a Director of CCI a small struggling listed coal testing company and was partly instrumental in the turn-around of the Company and its eventual sale. Investors were rewarded with a four-fold increase in their original investment. For the past ten years, Brendan has concentrated on investing mainly in listed micro-cap companies. He presently owns shares in over 60 companies mainly technical and digital in nature. This experience has proved enjoyable, educational and highly profitable. He is also a director of 3 successful private companies and The Eolas Foundation a charitable trust. Brendan's educational qualifications include an MBA (University of California, Los Angeles, B.Sc. (Hons) from University College, Dublin, a BA (UNSW), and a Diploma of Jurisprudence (University of Sydney).
Interest in shares & options	158,963,636 ordinary shares. Nil options.
Special responsibilities	Mr. Birthistle is a member of the audit committee, the nomination and remuneration committee.
Directorships held in other listed entities during the three years prior to the current year	Nil.
David Andrew Haines Independent Non-executive director **Interim Chairman** from 9 November 2018 to 30 November 2018	A director of the Company since May 2001. Mr. Haines holds a Bachelor of Education degree and was Secretary to the Standing Committee of Commonwealth, State and Territory Ministers with Censorship Responsibilities (1988 to 1994), Deputy Chief Censor, Australian Film Censorship Board (1986 to 1994) and Member of the Australian Film Censorship Board (1981-1994).
Interest in shares & options	565,000 ordinary shares and nil options.

Special responsibilities Directorships held in other listed entities during the three years prior to the current year	Mr. Haines is chair of the audit committee and a member of the nomination and remuneration committee. Nil.
Neil Wiles CEO & MD Executive director appointed 18 July 2017 Interest in shares & options Special responsibilities Directorships held in other listed entities during the three years prior to the current year	Mr. Wiles was appointed executive director of the Company on 18 July 2017. Mr. Wiles was appointed CEO and managing director of the Company on 8 August 2017. Prior to his appointment as CEO and managing director Mr. Wiles had been managing director of the Company since 2005. For more than 27 years, Mr. Wiles has led, developed and grown businesses as managing director and CEO in the communications, digital, information technology and marketing sectors. Mr. Wiles is an awarded and accredited digital media innovator and industry expert having held executive leadership roles with key industry and regulatory bodies, and as an advisor to media on entertainment and technology convergence. He was Chairman of the committee for Pre-assessment Guidelines for the Classification of Mobile Content and sat on the Australian Direct Marketing Association (**ADMA**) Mobile Marketing Council. Mr. Wiles acknowledgments include having been listed by B&T Digital as one of the 40 Biggest Players of Australia's Digital Age and having been named "Mobile Marketer of the Year" by ADMA the nation's peak body for information-based marketing with more than 500-member organisations. 21,283,000 ordinary shares. Nil. Nil.
Ian Elliot Independent chairman Non-executive director **Appointed** 29 November 2017 **Resigned** 9 November 2018 Interest in shares & options Special responsibilities Directorships held in other listed entities during the three years prior to the current year	For the past 14 years, Ian has acted as professional Non-Executive Director for a number of ASX-listed companies including Salmat Limited (2005-2016), Hills Industries (2003-2016) and McMillan Shakespeare Limited (current). He was also an Australian Rugby League Commissioner (2012-2016), Director of the National Australia Day Council (2003-2012) and is the current Chairman of the Dry July Foundation. Nil Ian Elliot is a member of the audit committee, and the nomination, and remuneration committee. McMillan Shakespeare Ltd (ASX: MMS), Salmat Ltd (ASX: SLM) resigned 31/12/16, Hills Ltd (ASX: HIL) resigned 04/11/16, Dry July Foundation.

Maureen Smith Executive Director: **Appointed** 16 November 2018 **Resigned** 30 November 2018	Ms Smith is a senior executive at IMS and currently holds the position of Head of Human Resources. Ms Smith's appointment was temporary as the Board of Directors considered potential candidates to replace the recently retired Chairman of the Company, Mr Ian Elliot.
Interest in shares & options	400,000 ordinary shares and nil options.
Special responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Nil

Company Secretary

Name	Particulars
Vanessa Chidrawi Company secretary **Appointed** 21 February 2019	Vanessa is a highly experienced Company Secretary and has previously worked in multiple Company Secretary roles both locally and internationally prior to joining Impelus and brings a significant degree of experience to this position. She holds a Bachelor of Law and a Bachelor of Commerce. Vanessa had 12 years private practice experience as a commercial lawyer, practicing on her own account in Johannesburg. Over the past 13 years, she has acted as General Counsel and Company Secretary for various ASX- and TSX-listed companies. Ms Chidrawi brings with her a wealth of experience in governance management, mergers and acquisitions, litigation management, board advisory and capital raising in the listed company space.
Interest in shares & options	Nil.
Justin Clyne Company secretary **Appointed** 1 August 2014 **Resigned** 21 February 2019	Mr. Clyne was admitted as a Solicitor of the Supreme Court of New South Wales and High Court of Australia in 1996 before gaining admission as a barrister in 1998. He had 15 years of experience in the legal profession acting for a number of the country's largest corporations, initially in the areas of corporate and commercial law before dedicating himself full-time to the provision of corporate advisory and company secretarial services. Mr. Clyne is a director and/or secretary of a number of public listed and unlisted companies. He has significant experience and knowledge in international law, the Corporations Act, the ASX Listing Rules and corporate regulatory requirements generally. Justin holds a Master of Laws in International Law from the University of New South Wales is a qualified Chartered Company Secretary and a Member of the Australian Institute of Company Directors
Interest in shares & options	Nil.

Principal Activities

Impelus Limited posted an EBITDA of $0.07 million and a NPAT of $(12.27) million for the year results.

The principal activities of the consolidated entity are technology led Digital Customer Generation utilising Digital Performance Marketing (**DPM**). As a DPM customer generation company the consolidated entity, through its DPM platforms and infrastructure, enables businesses to acquire customers at scale via digital channels and devices. For more information please see www.impelus.com.

During FY2019 the consolidated entity also had non-core activities that are or were in the process of divestment or run-off (Clipp and Direct Carrier Billing (**DCB**)).

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

Review of Operations

Impelus Limited posted an EBITDA of $0.07 million (FY2018 $4.55 million), Revenue of $12.07 million (FY2018 $25.51 million) and a full-year loss after tax of $12.27 million compared to the prior year loss after tax of $29.01 million.

The decrease in financial performance is due to external factors that impacted carrier billing and digital performance marketing as previously announced, and the divestment of Clipp.

H2 FY2019 Group EBITDA improved on H1 FY2019 satisfying our stated expectation of steady and gradual improvement. We aspire to accelerate the improvements. Much remains to be done, however.

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Our traditional Australian lead campaign types, impacted by the Royal Commission into Banking and Insurance (see ASX announcement 30 November 2018), have not yet recovered. However, the Company's success with Premium Lead Generation (PLG) produced revenues to offset this and is a key and encouraging development focus to drive growth. We are currently working hard to increase revenue and improve profit margins.

Soft sales revenue continues to put pressure on cash resources. As announced additional loan funding has been put in place to assist the Company in overcoming this problem.

An internal product and systems review identified the measures necessary to increase digital lead delivery capacity in order to service more clients and grow revenue.

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The circa $1.75m of annualised cost savings (see ASX AGM Presentation 30 November 2018) have continued to be progressively realised.

Review of Operations (continued)

Refer Market Updates ASX release 3 September 2018, 20 November 2018, 30 November 2018, 28 February 2019, 5 April 2019, 2 July 2019 and the Directors' Report Review of Operations in the full year financial report for commentary on the results for the period and explanations to understand the Group's revenue and profit / (loss) from ordinary activities.

($) million	**FY 2019**	**FY 2018**	**Variance**
Revenue	$12.07	$25.51	($13.44)
Gross Profit	$5.60	$17.14	($11.54)
Employment costs	$3.34	$8.33	$4.99
EBITDA	**$0.07**	$4.55	**($4.48)**
Depreciation and amortisation	$4.20	$4.18	($0.02)
Impairment of intangible assets	$7.28	$29.57	$22.29
Net Profit / (Loss) After Tax	**($12.27)**	($29.01)	**$16.74**

Half year comparison

($) million	**H2 FY19**	**H1 FY19**	**Variance**
Revenue	$5.95	$6.12	($0.17)
Gross Profit	$2.95	$2.65	$0.30
Employment costs	$1.40	$1.94	$0.54
EBITDA	**$0.44**	**($0.37)**	**$0.81**
Depreciation and amortisation	$2.39	$1.81	$0.58
Impairment of intangible assets	$0.41	$6.87	($6.46)
Net Profit / (Loss) After Tax	**($3.75)**	**($8.52)**	**$4.77**

Impelus Limited (ASX:IMS) in FY 2019 operated as a technology led Digital Customer Generation company utilising its Digital Performance Marketing (**DPM**) infrastructure.

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Proprietary Technology

Impelus has grown a proprietary technology stack that has been built through a combination of internal development, partner integration, strategic acquisitions, focused innovation and organic investment. Overall this technology stack is a significant component of the Company's competitive strength and enablement for it to scale and optimise revenue and EBITDA for current and future operations.

Personnel Changes - Board

Brendan Birthistle was appointed as Chairman on the 30 November 2019. Mr Birthistle has elected to forgo any remuneration for the first 12 months. Ian Elliot resigned as Chairman and non-executive director on the 9 November 2018 due to changes in personal circumstances. Mr Haines was appointed as interim Chairman from the 9 November 2018 to the 30 November 2018. Maureen Smith was appointed as a director on the 16 November 2018 and resigned on the 30 November 2018 during the process of appointing a new Chairman.

Cash Flow

The Company's Cash at Bank was $1,206,701 at 30 June 2019, compared to $3,334,276 at 30 June 2018.

The table below compares the last half of the financial year 2019 (HY2 FY19 1 January 2019 to 30 June 2019) to the first half of the financial year 2019 (HY1 FY19 1 July 2019 to 31 December 2019) and displays the full year for financial year 2019:

Period	HY2 FY19	HY1 FY19	Full Year FY19
	6 months	6 months	12 months
	AUD	AUD	AUD
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by / (used in) operating activities	405,070	(2,372,548)	(1,967,478)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided by / (used in) investing activities	(575,917)	85,988	(489,930)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities	256,845	72,988	329,833
Net (decrease) in cash held	85,997	(2,213,572)	(2,127,575)
Cash at beginning of financial year period	1,120,704	3,334,276	3,334,276
Cash at end of financial year	**1,206,701**	**1,120,704**	**1,206,701**

The 2nd table below compares the operating cash flows in UK from the last half of the financial year 2019 (1 January 2019 to June 2019) to the one from the first half of the financial year 2019 (1 July 2019 to 31 December 2019) and displays the full year for financial year 2019:

UK Cashflow	HY2 FY19	HY1 FY19	Full Year FY19
Period	**6 months**	**6 months**	**12 months**
	GBP	**GBP**	**GBP**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	1,755,506	1,624,046	3,379,552
Payments to suppliers and employees	(1,068,613)	(1,340,500)	(2,409,113)
Cash receipts from other operating activities	2,563	2,074	4,637
Net Cash Flows provided by Operating Activities	**689,456**	**285,620**	**975,076**

Capital Expenditure

Capital expenditure for the financial year ending 2019 was $778,942 a component of that expenditure was wages, this expenditure was capitalised: FY 2019 $778,942 (FY 2018 $768,733). This expenditure was primarily on the development of performance marketing digital assets.

Divestment of Non-core Asset

Clipp

The Company divested through the sale of its non-core 97%-owned Clipp business to PNI Financial Services Pty Ltd (PNI) for $300,000 cash. The Clipp business is a bar tab and hospitality application with a shareholding first acquired in 2015. (ASX announcement 22 October 2019)

Financial Position

The net assets of the consolidated Group have decreased by $10.50m from $14.51m in 30 June 2018, to $4.01m in FY 2019. This was due to the impairment of goodwill, and software relating to the Direct Carrier Billing operations in Australia being progressively wound down due to external factors beyond the control of the Company as previously announced.

Capital raised:

The Company completed its capital raising program announced to the ASX on 6 June 2018. Under the capital raising a total of $2,278,500 was raised between the placement and Share Purchase Plan (**SPP**) (refer ASX announcement 20 July 2018). Ninety-eight million fully paid ordinary shares were issued at $0.02 per share. The funds raised to be used for digital asset deployment, Australian marketing, and UK market expansion as the Company aims to scale up its Digital Customer Acquisition business, working capital purposes and for growth opportunities.

On the 19 November 2018 the Company entered into a Convertible Note Agreement to raise $1.5 million.

The subscriber for the $1.5m Note was Mr Brendan Birthistle, an existing shareholder of IMS. He has subscribed for two convertible notes. These convertible notes were subject to the approval of shareholders at an extraordinary general meeting to be convened subsequent to the AGM (ASX announcement 19 November 2018). The first convertible note with a face value of $1,277,542 was approved to be converted to 114,322,000 fully paid shares by Shareholders at the AGM on the 30 November 2018. (ASX announcement 30 November 2018). An EGM was held on the 22 February and shareholders approved the conversion to 22,041,636 fully paid ordinary shares of the second convertible note (face value of $242,458 (ASX announcement 22 February 2019).

On 29 January 2019 the Company secured a loan of $500,000 under a Loan Agreement with IMS Chairman Mr Brendan Birthistle. (ASX announcement 28 February 2019).

On the 7 June 2019 the Company secured $620,000 under a Loan Agreement with Connaught Consultants (Finance) Pty Limited (a company which is controlled by IMS Chairman Mr Brendan Birthistle). (ASX announcement 7 June 2019).

On the 26 July 2019 the Company secured a further loan of $500,000 under a Loan Agreement with IMS Chairman Mr Brendan Birthistle. (ASX announcement 26 July 2019).

The loans will be used to accelerate the rebuild of the Australian business through strengthening of the sales and product team; introduction of the Company's Premium Lead Generation products & identified product development opportunities; and assisting the Company with its cashflow management needs, and for working capital purposes. The loans are repayable on 15 December 2021 and attract interest at the rate equal to the Corporate Overdraft Reference Rate (currently 8.71%) plus 5% per annum.

The directors believe the Group is in a stable financial position to expand and grow its current operations being able to fund future operations through share issues, debt instruments, control of costs and the continued commercialisation of its business-to-business activities.

Bank debt has reduced further during FY2019.

The circa $1.75m of annualised cost savings (see ASX AGM Presentation 30 November 2018) have continued to be progressively realised.

Significant Changes in State of Affairs

During the financial year there were no significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Legal Update

As announced in the Company's 2018 annual statutory accounts (refer Post Balance Date events and Note 29) contained within the 2018 Annual Report and Market Update 30 November 2018, the Company advised that it had commenced legal action in the Federal Court against the vendors (and associated parties) of C2B Solutions Pty Limited in relation to the acquisition of that company by Impelus (IMS).

The Company reached a settlement with the vendors which is favourable to IMS.

The Company is continuing to vigorously pursue related claims against other associated parties and will continue to keep shareholders updated. (ASX announcement 5 April 2018)

As of the date of this report the Company continues to vigorously pursue related claims against other associated parties.

After Balance Date Events

On the 26 July 2019 the Company secured a further loan of $500,000 under a Loan Agreement with IMS Chairman Mr Brendan Birthistle. (ASX announcement 26 July 2019).

Future Developments, Prospects and Business Strategies

The Company is building out its Digital Performance Marketing (DPM) platforms and infrastructure globally. IMS has created a Digital Performance Marketing infrastructure from its offices in Australia, and the UK, and has commenced EMEA expansion with Portugal, so that its clients can utilise its proprietary and integrated partner technology, tools and data assets to seamlessly target and connect consumers to products they value, enabling them to generate high quality customer acquisitions at scale, on online and mobile devices.

Throughout FY2019:

Impelus has invested strongly in the development of its Digital Lead Generation products and technology. Results to date are encouraging with benefits already apparent. An internal product and systems review identified the measures necessary to increase digital lead delivery capacity in order to service more clients and grow revenue. The Impelus operations and sales team has been strengthened and reporting systems improved.

The objectives of the work, in line with the Company's strategy, include:

- Strengthen the platform for revenue generation through expansion of lead delivery capacity.
- Increase scalability and cost base efficiency through systems automation.
- Grow marketing return on investment (MROI) and drive gross profit performance through
    - advanced reporting & analytics and;
    - integration of multiple disparate audience channels and data sources.

As a result of this effort, substantial product and systems development progress has been made with heartening results gradually becoming evident. This work, now being undertaken in AU, will be deployed and quickly utilised in the larger UK market.

H2 FY2019 Group EBITDA improved on H1 FY2019 satisfying our stated expectation of steady and gradual improvement. We aspire to accelerate the improvements. Much remains to be done, however.

Soft sales revenue in Australia in Q1 FY2020 continues to put pressure on cash resources. As announced additional loan funding has been put in place to assist the Company in overcoming this problem.

The sales pipeline in AU, as well as in the UK, is improving.

The UK business has continued its profitable performance. Additional EMEA Premium Lead Generation trials have been secured including launching in the new territory Portugal with positive early results. Other EMEA expansion territories have also been identified. The AU business has recently received several new orders, which although small initially, show strong indications for growth in the intermediate term.

Bank debt has reduced further during FY2019.

The circa $1.75m of annualised cost savings (see ASX AGM Presentation 30 November 2018) have continued to be progressively realised.

The significant product and IT systems development work currently underway is progressing well and has already improved some margins and increased efficiencies with further improvement expected.

The Company believes the future benefits of this and the increasing business development activity will start to flow during H1 FY2020.

Outlook

Impelus is now well advanced in establishing itself with a platform to grow as a digital-led customer generation business underpinned by the very best technology platforms.

Digital marketing industry expenditures are forecast for continued growth. Generating leads and lead generation return on investment (ROI) are major challenges across business sectors globally.

Impelus intends to harness this growth through its products, technology and agility. The Company believes its strategy is well-founded and that its team possesses the persistence and grit to complete the job.

In FY2020 the Company will focus on the further development and on building scale of its higher value lead generation capability. The significant product and IT systems development work currently underway is progressing well and has already improved some margins and increased efficiencies with further improvement expected.

The Company will increase its investment in the growth and development of the new DPM assets throughout FY2020, given they are expected to generate higher average revenue per transaction, and stronger global demand is anticipated, and will lessen activity on lower value, lower average revenue per transaction products where there is stronger demand in the UK market than in the Australian market.

The UK operations have a strong base of valuable Company-owned publishing properties (websites). These sites generate large amounts of quality consented consumer data and supply large volumes of Digital Leads for UK clients every month. New developments in this area are expanding the UK operations revenue generation capacity and will enable it to service a broader range of clients.

EMEA expansion has commenced with lead generation trials in Portugal with positive early results. This has been achieved without any in territory infrastructure cost. A number of EMEA territories have been identified for further expansion that can be managed from the Company's UK office.

Environmental Issues

The consolidated entity's operations are not affected by any significant environmental regulation under the law of the Commonwealth or the State. To the extent that any environmental regulations may have an incidental impact on the consolidated Group's operations, the directors of the Company and its controlled entities are not aware of any breach by the Company and its controlled entities of those regulations.

Dividends

There have been no dividends paid or declared since the beginning of the financial year, and the directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2019.

Share Based Payments

There have been no share-based payments in the financial year ending 30 June 2019.

Remuneration Report

The Remuneration Report forms part of the Directors' Report and outlines the remuneration arrangements for executives and employees of Impelus Limited, including key management personnel in accordance with relevant accounting standards and *Section 300A of the Corporations Act*.

The remuneration policy of Impelus Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering short term incentives and long-term incentives based on key performance areas affecting the consolidated Group's financial results. The Board of Impelus Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated Group, as well as create goal congruence between directors, executives and shareholders.

Remuneration of directors and executives is reviewed by the Remuneration Committee in accordance with its Charter. The Remuneration Committee makes recommendations to the board on the following:

- Executive remuneration and incentive policies;
- Ensuring policy allows the Company to recruit and retain suitably qualified executives;
- Remuneration framework for directors;
- Aligning the interests of key employees to the long-term interests of shareholders; and
- Demonstrate a clear relationship between key executive performance and remuneration.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated Group's revenue, profits, shareholders' value as well as personal goals. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

Two methods have been applied to achieve this aim, the first being a performance-based STI bonus based on key performance indicators, and the second being the LTI issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy is effective in positioning itself for future growth.

The following table shows the revenue and earnings for the last five years for the listed entity, as well as the share prices at the end of the respective financial years.

	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019
Revenue $	33,015,922	60,563,131	52,555,202	25,510,096	12,074,388
EBITDA $	5,097,767	9,495,954	5,394,573	4,551,844	70,860
Net profit / (loss) after tax	3,045,554	4,916,116	1,595,677	(29,010,946)	(12,271,242)
Share price (cents)	24.5	30.5	5.05	1.7	0.7

The Company's performance over the last five years is set out in the table above.

The Company has been working through a substantial restructure and shift in focus due to external factors beyond its control. It has made significant progress in resolving a number of operational challenges and in developing its position to take advantage of the growing market opportunity of enabling the acquisition of customers at scale on online and mobile devices through Digital Performance Marketing (**DPM**).

In the opinion of the board, this can be attributed, in part, to the previously described remuneration policy. The Group's operations are building a stronger platform for growth.

Achieving long term sustainable profitable growth provides the platform to further increase shareholder wealth in the future.

Table of Employment Details of Members of Key Management Personnel

Senior management, the board and previous company secretary of Impelus who have volunteered to take pay reductions (board & company secretary 10%, senior management 15%), and incoming chairman Brendan Birthistle who has volunteered initial remuneration of zero, all in support of the Company.

No STI bonuses were awarded to key management personnel for FY 2019 despite the high performance of the key executives in guiding the Company through a major and complex restructuring process and shift in focus as, due to the impacts from external factors on the carrier billing operations, revenue and EBITDA for FY 2019 was lower than FY 2018

No Options were issued during FY 2019 to key management personnel or staff.

Name	**Neil Wiles**	**Simon Allison**
Position held 30 June 2017 18 July 2017	 Managing Director. Appointed Executive Director	 Chief Finance Officer.
Contract details	Four years and 7 months from the 4 November 2014. May be extended by mutual agreement.	Appointment continued until date the employment is terminated pursuant to the terms of the agreement.
Notice period	12 months.	3 months.
Total base salary	$390,000* Current base salary is 15% less than this by a voluntary pay reduction	$260,000* Current base salary is less than this by a voluntary pay reduction
Short term incentive	A discretional amount capped at 60% of the package and solely based on the achievement of performance criteria set annually by the Board. Refer to Remuneration Report for KPI's.	A discretional amount capped at 60% of the package and solely based on the achievement of performance criteria set annually by the Board. Refer to Remuneration Report for KPI's.
Other benefits	30 days' annual leave. Corporate parking. Life insurance policy paid for by IMS.	20 days' annual leave. Corporate parking.
Termination by company	12 months' notice or payment in lieu.	3 months' notice or payment in lieu.
Restraint	12 months' post termination.	6 months' post termination.
Interest in shares 30 June 2019	21,283,000	1,500,000
Long term incentive / options	Nil	Nil

Director and Executive Remuneration

Senior management, the board and previous company secretary of Impelus who have volunteered to take pay reductions (board & company secretary 10%, senior management 15%), and incoming chairman Brendan Birthistle who has volunteered initial remuneration of zero, all in support of the Company.

The following table of benefits and payments detail, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated Group and, to the extent different, the five group executives and five company executives receiving the highest remuneration:

2019	Short-term Benefits			Post-employment Benefits	Termination Payment	Equity-Settle Share-based Payments		Total $
	Salary & Fees & Leave $	Bonus $	Non-Monetary $	Super-annuation $		Shares $	Options $	
Non-Exec Directors								
Brendan Birthistle (1)	-	-	-	-	-	-	-	-
David Haines (3)	54,166	-	-	5,136	-	-	-	59,302
Ian Elliot (2)	24,675	-	-	2,344	-	-	-	27,019
Executives								
Neil Wiles	341,802	-	40,795^	20,531	-	-	-	403,128
Simon Allison	217,024	-	-	20,531	-	-	-	237,555
	637,667	**-**	**40,795^**	**48,542**	**-**	**-**	**-**	**727,004**

(1) Brendan Birthistle was appointed as a director on the 19 November 2018 and as Chairman on the 30 November 2019. Mr Birthistle has elected to forgo any remuneration for the first 12 months.

(2) Ian Elliot resigned as Chairman and non-executive director on the 9 November 2018 due to changes in personal circumstances.

(3) Mr Haines was appointed as interim Chairman from the 9 November 2018 to the 30 November 2018.

(4) ^ Non-Monetary includes keyman and income protection insurance payments on behalf of and in the interest of the Company.

2018	Short-term Benefits			Post-employment Benefits	Termination Payment	Equity-settle Share-based Payments		Total $
	Salary & Fees & Leave $	Bonus $	Non-Monetary $	Super-annuation $		Shares $	Options $	
Non-Exec Directors								
Drew Kelton (5)	71,530	-	-	6,795	-	-	-	78,325
David Haines	60,000	-	-	5,700	-	-	-	65,700
Ian Elliot	40,482	-	-	3,846	-	-	-	44,328
Chris Thorpe	53,449	-	-	3,341	267,364	-	-	324,154
Executives								
Neil Wiles	419,679	-	40,283	20,049	-	-	-	480,011
Simon Allison	299,752	-	-	20,049	-	-	-	319,801
	944,892	**-**	**40,283**	**59,780**	**267,364**	**-**	**-**	**1,312,319**

(5) Mr Kelton resigned as Director on 29 June 2018 to take on a full-time role elsewhere

Short Term Incentive Plan – Cash Bonuses

The Company has in place short term incentive plans. Key management are entitled to a short-term cash incentive based on performance criteria as determined by and at the discretion of the board. The metrics for the short-term incentive plans relate to EBITDA performance and personal goals.

The performance criteria must be met within the financial year for the bonus entitlement to be realised.

For FY 2019 there was no STI incentive plan.

Incentive Payment Determination

The short-term incentive plan for FY 2019 provides for the board to apply at its discretion an adjusted multiplier to the incentive base of each incentive plan participant, based on overall performance, of between 0 and 1.5.

For FY 2019 there was no STI incentive plan.

Bonuses for FY 2019

No STI bonuses were awarded for FY 2019, despite the high performance of the key executives in difficult operating conditions, as due to the impacts from external factors on the carrier billing operations, and the performance marketing operations revenue and EBITDA for FY 2019 was lower than FY 2018. The board acknowledges the outstanding dedication, commitment and work rate of the key executives to improve the Company's performance under the considerable pressure of its challenging business environment.

Share Options

Long term incentive plan – share options.

There were no options issued to staff during financial year ending 2019.

Share options granted to executives during the financial year.

There were no options granted to employees during the financial year.

Share options granted to other parties during the financial year.

There were no options granted to other parties during the financial year.

Share Options on Issue at Year End

Details of un-issued shares under option at the date of this report are:

Grant Date	Date of Expiry	Exercise Price (cents)	Number Under Option
6-Jun-18	6-Jun-20	3.700	2,000,000
			2,000,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. There have been no unissued shares or interests in options of any controlled entity within the Group during or since the end of the reporting period. For details of options issued to directors and executives as remuneration, refer to the remuneration report. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Meetings of Directors

During the financial year, 23 meetings of directors (plus committees of directors) were held. Attendances by each director during the year were as follows:

Directors	Directors' Meetings		Audit Committee		Nominations & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Brendan Birthislte	6	6	2	1	1	1
Ian Elliot	5	5	2	1	1	1
David Haines	10	10	2	2	1	1
Maureen Smith	1	1	2	1	-	-
Neil Wiles	10	10	2	2	-	-

Proceedings on Behalf of Company

As announced in the Company's 2018 annual statutory accounts (refer Post Balance Date events and Note 29) contained within the 2018 Annual Report and Market Update 30 November 2018, the Company advised that it had commenced legal action in the Federal Court against the vendors (and associated parties) of C2B Solutions Pty Limited in relation to the acquisition of that company by Impelus (IMS).

The Company reached a settlement with the vendors which is favourable to IMS.

The Company is continuing to vigorously pursue related claims against other associated parties and will continue to keep shareholders updated. (ASX announcement 5 April 2018)

As of the date of this report the Company continues to vigorously pursue related claims against other associated parties.

Other than the above mentioned there are no other proceedings on behalf of the Company at reporting date.

Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named in this report), the company secretary and all executive officers of the Company against a liability incurred as a director, secretary or executive officer 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.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate of the Company against a liability incurred as such an officer or auditor.

Non-Audit Services

The Board of Directors is satisfied that the general standard of independence for auditors imposed by the *Corporations Act* has been met. No non-audit services were performed during the financial year to 30 June 2019.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 18 of this Report.

This report of directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Neil Wiles
Managing Director & CEO
30 August 2019

IMPELUS LIMITED ABN 24 089 805 416
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IMPELUS LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd
MNSA Pty Ltd

Sam Danieli
Sydney
Dated this 30th day of August 2019

MNSA Pty Ltd
ABN 59 133 605 400

Level 1, 283 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001

Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2019

	Notes	Consolidated Group 2019 $	2018 $
Continuing Operations			
Revenue from Continuing Operations rendered	3	12,074,388	25,510,096
Cost of sales		(6,472,566)	(8,365,883)
		5,601,822	17,144,213
Interest income	3	17,576	11,389
Service providers and commissions		(40,799)	(857,957)
Administration expenses		(62,087)	(225,956)
Advertising and marketing expenses		-	(464,867)
Finance costs		(426,109)	(325,432)
Depreciation and amortisation expense		(4,198,266)	(4,180,167)
Impairment of intangible assets		(3,186,007)	(2,221,675)
Impairment of Goodwill	14	(2,500,000)	(21,746,453)
Impairment for Debtors	10	(820,000)	(822,000)
Employee benefits expense	4	(3,335,325)	(7,431,128)
Legal expenses	4	(322,258)	(265,375)
Occupancy expenses		(84,647)	(529,526)
Operational expenses		(899,676)	(1,502,489)
Other expenses from ordinary activities		(825,036)	(417,302)
(Loss) before income tax		(11,080,812)	(23,834,725)
Income Tax benefit	5	363,049	788,525
Net (loss) for the year		(10,717,763)	(23,046,200)
Discontinued Operations			
Net (Loss) from Discontinued Operations after tax	13	(1,553,895)	(5,678,926)
Net (Loss) for the year		(12,271,658)	(28,725,126)
Other comprehensive income			
Exchange differences on translating foreign operations		416	(285,820)
Income tax relating to other comprehensive income		416	(285,820)
Other comprehensive (Loss) net of tax			
Total comprehensive (Loss) for the year		(12,271,242)	(29,010,946)
Basic Loss per share (cents per share)	8	(0.02)	(0.05)
Diluted Loss per share (cents per share)	8	(0.02)	(0.05)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 30 June 2019

	Notes	Consolidated Group 2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,206,701	3,334,276
Trade and other receivables	10	2,316,581	3,460,156
Other assets	11	1,350,934	3,043,733
Income tax receivable		74,748	-
TOTAL CURRENT ASSETS		4,948,964	9,838,165
NON-CURRENT ASSETS			
Trade and other receivables	10	252,992	252,992
Plant and equipment	17	499,695	822,649
Deferred tax assets	20	-	572,219
Intangible assets	15	6,670,800	10,129,446
Right-of-use Assets	16	385,697	-
Goodwill	14	-	2,500,000
Other non-current assets	11	6,300	6,300
TOTAL NON-CURRENT ASSETS		7,815,484	14,283,606
TOTAL ASSETS		12,764,448	24,121,771
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	1,474,968	1,847,589
Borrowings	19	1,529,698	2,727,490
Deferred tax liabilities	20	502,485	-
Income tax payable (UK)		-	80,131
Short-term provisions	21	849,803	753,037
TOTAL CURRENT LIABILITIES		4,356,954	5,408,247
NON-CURRENT LIABILITIES			
Borrowings	19	4,362,752	4,171,790
Provisions	21	39,490	36,617
TOTAL NON-CURRENT LIABILITIES		4,402,242	4,208,407
TOTAL LIABILITIES		8,759,196	9,616,654
NET ASSETS		4,005,252	14,505,117
EQUITY			
Issued capital	22	50,227,338	48,453,838
Reserves	23	38,887	98,222
(accumulated losses)		(45,471,653)	(33,377,840)
Parent interest		4,794,572	15,174,220
Foreign currency translation reserve		(789,320)	(669,103)
TOTAL EQUITY		4,005,252	14,505,117

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 30 June 2019

	Notes	Consolidated Group 2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,011,334	25,211,591
Payments to suppliers and employees		(12,726,512)	(26,336,096)
Interest Received		17,576	11,389
Interest Paid		(384,914)	(268,395)
Income tax (Paid)		115,038	(334,723)
Net cash (used in) by operating activities	25	(1,967,478)	(1,716,234)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in acquisitions		-	(5,666,900)
Proceeds from sales of Clipp		300,000	-
Purchase of property, plant and equipment		(10,987)	(59,742)
Costs of developing softwares and performance marketing platforms		(778,943)	(708,990)
Net cash used in investing activities		(489,930)	(6,435,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan Repayment		(2,168,024)	(1,343,024)
Proceeds from borrowings		1,120,000	1,933,485
Issue of capital		1,813,500	1,823,940
Costs of issue of capital		(44,000)	-
Lease Repayment		(391,643)	
Net cash provided by financing activities		329,833	2,414,401
Net (decrease) in cash held		(2,127,575)	(5,737,465)
Cash at beginning of financial year		3,334,276	9,071,741
Cash at end of financial year	9	1,206,701	3,334,276

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2019

Consolidated Group

	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Reserve	Total Equity
	$	$	$	$	$
Balance as at 30 June 2017	46,629,898	(4,366,894)	98,222	(383,283)	41,977,943
Issued Capital	2,000,000	-	-	-	2,000,000
Loss for the year	-	(29,010,946)	-	-	(29,010,946)
Share issued costs	(176,060)	-	-	-	(176,060)
Option reserve: options issued	-	-	-	-	-
Option reserve: options expired	-	-	-	-	-
Option reserve: options converting to capital	-	-	-	-	-
Foreign exchange (loss) from OCI	-	-	-	(285,820)	(285,820)
Balance as at 30 June 2018	**48,453,838**	**(33,377,840)**	**98,222**	**(669,103)**	**14,505,117**
Issued Capital	1,817,500	-	-	-	1,817,500
Loss for the year	-	(12,271,242)	-	-	(12,271,242)
Share issued costs	(44,000)	-	-	-	(44,000)
Accumulated Adjustment for Previous Periods		177,429			177,429
Option reserve: options issued	-	-	-	-	-
Option reserve: options expired	-	-	(59,335)	-	(59,335)
Option reserve: options converting to capital	-	-	-	-	-
Foreign exchange (loss) from OCI	-	-	-	(120,217)	(120,217)
Balance as at 30 June 2019	**50,227,338**	**(45,471,653)**	**38,887**	**(789,320)**	**4,005,252**

The accompanying notes form part of these financial statements.

Note 1. Significant Accounting Policies

These consolidated financial statements and notes represent those of Impelus Limited and controlled entities (‘**Consolidated Group**’ or ‘**Group**’). The separate financial statements of the parent entity, Impelus Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 30 August 2019 by the directors of the Company.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by International Accounting Standards Board (**IASB**).

Except for cash flow information the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Fair Value which is level 3 “unobservable inputs” is determined primarily from inputs reflective of management expectations.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

A. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Impelus Limited at the end of the reporting period. A controlled entity is any entity over which Impelus Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity’s activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss. The minority interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

Note 1. Significant Accounting Policies (continued)

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. the consideration transferred;

ii. any non-controlling interest; and

iii. the acquisition date fair value of any previously held equity interest over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash- generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Note 1. Significant Accounting Policies (continued)

B. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Impelus Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation.

The head entity, Impelus Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group.

In addition to its own current and deferred tax amounts, Impelus Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Note 1. Significant Accounting Policies (continued)

C. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1.F for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Furniture and fittings	20%
Computer equipment	33%
Internet / website	33% - 67%
Software developed	25%
Software acquired through acquisitions	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 1. Significant Accounting Policies (continued)

D. Leases

The Group has decided to adopt AASB 16 and the date of initial application of AASB 16 for the Group is 1 July 2018.

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2018. The Group has chosen to apply AASB 16 applying a modified retrospective approach which means the Group is not required to restate comparative information. Instead opening equity is adjusted.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of $538,908. A preliminary assessment indicates that $538,908 of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognise a right-of-use asset of $657,954 and a corresponding lease liability of $509,357 (Principal & Interest payable) in respect of all these leases as the opening balance as at 1 July 2018.

The impact on profit or loss is to decrease Occupancy expenses by $200,963, to increase depreciation by $272,257 and to increase interest expense by $28,832. Retrospectively, the opening Accumulated Losses have been decreased by $177,429.

E. Financial Instruments

i. Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

ii. Classification and Subsequent Measurement

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are substantially measured at amortised cost using the effective interest rate method.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date (all other loans and receivables are classified as non-current assets).

iii. Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Note 1. Significant Accounting Policies (continued)

Iii. Impairment (continued)

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

iv. De-recognition

Financial assets are de-recognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

F. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

G. Intangible Assets Other Than Goodwill

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Software and product development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Note 1. Significant Accounting Policies (continued)

H. Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit and loss.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of that reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss in the period in which the operation is disposed.

I. Provisions

Provisions are recognised when the Group has legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

J. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled Compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably

Note 1. Significant Accounting Policies (continued)

Equity-settled Compensation (continued)

measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

K. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

L. Revenue

The Group adopted AASB 15 Revenue from Contract with Customers from 1 July 2018. The Group has accessed the impact of adoption of AASB 15 and due to the nature of the business model, there is no affect on revenue recognition.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Interest revenue is recognised using the effective interest rate method.

All revenue is stated net of the amount of Goods and Services Tax (**GST**).

M. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the period in which they are incurred.

N. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Note 1. Significant Accounting Policies (continued)

O. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy or makes a retrospective restatement of items in the financial statements, or when it reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

P. Critical Accounting Estimates and Judgment

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenditures is provided below. Actual results may be substantially different.

Key Estimates – Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the value-in-use calculations which incorporate various key assumptions.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

As a result of impairment testing on the carrying amount of goodwill, $2,500,000 has been impaired in the financial year ending 30 June 2019.

Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Utilisation of Tax Losses

The Group and its wholly-owned Australian subsidiaries elected to join as members of a tax consolidated group under Australiana taxation law as of 1 July 2012. Each entity in the tax consolidated group contributed tax losses to the Group. The Group has no tax losses to currently utilise.

Key Judgements – Provisions of Impairment of Receivables

A provision for impairment of $820,000 has been recognised in respect of receivables as at year ended 30 June 2019.

Q Going Concern

The financial report has been prepared on the basis of a going concern. The basis presumes that funds will be available to finance future operations and the realization of assets and settlements of liabilities will occur in the normal course of business.

As at 30 June 2019, the Group had net current assets of $592,010 (Jun 2018: $4,429,919). During the year the group cash at bank reduced by $2,127,575 (Jun 2018 reduced by $5,737,465) due to the termination of direct carrier billing AU carrier and the impact of the royal commission into banking and insurance.

The depreciation & Amortisation expenses are $4,198,266 (Jun 2018: $4,180,167).

A non-operating loss (Impairment charges) ($5,686,007) (Jun 2018: ($23,968,128) and loss on disposal of assets of ($1,515,029) have been recorded.

The ability of the Company to continue as a going concern is dependent upon increased revenue for the Australian operations, continued vigilance in relation to cost control, capital raising and subsequent support by Directors. Across the reporting period the UK operations have continued to trade well and remain cash flow positive.

The directors believe the Group will be able to pay its debts as and when they fall due and to fund near term anticipated activities due to implementing the above strategies.

The Company is also regularly considering whether it needs to undertake any fundraising initiatives in order to ensure that the Company has the financial capacity to progress its business activities at an appropriate rate.

Accordingly, in the directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, and that it is appropriate to prepare these accounts on a going concern basis.

As a result, the accounts have been prepared on the basis that the consolidated entity can meet its commitments as and when they fall due and can therefore continue business activities and can realise its assets and extinguish its liabilities in the ordinary course of business.

Note 2: Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2019 $	2018 $
Statement of Financial Position		
Assets		
Current assets	-	173,552
Total current assets	-	173,552
Non-current assets	3,527,122	7,329,912
Total non-current assets	3,527,122	7,329,912
Total assets	3,527,122	7,503,464
Liabilities		
Current liabilities	2,459,181	2,459,181
Total current liabilities	2,459,181	2,459,181
Non-current liabilities	-	-
Total non-current liabilities		
Total liabilities	2,459,181	2,459,181
Net Assets	1,067,941	5,044,283
Equity		
Issued capital	50,227,338	48,453,838
Accumulated losses	(48,694,434)	(43,003,927)
Reserve	38,887	98,222
Total Equity	1,571,791	5,548,133
Foreign currency translation reserve	(503,850)	(503,850)
Total comprehensive income	1,067,941	5,044,283

Guarantees

Impelus Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contractual Commitments

At 30 June 2019, Impelus Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

Note 3: Revenue and Other Income

	Consolidated Group 2019 $	Consolidated Group 2018 $
Revenue from continuing operations		
Sales revenue:		
Revenue from services rendered	12,074,388	25,510,096
Interest received:		
Other persons	17,576	11,389
Total revenue	12,091,964	25,521,485

Note 4. Profit / (Loss) for the Year

	Consolidated Group 2019 $	Consolidated Group 2018 $
A. Expenses		
Borrowing expenses:		
Interest expense	461,853	325,432
Total borrowing expense	461,853	325,432
Legal expenses:		
Legal fees	322,258	265,375
Total legal expenses	322,258	265,375
Amortisation and impairment of intangible assets:		
Software and website development	3,593,852	3,774,393
Impairment of intangible assets	6,583,739	29,571,285
Total amortisation and impairment	10,177,591	33,345,678
Depreciation of non-current assets:		
Computer equipment	59,519	114,316
Furniture and fixtures	89,886	109,586
Leasehold improvements	182,752	181,873
Right-of-use Asset	272,257	-
Total depreciation	604,414	405,775
Rental expense:		
Rental expense on operating leases AU	-	463,283
Rental expense on operating leases UK	72,361	38,541
Total rental expense	72,361	501,824
Capitalised employee salaries:		
Capitalised international development	461,028	550,770
Capitalised Performance marketing platform development	317,914	-
Total capitalised employee salaries	778,942	550,770
Employee benefits expense:		
Employee benefits expense from Continuing Operations	3,246,755	7,431,128
Employee benefits expense from Discontinuing Operations	88,570	897,769
Total employee benefits expense	3,335,325	8,328,897

Note 5. Income Tax Expense

	Consolidated Group	
	2019	2018
	$	$
a. The components of income tax expense / (credit) comprise:		
Current Tax	(75,276)	64,577
Deferred Tax	(304,548)	(327,673)
Under / (Over) provision of tax from prior years	16,775	(525,429)
	(363,049)	(788,525)
b. The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense / (benefit) as follows:		
Prima facie tax on Profit / (Loss) before income tax at 27.5%	(3,549,820)	(10,760,045)
Tax effect of:		
Other non-deductible items	1,106,734	7,535,504
Other deductible items	(1,334,794)	(676,605)
Other non-allowable items	2,182,581	2,169,786
Carried forward tax losses utilised	1,520,023	-
Movements in Deferred Taxes	(304,548)	1,468,264
Movements in Deferred Taxes (Prior Year Adjustment)	-	-
Under / (Over) provision of tax from prior years	16,775	(525,429)
Income tax attributable to entity	(363,049)	(788,525)

Note 6. Interests of Key Management Personnel (KMP)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

Short-term employee benefits	678,462	985,175
Post-employment benefits	48,542	59,780
Termination Payment	-	267,364
	727,004	1,312,319

Note 6. Interests of Key Management Personnel (KMP) (continued)

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2019	Balance at Beginning of Year	Granted as Remuneration During the Year	Other Changes During the Year	Balance at End of Year	Vested During the Year	Vested and Exercisable
Brenden Birthistle	-	-	-	-	-	-
David Haines	-	-	-	-	-	-
Neil Wiles	-	-	-	-	-	-
Simon Allison	-	-	-	-	-	-
	-	-	-	-	-	-
30 June 2018						
Drew Kelton	-	-	-	-	-	-
David Haines	-	-	-	-	-	-
Gavin Whyte	-	-	-	-	-	-
Chris Thorpe	3,000,000	-	(3,000,000)	-	-	-
Neil Wiles	3,000,000	-	(3,000,000)	-	-	-
Ian Elliot	-	-	-	-	-	-
Simon Allison	-	-	-	-	-	-
	6,000,000	-	(6,000,000)	-	-	-

KMP Shareholdings

The number of ordinary shares held in Impelus Limited by each key management personnel of the Group during the financial year is as follows:

30 June 2019	Balance at Beginning of the Year	Granted as Remuneration During the Year	Other Changes During the Year	Balance at End of Year
David Haines	415,000	-	150,000	565,000
Brendan Birthistle	136,922,000*	-	22,041,636	158,963,636
Neil Wiles	20,283,000	-	1,000,000	21,283,000
Simon Allison	1,500,000	-	-	1,500,000
	159,120,000	-	23,191,636	182,311,636
30 June 2018				
Drew Kelton	300,000	-	-	300,000
David Haines	415,000	-	-	415,000
Gavin Whyte	395,000	-	-	395,000
Chris Thorpe	22,176,639	-	-	22,176,639
Neil Wiles	19,533,000	-	750,000	20,283,000
Simon Allison	1,000,000	-	500,000	1,500,000
	43,819,639	-	1,250,000	45,069,639

* This is the balance as at 08 Dec 2018 as per ASX Appendix 3X Initial Director's Interest Notice

Note 6. Interests of Key Management Personnel (KMP) (continued)

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 30: Related Party Transactions. For details of loans to KMP, refer to Note 10: Trade and Other Receivables.

Note 7. Auditors' Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, it's related practices and non-related audit firms:

	Consolidated Group	
	2019	**2018**
	$	**$**
Audit Services		
Auditor's Remuneration, auditing or reviewing the financial reports:		
Group Auditors	75,000	169,196
Other non-related Auditors	4,736	20,390
	79,736	189,586

Note 8. Earnings Per Share

	Consolidated Group	
A. Reconciliation of earnings to profit or loss:	**2019**	**2018**
	$	**$**
(Loss) / Profit	(12,271,242)	(29,010,946)
(Loss) / Profit attributable to non-controlling equity interest		
Earnings used to calculate basic EPS	(12,271,242)	(29,010,946)
Earnings used in the calculation of dilutive EPS	(12,271,242)	(29,010,946)
B. Reconciliation of earnings to profit or loss from continuing operations:		
Profit from continuing operations	(10,717,347)	(23,332,020)
Profit attributable to non-controlling equity interest in respect of continuing operations		
Earnings used to calculate basic EPS from continuing operations	(10,717,347)	(23,332,020)
Earnings used in the calculation of dilutive EPS from continuing operations	(10,717,347)	(23,332,020)
C. Reconciliation of earnings to profit or loss from discontinued operations:		
Loss from discontinued operations	(1,553,895)	(5,678,926)
Loss attributable to non-controlling equity interest	-	-
Earnings used to calculate basic EPS from discontinued operations	(1,553,895)	(5,678,926)
	No.	No.
D. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	589,454,417	445,482,228
Weighted average number of dilutive options outstanding	4,012,868	8,545,479
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	593,467,285	454,027,707

Note 9. Cash and Cash Equivalents

	Consolidated Group	
	2019	**2018**
Cash at bank and in hand	918,196	3,031,373
Deposits at call	288,505	302,903
	1,206,701	3,334,276

The effective interest rate on at call bank deposits was 2.18% (2018: 2.24%).

Note 10. Trade and Other Receivables

	Consolidated Group	
	2019	**2018**
	$	**$**
Current		
Trade receivables	2,785,014	3,500,287
Provision for Doubtful Debt	-	(130,219)
Provision for impairment	(820,000)	(822,000)
	1,965,014	2,548,068
Other receivables	351,567	912,088
Trade and other receivables	2,316,581	3,460,156
Non – current		
Other receivables	252,992	252,992

Credit Risk — Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned in Note 10. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon.

Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Note 10. Trade and Other Receivables (continued)

Consolidated Group	Gross Amount $	Past Due and Impaired $	Past Due but not Impaired				Within Initial Trade Terms $
			<30 days $	31–60 days $	61–90 days $	>90 days $	
2019*							
Trade & term receivables	1,965,014	(820,000)	606,995	159,338	61,980	279,994	856,707
Other receivables	351,567	-	245,126	-	3,643	102,798	-
	2,316,581	**(820,000)**	**852,121**	**159,338**	**65,623**	**382,792**	**856,707**

* In FY 2019 an impairment charge of $820,000 has been recorded in the P&L

Consolidated Group	Gross Amount $	Past Due and Impaired $	<30 days $	31–60 days $	61–90 days $	>90 days $	Within Initial Trade Terms $
2018							
Trade & term receivables	2,548,068	(822,000)	554,884	230,792	78,404	596,049	1,087,939
Other receivables	912,088	-	137,915	52,950	-	721,223	-
	3,460,156	**(822,000)**	**692,799**	**283,742**	**78,404**	**1,317,272**	**1,087,939**

The Group nor the parent entity does not hold any financial assets with terms that have been negotiated which would otherwise be past due or impaired.

Note 11. Other Assets

	Consolidated Group	
	2019 **$**	2018 $
A. Current		
Prepayments	**1,350,934**	3,043,733
B. Non-Current		
Formation costs	**6,300**	6,300

Note 12. Controlled Entities

Controlled Entities Consolidated

Name of Entity	Country of Incorporation	Ownership Interest 2019 %	2018 %
Parent Entity:			
Impelus Limited	Australia		
Subsidiaries of Impelus Limited:			
Global One Mobile Entertainment Pty Ltd	Australia	**100**	100
Divolution Limited	Australia	**100**	100
1st Screen Pty Limited	Australia	**100**	100
6G Pty Ltd	Australia	**100**	100
Lead proof Pty Ltd (formerly 7A Pty Ltd)	Australia	**100**	100
8Z Pty Ltd	Australia	**100**	100
Convey Pty Ltd (formerly Level 3 Pty Ltd)	Australia	**100**	100
Mobipay Pty Ltd (formerly Convey Pty Ltd)	Australia	**100**	100
Convey Global Pte Ltd	Singapore	**100**	100
The Performance Factory Pty Ltd	Australia	**100**	100
C2B Solutions Pty Ltd	Australia	**100**	100
Impelus EMEA Limited (formerly Eggmobi UK Limited)	UK	**100**	100
ADDGLU Pty Ltd (formerly Vizmond Pty Ltd)	Australia	**100**	100
Vizmond Media Pty Ltd	Australia	**100**	100
Marketing Punch Limited	UK	**100**	100
Impelus APAC Pty Ltd (formerly Marketing Punch Pty Ltd)	Australia	**100**	100
Clipp Pty Ltd	Australia	**-**	97

Note 13. Assets Held for Sale and Discontinued Operations

Discontinued Operations

Clipp was sold on 22 Oct 2018.

Financial information relating to the discontinued operation to the date of sale is set out below.

The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of comprehensive income, is as follows:

	Clipp	
	30 Jun 2019	**30 Jun 2018**
Revenue	744,703	217,115
Expenses	(783,569)	(1,114,884)
(Loss) from discontinued operations before tax	(38,866)	(897,769)
Tax expense	-	-
Gain/(Loss) on disposal:		
(Loss) before tax on disposal	(1,515,029)	(4,781,157)
Total gain/(loss)	(1,515,029)	(4,781,157)
Loss for the year from discontinued operations	(1,553,895)	(5,678,926)

The net cash flows of Clipp, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	(25,789)	(799,850)
Net cash inflow/(outflow) from Financing activities	-	807,803
Net decrease in cash generated by Clipp	(25,789)	7,953

Note 14. Goodwill Update

	Consolidated Group	
	2019	2018
	$	$
Goodwill		
Goodwill on acquisitions – Performance Marketing Group	2,500,000	2,500,000
Impairment of Goodwill	(2,500,000)	-
Carrying Value at balance date	-	2,500,000

Note 15. Intangible Assets

	Consolidated Group 2019 $	2018 $
Software systems from acquisitions	8,973,654	10,877,208
Accumulated amortisation	(3,691,558)	(2,985,718)
Provision for Impairment	(1,046,972)	-
Net carrying value	4,235,124	7,891,490
Software development	12,242,778	12,121,345
Accumulated amortisation	(9,620,375)	(7,661,714)
Provision for Impairment	(186,727)	(2,221,675)
Net carrying value	2,435,676	2,237,956
Content and web development costs	74,649	74,649
Accumulated amortisation	(74,649)	(74,649)
Net carrying value	-	-
Total Intangibles	6,670,800	10,129,446

Movements in Carrying Amounts

Movement in the carrying amount for each class of intangible assets between the beginning and the end of the current year.

Consolidated Group:	**Software and Development $**	**Content & Web Development $**	**Total $**
Year ended 30 June 2018			
Balance at the beginning of the year	15,418,567	-	15,418,567
Additions: external acquired			
Software	158,220		158,220
Additions: internally developed			
Software	550,770	-	550,770
FX Difference	(2,042)	-	(2,042)
Amortisation / impairment	(5,996,069)	-	(5,996,069)
	10,129,446	**-**	**10,129,446**
Year ended 30 June 2019			
Balance at the beginning of the year	10,129,446	-	10,129,446
Additions: external acquired			
Software	-	-	-
Additions: internally developed			
Software	778,942	-	778,942
Disposals	(1,209,851)	-	(1,209,851)
FX Difference	310,860	-	310,860
Amortisation / impairment	(3,338,597)	-	(3,338,597)
	6,670,800	**-**	**6,670,800**

Note 15. Intangible Assets (Continued)

Impairment Testing for Intangible Assets

The recoverable amounts of the cash generating units were determined based on the value-in-use calculations covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the units remaining useful lives using the growth rates determined by management. The present value of the expected cash flows for this segment is determined by applying a suitable discount rate.

Management has taken into account the industry growth rates and the relative likely competitive pressures on the sector, and a range of market growth rates for FY 2019. Management has assumed expenses grow by 5% year on year. The discount rate is based on the WACC for the Company.

Growth rates

Management assumes 5% growth for FY 2020, 5% growth for FY 2021, 5% growth for FY 2022, 5% growth for FY 2023, 5% growth for FY 2024.

Cash flow assumptions

Management's key assumptions for the businesses include a stable margin and assumed expenses growing by 5% year on year. Management believes growth will continue across FY 2020 to FY 2024 given the sectors infancy and increasing adoption rates.

Apart from the considerations described in determining the value-in-use of the cash generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Applying discount rate of 20%

Growth Rate	Cash generating unit	CGU Software	NPV of cash flow
5%	MP UK	3,955,124	6,617,467
10%	MP UK	3,955,124	7,403,934
15%	MP UK	3,955,124	8,293,408

Applying discount rate of 24%

Growth Rate	Cash generating unit	CGU Software	NPV of cash flow
5%	MP UK	3,955,124	5,973,578
10%	MP UK	3,955,124	6,665,589
15%	MP UK	3,955,124	7,448,025

Note 16. Right-of-use Assets

Below table shows the depreciation schedule for Right-of-use asset, which is recognized by adopting AASB 16. The value of the asset is assessed based on lease commitment for FY19 to FY21 and an incremental borrowing rate of 6%.

	Right-of-use asset		
	Beginning Balance	Depreciation Charge	Ending Balance
Year	AUD	AUD	AUD
FY 2019	$657,954	($272,257)	$385,697
FY 2020	$385,697	($272,257)	$113,440
FY 2021	$113,440	($113,440)	-

Note 17. Plant and Equipment

	Consolidated Group 2019 $	2018 $
Computer equipment		
At cost	726,498	757,939
Accumulated depreciation	(703,168)	(674,530)
	23,330	83,409
Furniture and fittings		
At cost	562,764	569,637
Accumulated depreciation	(444,914)	(368,633)
	117,850	201,004
Leasehold improvements		
At cost	1,057,238	1,052,235
Accumulated depreciation	(698,826)	(513,999)
	358,412	538,236
Motor vehicle		
At cost	63,387	62,579
Accumulated depreciation	(63,387)	(62,579)
	-	-
Right-of-use Asset		
At cost	657,954	-
Accumulated depreciation	(272,257)	-
	385,697	-
Total plant and equipment	885,289	822,649

Movements in Carrying Amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

Consolidated Group:	Computer Equipment $	Furniture and Fittings $	Leasehold Improvements $	Motor Vehicle $	Right-of-use Asset $	Total $
Balance at 1 July 2017	181,236	307,444	750,665	42,062	-	1,281,407
Additions	18,444	2,459	28,141	10,698	-	59,742
Disposals	(1,955)	-	-	(52,760)	-	(54,715)
Depreciation expense	(114,316)	(109,586)	(181,873)	-	-	(405,775)
FX Difference	-	982	(51)	-	-	931
Adjustment	-	(295)	(58,646)	-	-	(58,941)
Balance at 30 June 2018	83,409	201,004	538,236	-	-	822,649
Balance at the beginning of year	83,409	201,004	538,236	-	-	822,649
Additions	5,854	-	5,133	-	657,954	668,941
Disposals	(5,100)	-	-	-	-	(5,100)
Depreciation expense	(59,519)	(89,886)	(182,752)	-	(272,257)	(604,414)
FX Difference	(1,314)	6,732	(2,205)	-	-	3,213
Closing value at 30 June 2019	23,330	117,850	358,412	-	385,697	885,289

Note 18. Trade and Other Payables

	Consolidated 2019 $	2018 $
Current		
Trade Payables	935,868	1,194,607
Sundry payables and accrued expenses	539,100	652,982
	1,474,968	1,847,589

Note 19. Borrowings

	2019 $	2018 $
Current		
Bank Loan - Secured	329,698	327,490
Bank Facility – Secured	1,200,000	2,400,000
	1,529,698	2,727,490
Non-current		
Bank Loan - Secured	267,752	571,790
Bank Facility - Secured	2,975,000	3,600,000
Director's Loan	1,120,000	-
	4,362,752	4,171,790

Note 20. Tax

Consolidated Group:	Opening Balance	Charged to Income	Charged to Equity	Prior Year Adjustment	Closing Balance
Deferred Tax					
Accrued Expenses	8,369	(8,369)			-
Fixed Assets	(2,744,504)	946,240			(1,798,264)
Provisions	242,201	1,007,211			1,249,412
Share issue costs	125,150	(78,783)			46,367
Losses	2,821,397	(2,821,397)			-
Tax offsets (R&D)	119,606	(119,606)			-
Balance at 30 June 2019	**572,219**	**(1,074,704)**			**(502,485)**

Deferred Tax Assets not brought to account include the following:

Capital losses:	**-**

Note 21. Provisions

Short term employee benefits:

	2019 $	2018 $
Opening balance at beginning of financial year	495,025	618,298
Additional provisions	230,019	267,471
Amounts used	(298,688)	(390,744)
Balance at end of financial year	426,356	495,025

Note 21. Provisions (continued)

Long term employee benefits:

	2019 $	2018 $
Analysis of total provisions		
Current		
Provision for employee benefits	399,929	471,271
Provision for bonus	-	64,579
Employment related ATO provision	141,480	217,187
Lease Liability - Office	308,394	-
Total	849,803	753,037
Non- current		
Provision for Employee Benefits	39,490	36,617

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

Lease Liability

	2019 $	2018 $
Lease Liability - Office	$308,394	-

Note 22. Issued Capital

	Consolidated Group 2019 $	2018 $
Ordinary shares		
692,216,518 (2018: 540,927,882) fully paid ordinary shares	50,227,338	48,453,838

	No.	No.
A. Ordinary shares		
At the beginning of the reporting period	540,927,882	442,927,645
Shares issued during the year	151,288,636	98,000,237
At reporting date	692,216,518	540,927,882

Options issued: During the financial year ending 30 June 2019: nil options were exercised at various exercise prices.

Capital raised: On the 19 November 2018 the Company entered into a Convertible Note Agreement to raise $1.5 million. This was subsequently converted to equity with shareholder approval at the AGM (30 November 2018) (114,322,000 fully paid ordinary shares at $0.011) and an EGM (22 February 2019) (22,041,636 fully paid ordinary shares at $0.011).

Note 22. Issued Capital (continued)

A. Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

B. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

C. Options

For information relating to the Impelus Limited employee option plan including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 26: Share Based Payments for Acquisition.

For information relating to share options issued to Key Management personnel during the financial year, refer to Note 6: Interests of Key Management Personnel (**KMP**).

Note 23. Reserves

	Consolidated Group	
	2019	**2018**
	$	**$**
Employee equity settled benefits		
Opening balance	48,722	48,722
Expensed during the year	-	-
Forfeited during the year	(48,722)	-
Exercised during the year	-	-
Closing balance	-	48,722
Other equity settled benefits		
Opening balance	49,500	49,500
Granted / exercised during the year	-	-
Forfeited during the year	(10,613)	-
Closing balance	38,887	49,500
At reporting date	38,887	98,222

Employee equity settled benefits reserve arises on the grant of share options to employees under the Impelus Limited Employee Share Option Plan. Amounts are transferred out of the reserve into issued capital when the options are exercised. Further information about share based payments to employees is in Note 26 to the financial statements.

Note 24. Operating Segments

A. Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and / or services provided by segment;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements.

B. Types of Products and Services by Segment

i. Performance Marketing

The Company through its DPM customer generation platforms and other infrastructure, enables businesses to acquire customers at scale. The Company utilises its proprietary and integrated partner technology, tools and data assets from its offices in the UK and Australia to seamlessly connect and engage consumers with products they value, enabling better customer generation for businesses via digital channels and devices.

ii. Direct Carrier Billing

The Company enables itself and its partners integrated customer acquisition, management and carrier billing via mobile devices. Consumers seamlessly engage with digital product and service offers and utilise carrier billing to conveniently pay for them on their mobile devices.

iii. Clipp

Clipp is a bar tab and restaurant bill payment smart phone application. The application enables customers to open a bar tab via the Clipp smart phone application to purchase food and drink through the applications powerful functionality and point of sale (POS) integration. In the 2nd Half of FY2019, the operations of Clipp were merged with the Digital Performance Marketing business.

Note 24. Operating Segments (continued)

C. Basis of Accounting for Purposes of Reporting by Operating Segments

i. Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statement of the Group.

ii. Intersegment Transactions

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is the representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment loans payable and receivable are initially recognised at the consideration received / to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

iii. Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v. Unallocated Items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- current tax liabilities;
- other financial liabilities; and
- intangible assets.

Note 24. Operating Segments (continued)

D. Segment Performance

30 June 2019	Direct Carrier Billing $	Performance Marketing $	Clipp $	Total $
REVENUE				
External sales	1,105,953	10,223,745	744,690	12,074,388
Interest revenue	8,999	8,564	13	17,576
Total segment revenue	1,114,952	10,232,309	744,703	12,091,964
Segment gross profit	1,017,486	4,493,329	11,117	**5,521,932**
Segment net profit / (loss) before tax	(299,011)	1,560,477	(38,866)	1,222,600
Reconciliation of segment result to group net profit / loss before tax				
Amounts not included in segment results but reviewed by the Board:				
Depreciation and amortisation and impairment				(12,226,173)
Unallocated items:				
Corporate charges				(1,581,981)
Net profit / (loss) before tax				**(12,634,706)**

30 June 2018	Direct Carrier Billing $	Performance Marketing $	Clipp $	Total $
REVENUE				
External sales	8,084,913	17,210,551	214,632	25,510,096
Interest revenue	7,755	1,150	2,483	11,388
Total segment revenue	8,092,668	17,211,701	217,115	25,521,484
Segment gross profit	5,996,495	9,295,560	150,361	**15,442,416**
Segment net profit / (loss) before tax	2,377,209	4,387,834	(897,769)	5,867,274
Reconciliation of segment result to group net profit / loss before tax				
Amounts not included in segment results but reviewed by the Board:				
Depreciation and amortisation and impairment				(33,751,452)
Unallocated items:				
Corporate charges				(1,915,294)
Net profit / (loss) before tax				**(29,799,472)**

Note 24. Operating Segments (continued)
E. Segment Asset

30 June 2019	**Direct Carrier Billing $**	**Performance Marketing $**	**Clipp $**	**Total $**
Segment assets	3,198,063	8,353,384	-	11,551,447
Unallocated assets:				
Cash at bank	-	-	-	918,196
Term deposit	-	-	-	288,505
Deferred tax assets	-	-	-	-
Investments	-	-	-	-
Goodwill	-	-	-	-
Other	-	-	-	6,300
Total group assets	-	-	-	**12,764,448**

30 June 2018	**Direct Carrier Billing $**	**Performance Marketing $**	**Clipp $**	**Total $**
Segment assets	4,592,491	11,366,127	1,750,359	17,708,977
Unallocated assets:				
Cash at bank	-	-	-	3,031,372
Term deposit	-	-	-	302,903
Deferred tax assets	-	-	-	572,219
Investments	-	-	-	-
Goodwill	-	-	-	2,500,000
Other	-	-	-	6,300
Total group assets	-	-	-	**24,121,771**

F. Segment Liabilities

30 June 2019	**Direct Carrier Billing $**	**Performance Marketing $**	**Clipp $**	**Total $**
Segment liabilities	598,599	915,859	-	1,514,458
Unallocated liabilities:				
Income tax payable	-	-	-	-
Deferred consideration	-	-	-	-
Short term provisions	-	-	-	849,803
Borrowings	-	-	-	5,892,450
Deferred Tax Liability	-	-	-	502,485
Total group liabilities				**8,759,196**

30 June 2018	**Direct Carrier Billing $**	**Performance Marketing $**	**Clipp $**	**Total $**
Segment liabilities	790,512	1,060,989	32,706	1,884,207
Unallocated liabilities:				
Income tax payable	-	-	-	80,131
Deferred consideration	-	-	-	-
Short term provisions	-	-	-	753,036
Borrowings	-	-	-	6,899,280
Deferred Tax Liability	-	-	-	-
Total group liabilities				**9,616,654**

Note 24. Operating Segments (continued)

G. Revenue by Geographical Region

Revenue attributable to external customers is disclosed below, based on the location of the external customer	**30 June 2019 $**	**30 June 2018 $**
Australia	5,553,542	16,866,355
Bahrain C Billing	461	4,010
New Zealand M Marketing	-	1,107,993
North America M Marketing	-	98,400
Norway C Billing	4,717	46,206
Singapore C Billing	103,024	190,058
Singapore M Marketing	-	1,730
Switzerland C Billing	159,838	222,481
United Arab Emirates C Billing	7,433	69,303
United Kingdom C Billing	659,377	1,463,401
United Kingdom M Marketing	5,585,996	5,440,159
Total revenue	12,074,388	25,510,096

H. Assets by Geographical Region

The location of segment assets by geographical location of the assets is disclosed below:	**30 June 2019 $**	**30 June 2018 $**
Australia	9,224,259	20,597,817
United Kingdom	3,517,203	3,438,769
Singapore	22,986	85,185
Total segment assets	12,764,448	24,121,771

I. Major Customers

Performance Marketing AU, Audika Australia, accounted for 15% of external revenue.

Performance Marketing UK, no one customer accounted for over 6% of external revenue.

Note 25. Cash Flow Information

A. Reconciliation of Cash Flow (used in) / from operations with profit / (loss) after income tax

	Consolidated Group	
	2019	2018
	$	$
(Loss) from ordinary activities after income tax	(12,271,242)	(29,010,946)
Non-cash flows in profit / (loss) from ordinary activities:		
Depreciation	3,943,011	4,180,167
Amortisation / impairment of intangibles		
Impairment	5,686,007	29,571,285
Loss on sale of subsidiary	1,515,029	
Share option	-	
Employee entitlements	298,688	439,132
Bad debt (Includes provision of impairment of $820,000)	907,324	550,349
Decrease / (increase) in receivables	715,273	4,364,101
Decrease / (increase) in other current assets	602,870	1,089,695
Decrease / (increase) in other assets	1,157,374	(900,585)
Increase / (decrease) in trade creditors	(602,994)	(2,198,673)
Increase / (decrease) in provisions	(3,459,392)	(2,679,295)
Increase / (decrease) in deferred consideration	-	(4,626,606)
Increase / (decrease) in tax	(459,426)	(2,494,858)
Cash flow (used in) / from operations	(1,967,478)	(1,716,234)

Note 26. Share Based Payments for Acquisition

i. The following share-based payments were made during the financial year 2019: nil.

ii. A summary of the movements of all companies' options issued is as follows:

	Number	**Weighted Average Exercise Price**
Options outstanding as at 30 June 2010	**12,850,000**	**$0.0619**
Granted	-	-
Forfeited	(200,000)	$0.0375
Exercised	-	-
Expired	(3,000,000)	$0.1128
Options outstanding as at 30 June 2011	**9,650,000**	**$0.0466**
Granted	12,800,000	$0.0203
Forfeited	-	-
Exercised	-	-
Expired	(6,650,000)	$0.0375
Options outstanding as at 30 June 2012	**15,800,000**	**$0.0295**
Granted	16,250,000	$0.0130
Forfeited	(3,000,000)	$0.0688
Exercised	-	-
Options outstanding as at 30 June 2013	**29,050,000**	$0.0393
Granted	9,225,000	$0.0224
Forfeited	-	-
Exercised	(15,200,000)	$0.0201
Options exercisable as at 30 June 2014	**23,075,000**	$0.0129
Granted	19,197,334	$0.1618
Forfeited	(550,000)	$0.0000
Exercised	(8,565,000)	$0.0258
Options exercisable as at 30 June 2015	**33,157,334**	$0.0985
Granted	17,500,000	$0.3310
Forfeited	-	-
Exercised	(6,077,500)	$0.0251
Options exercisable as at 30 June 2016	**44,579,834**	$0.1817
Granted	-	-
Forfeited	(32,759,834)	$0.2075
Exercised	(2,470,000)	$0
Options exercisable as at 30 June 2017	**9,350,000**	$0.1897
Granted	5,000,000	$0.0370
Forfeited	(9,350,000)	$0
Exercised	-	$0
Options exercisable as at 30 June 2018	**5,000,000**	$0.1897
Granted	-	$0
Forfeited	3,000,000	$0.39
Exercised	-	$0
Options exercisable as at 30 June 2019	**2,000,000**	$0.037

Note 27. Options

There were no options issued during the financial year.

Post Balance Date:

On the 26 July 2019 the Company secured a further loan of $500,000 under a Loan Agreement with IMS Chairman Mr Brendan Birthistle. (ASX announcement 26 July 2019).

Note 28. Dividends

	Consolidated Group	
	2019	2018
	$	$
No dividends were provided for or paid	**-**	-
Dividends franking account		
Balance of franking account at year end arising from payment of provision for income tax	779,446	779,446

The above available amounts are based on the balance of the dividend franking account at year-end, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

Note 29. After Balance Date Events

On the 26 July 2019 the Company secured a further loan of $500,000 under a Loan Agreement with IMS Chairman Mr Brendan Birthistle. (ASX announcement 26 July 2019).

Note 30. Related Party Transactions

As detailed in the Director's Report in Capital raised, loans with IMS Chairman Mr Brendan Birthistle and Connaught Consultants (Finance) Pty Ltd, a company which is controlled by IMS Chairman Mr Brendan Birthistle.

Under the Loan Agreements, the lender may request that IMS convene a meeting of shareholders to seek approval to swap the loan for convertible notes in the Company. Such convertible notes, if approved and issued, would be repayable at the same time as the loan, and attract the same rate of interest. The notes could also be converted to shares at a price equal to VWAP for the 5 trading days prior to a conversion notice being received. The directors will advise shareholders in the event that any such request is made. (ASX announcements; 7 June 2019 and 26 July 2019).

Note 31. Contingent Liabilities

There are no contingent liabilities at balance date.

Note 32. Leasing Commitments

	Consolidated Group	
	2019	2018
	$	$
Not later than one year	**477,725**	637,743
Later than one year but not later than five years	**262,843**	846,771
Minimum payments	**740,568**	1,484,514
Less: future finance charges	-	-
Present value of minimum payments	-	-
Minimum hire-purchase payments	-	-

Note 33. Financial Risk Management

The Group does not engage in any significant transactions that are speculative in nature. The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to and from subsidiaries.

The Board of Directors monitor and manage financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counter party credit risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets while minimising potential adverse effects on financial performance. The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

A. Interest Rate Risk

The consolidated Group's exposure to interest rate risk which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated Group	Weighted Average Interest Rate %	Non-interest Bearing $	Fixed Interest Rate Maturing		Floating Interest Rate $	Total $
			1 Year or Less $	1 to 5 Years $		
2019						
Financial assets:						
Cash and cash equivalents	2.09		288,506	-	918,195	1,206,701
Income tax payable	-	74,747	-	-	-	74,747
Trade and other receivables		2,569,573	-	-		2,569,573
		2,644,320	288,506	-	918,196	3,851,021
Financial liabilities:						
Trade and other payables	-	1,474,968	-	-	-	1,474,968
Deferred consideration	-	-	-	-	-	-
Borrowings - External	5.42	-	1,529,698	3,242,752	-	4,772,450
Borrowings - Internal	13.75	-	-	1,120,000	-	1,120,000
		1,474,968	1,529,698	4,362,752	-	7,367,418

	Weighted Average Interest Rate %	Non-interest Bearing $	Fixed Interest Rate Maturing		Floating Interest Rate $	Total $
			1 Year or Less $	1 to 5 Years $		
2018						
Financial assets:						
Cash and cash equivalents	2.18		302,903	-	3,031,372	3,334,275
Trade and other receivables		3,713,149	-	-		3,713,149
		3,713,149	302,903	-	3,031,372	7,047,424
Financial liabilities:						
Trade and other payables	-	1,847,589	-	-	-	1,847,589
Income tax payable	-	80,131	-	-	-	80,131
Deferred consideration	-	-	-	-	-	-
Borrowings	5.42	-	2,727,490	4,171,790	-	6,899,280
		1,927,720	2,727,490	4,171,790	-	8,827,000

B. Credit Risk

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

C. Net Fair Values

The carrying value of financial assets and financial liabilities recorded in the statement of financial position approximates their respective net fair values. Fair values are determined by reference to standard terms and conditions, quoted market prices, where available, or discounting expected future cash flows.

Note 33. Financial Risk Management (continued)

D. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Consolidated Group	**Within 1 Year**		**1 to 5 Years**		**Total**	
Financial liabilities due for payment	**2019 $**	2018 $	**2019 $**	2018 $	**2019 $**	2018 $
Loans	-	-	-	-	-	-
Trade and other payables	1,474,968	1,847,589	-	-	1,474,968	1,847,589
Deferred consideration	-	-	-	-	-	-
Income tax payable	(74,747)	80,131	-	-	(74,747)	80,131
Borrowings – External	1,529,698	2,727,490	3,242,752	4,171,790	4,772,450	6,899,280
Borrowings - Internal	-	-	1,120,000	-	1,120,000	-
Total contractual outflows	2,929,919	4,655,210	4,362,752	4,171,790	7,292,671	8,827,000
Financial assets – cash flows realisable						
Cash & cash equivalents	1,206,701	3,334,276	-	-	1,206,701	3,334,276
Trade & loan receivables	2,316,581	3,460,156	252,992	252,992	2,569,573	3,713,148
Total anticipated inflows	3,523,282	6,794,432	252,992	252,992	3,776,274	7,047,424
Net (outflows) / inflows on financial instruments	593,363	2,139,222	(4,109,760)	(3,918,798)	(3,516,397)	(1,779,576)

E. Market Risk

i. Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings.

ii. Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies which the Group holds financial instruments which are other than the AUD functional currency of the Group. With instruments being held overseas by overseas operations, fluctuations in the US dollar and UK pound sterling may impact on the Group's financial results.

Directors' Declaration

The directors of the Company declare that:

A. the financial statements and notes, as set out on pages 19 to 58, are in accordance with the *Corporations Act 2001* and:

   i. comply with Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (**IFRS**); and

   ii. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated Group;

B. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

C. the directors have been given the declarations required by *s295A of the Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

At the date of this declaration, there are reasonable grounds to believe that the members of the Group will be able to meet any obligations or liabilities to which they may become subject.

Neil Wiles
CEO Executive Director
30 August 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IMPELUS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Impelus Limited (the Company) and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion:

(a) the 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 2019 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are independent of the Group in accordance with 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.

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Emphasis of Matter Related to Going Concern

Without qualifying our opinion, we draw your attention to Note 1Q, "Going Concern" in the Financial Report. The conditions disclosed in Note 1Q, may cast doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report.

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 of 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.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Revenue recognition – accuracy of revenue recorded given the complexity of systems Revenue represents a material balance consisting of a high volume of individually low value transactions and we have identified the following types of transactions and assertions related to revenue recognition which give rise to key risks: • the completeness of revenue recorded as a result of the reliance on output of the billing systems; • the accuracy and completeness of revenue recognised on transactions which are outside the normal billing process, which by their nature carry a higher level of management judgement; and • the accuracy and completeness of costs of sales is recognised on sales, where the costs of suppliers and service providers are not charged to the business on a regular basis or are delayed. Refer to note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty).	In responding to this area of focus, our audit approach included controls testing and substantive procedures covering, in particular: • testing the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams; • testing the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing included validating material journals processed between the billing system and general ledger; • performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to enterprise customer bills; • testing cash receipts for a sample of customers back to the customer invoice or direct carrier biller invoices; and • testing the assumptions and comparing actuals of costs of sales. We also considered the application of the Group's accounting policies to amounts billed and the accounting implications of services and products, to check that Group accounting policies were appropriate for these and were followed. Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Capitalisation of Software Development and asset lives There are a number of areas where management judgement impacts the carrying value of software intangible assets and their respective amortisation profiles. These include: • the decision to capitalise or expense costs; • the annual asset life review including the impact of changes in the Group's strategy; and • the timeliness of the transfer from assets in the course of development. Refer to note 1 – Basis of preparation (Critical accounting judgements and key sources of estimation uncertainty). Refer Intangible assets note 15.	We tested controls in place over the software development cycle, evaluated the appropriateness of capitalisation policies, performed tests of details on costs capitalised and assessed the timeliness of the transfer of assets in the course of development. There were no exceptions noted from our testing. Our detailed testing on the application of the asset life review identified no issues. In performing these procedures, we challenged the judgements made by management including: • the nature of underlying costs capitalised as part of the cost of the software delivery platforms; • the appropriateness of asset lives applied in the calculation of amortisation; and • in assessing the need for accelerated amortisation or impairment of the groups Direct Carrier Billing (mobile billing) platform. No significant issues were noted from our testing.
Going Concern Following operating losses and cash flow deficits, there is a heightened degree of judgement as to the group's ability to continue as a going concern through the assessment period. Accordingly, we considered the appropriateness of the going concern assumption, the question as to whether there is a material uncertainty and the adequacy of management's disclosure to be a key risk.	We have challenged the key assumptions in management's forecast cash flows for the next 12 months (base case and downside possibilities) by: • comparing the cash flow forecasts with the Board approved budget, and obtaining explanations for any significant differences; • ensuring consistency between the forecasts in the group going concern model and those used in the asset value-in-use calculations for impairment assessment purposes; • assessing the historical accuracy of forecasts prepared by management; • testing the mechanical accuracy of the model used; • performing stress tests for a range of reasonably possible scenarios on management's cash flow for the going concern period; • challenging management's plans for mitigating any identified exposures, obtain additional sources of Financing; and

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- considering whether the disclosures relating to going concern referred to in the basis of preparation section of the accounting policies are balanced, proportionate and clear.

Our concerns and reference to managements responses and proposed actions in regard to Going Concern are included above under **Emphasis of Matter Related to Going Concern.**

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Other Information

The directors of Impelus Limited are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 (including the Australian Accounting Interpretations) 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements comply with *International Financial Reporting Standards.*

In preparing the financial report, the directors are responsible for assessing the Group's ability 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 Company or to cease operations, or have 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 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 16 of the directors' report for the year ended 30 June 2019.

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In our opinion the remuneration report of Impelus Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Impelus Limited 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.

Name of Firm: MNSA Pty Ltd
Chartered Accountants

MNSA Pty Ltd

Name of Auditor:

Sam Danieli

Address: Level 1, 283 George Street, Sydney NSW 2000

Dated this **30th day of August 2019**