

Pacific
Knowledge
Systems



Better has no limit

ASX Appendix 4D and Interim Report

PKS Holdings Limited

Six months ended 31 December 2020

Achieving Tangible Outcomes

“RippleDown really enhances our service. We are now able to deliver a highly customised service to GPs with better quality information that they use to treat their patents more effectively.”

Lancet Laboratories, South Africa

“All these strategies deployed over a period of 21 months has reduced our debt to \$2.3 million (from \$7.1 million). Besides tremendous teamwork, I credit our success to PKS. I really consider PKS as our saviour.”

South East Area Laboratory Service, Australia

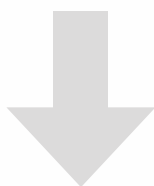
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Our products support health services make the best decisions

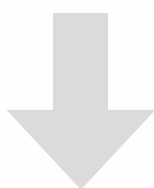
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Data



Insight



Action

Data Quality

codexpertTM

Q Coding PlatformTM

Classifying clinical data

Clinical Quality
& Safety

picq[®]

PERFORMANCE INDICATORS
FOR CODING QUALITY

Auditing the quality
of clinical data

High value
healthcare

risqTM

RELATIVE INDICATORS
FOR SAFETY AND QUALITY

Benchmarking best practice
in clinical outcomes

Evidence-based
decisions

RippleDown[®]

Real-time clinical decision support



“Despite the impact of the pandemic, our total recurring revenue on a pro-forma basis has grown by more than 20%.”

Michael Hill



Chairman's Report

Dear Shareholder,

Better information empowers better healthcare.

In the first six months of this year, we have had the privilege of supporting health services around the world with our information and knowledge management services to improve health outcomes while they face the unprecedented pressures of COVID-19.

Despite the impact of the pandemic, PKS reports strong top-line growth with group reported revenue increasing by 97% to \$3.73m. Our total recurring revenue on a pro-forma basis has grown by more than 20% and ARR (annualised recurring revenue) has increased by 23%.

Operational EBITDA remains strong at c 40% with a cash balance of \$3.4m and no debt.

During the first half, PKS has demonstrated its ability to win new business – in Saudi Arabia it has won a major tender to run a national data quality audit and in Australia secured a contract with SA Pathology.

To lead the next phase of growth, PKS is fortunate enough to have retained the services of Tim Kelsey as CEO after an international search. Tim started in the role in December.

He has had a distinguished career in health technology as an entrepreneur and, more recently, a public service leader. Until last year he was the inaugural CEO of the Australian Digital Health Agency and before that National Director for Patients and Information in NHS England, where he had responsibility for data and digital services. Tim was also inaugural chair of the Global Digital Health Partnership in which 35 countries and the World Health Organisation participate. In 2000 Tim founded Dr Foster, one of the world's pioneers in health data analytics, and was CEO and executive chair until 2010.

The Board strongly supports Tim's growth strategy for PKS, building on the original purpose of the Pavilion Health acquisition to drive scale through integration of services. Execution of the strategy will see recurring revenues grow to more than \$50m annually. It requires accelerated investment in product, R&D and in sales and marketing capability. PKS has successfully completed a \$10m capital raise for this purpose.

On behalf of the board, we would like to thank all our existing shareholders for their support – and welcome our new shareholders. We remain committed to our mission and our growth strategy and expected continued success in the future.

I would also like to thank all PKS staff – in Australia and overseas – for their hard work, passion and commitment. PKS has a very bright future.

Yours Sincerely,



Date: 23 February 2021

Michael Hill
Chairman
Sydney

CEO's Report

Dear Shareholder,

It is a great privilege to have been appointed CEO. PKS has a unique opportunity to accelerate growth and value in Australia and around the world. It is a public company pioneering a vital public service mission: to improve quality and value in healthcare.

To realize our potential, PKS will build on its world-class core products to develop an integrated platform for information and knowledge management - providing end to end support from the moment of data classification through quality and performance benchmarking to clinical decision-making at point of care.

We should see a near term future (only two to three years away) in which health systems start to move from a world of post-discharge data classification to concurrent computer-assisted coding. This will empower real time data analysis and clinical decision support so that clinical and financial outcomes can be optimized. PKS is well suited to transform the trusted client relationships it has built over the last two decades into long term development partnerships which will support such a fundamental change in the operating model of healthcare.

Automated coding will be one of the most important data innovations in this decade: it will empower rapid improvement in the sustainability of health services and it will be the foundation stone on which genomics can enter the mainstream of clinical medicine – because it will solve the core problem of precision medicine: access to high quality real-time reference data that can support clinical interpretation of genetic variants.

Our growth strategy has three pillars:

- + rapid scale of our core services, together with new product functionality and expansion in Australian and international markets;
- + development of new complementary products and services, including near real time comprehensive benchmarking services that will support health services understand more about their financial and clinical performance;
- + acceleration in research and development to support automated coding services and the deployment of our best-in-class decision support products in clinical practice beyond pathology.

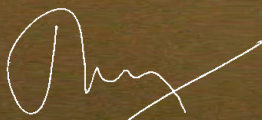
Our strong results for the first six months of the year confirm the importance of our services to clients. Recurrent revenue now accounts for 88% of the total.

I'd like to thank our customers for giving us the privilege of supporting their vital work. We aspire to help the patient and their care team make better decisions together. That's not just a clinical or economic priority. Above all, it is a human imperative.

I'd like to pay tribute to the talent and passion of the PKS team and our partners and thank our Board for their wisdom. I'd like to thank our shareholders for their support.

We are ready for growth; we have a clear strategic roadmap and an execution plan for its delivery.

Yours Sincerely,



Date: 23 February 2021

Tim Kelsey

Chief Executive Officer
Sydney

Leadership: Introducing Tim Kelsey as CEO

“Our vision is to accelerate growth by integrating PKS services into a platform that offers best in class information and knowledge management in global healthcare.”

- + International leader in digital health and former CEO of Australian Digital Health Agency (2016-20) and National Director for Patients and Information NHS England (2012-16).
- + Clear global understanding of healthcare analytics (inaugural chair of the Global Digital Health Partnership which involves more than 30 countries and the World Health Organisation).
- + Entrepreneurial experience in building analysis and publication of patient outcomes as founder and CEO of Dr Foster in the UK, named one of the countries top 10 fastest growing companies in 2006.
- + Most recently serving as Senior Vice President of HIMSS Analytics International, an organisation which measures impact of digital health programs to improve clinical, social and economic outcomes in more than 50 countries.



“The PKS solutions implemented by us have driven many improvements in health information, data management and the delivery of clinical care. The partnership is one of collaboration and innovation.”

St Vincent's Private, Australia

“

1H FY21 Highlights

“PKS has performed well in the first half of the year. Recurring revenues are ahead of expectations – confirming the importance of our services in global healthcare as it faces the unprecedented pressures of COVID. We continue to empower improved health outcomes through innovation and outstanding product design.”

Tim Kelsey – CEO

Strong revenue performance

\$3.73m

Growth of 97% comparing to
1H FY20

Operational EBITDA

\$1.46m

39% EBITDA margin in-line
with management targets

Continued Recurring Revenue growth of

21%

on 1H FY21 (pro-forma basis)

Strong Balance Sheet

\$3.4m cash

and \$0 debt

ARR (annual recurring revenue)

\$6.5m

+23% on pcp

Global customers

170+

With continued growth in
global markets to come

1H FY21 Operational Highlights



Healthscope module expansion



RippleDown contract renewals



National Health Data Audit win



Additional Executive level depth

- PKS' subsidiary, Pavilion Health, signed a strategic Software License renewal agreement with Healthscope for its RISQ™ product in July 2020
- Pavilion Health also signed a renewal agreement with Healthscope in September 2020, continuing the use of its SaaS application, PICQ®
- **Both the RISQ™ and PICQ® products will be utilised in Healthscope's ~700,000 admissions across their network of 43 hospital**
- PKS signed a new Software License and Support Agreement for RippleDown® Auditor and Expert with SA Pathology as its Clinical Decision Support Solution
- SA Pathology will use RippleDown® to assist in delivering better patient outcomes and efficiencies
- **ACT Pathology renewed its contract for an additional 10 months to 31 December 2022**
- PKS signed its largest ever single strategic consultancy agreement for a USD\$1.65 million (~AUD\$2.25 million) on 19 November 2020
- **The value of this agreement will be a material driver of revenue and earnings for PKS in FY21 and FY22**
- Agreement is expected to run over a 12-month period and will involve analysing the data of more than 270 hospitals

Key appointments include:

Tim Kelsey – Chief Executive Officer appointed in October 2020

Cassandra Chen – Finance Director appointed in September 2020

Jennifer Nobbs – Head of Advisory appointed in December 2020

“Eliminating data issues so we can focus on real preventable harm and not just noise. Easy to understand, intuitive and with data that is timely.”

Healthiscope, Australia



1. Company details

Name of entity:	PKS Holdings Limited
ABN:	42 627 071 121
Reporting period:	For the period ended 31 December 2020
Previous period:	For the period ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	96.8% to	3,729,033
Profit from ordinary activities after tax attributable to the owners of PKS Holdings Limited	down	52.7% to	96,272
Profit for the period attributable to the owners of PKS Holdings Limited	down	52.7% to	96,272

Dividends

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

Comments

The profit for the consolidated entity after providing for income tax amounted to \$96,272 (31 December 2019: \$203,734).

On 31 May 2020, PKS Holdings Limited acquired 100% of the ordinary shares of Pavilion Health Australia Pty Ltd ('Pavilion') through issuance of ordinary shares. To the extent of the acquisition, the results for the six months ended 31 December 2020 are not comparable to the results for the previous period.

For comparative purpose, the six months trading result of Pavilion has been added to the comparative period and presented as follows:

	Actual 6 months ended 31 Dec 2020 \$'000	Proforma 6 months ended 31 Dec 2019 \$'000	Actual 6 months ended 31 Dec 2019 \$'000
Subscription, License & Usage Revenue - recurring	3,053	2,500	1,714
Service Revenue - recurring	221	210	-
Consultancy & Initial license fee Revenue	455	970	181
Revenue	3,729	3,680	1,895
Staff cost	(1,609)	(1,360)	(343)
Sales and marketing costs	(20)	(42)	(9)
Technology infrastructure and Operations	(296)	(137)	(29)
General and administrative	(345)	(410)	(269)
Total OPEX	(2,270)	(1,949)	(650)
Operational EBITDA (Non-GAAP)*	1,459	1,731	1,245
Listing, one-off and acquisition expenses	(744)	(576)	(576)
Options & Performance Rights	(326)	(93)	(93)
Depreciation and amortisation	(371)	(230)	(230)
Finance cost	(1)	(4)	(4)
Profit before tax	17	828	342

*Operational EBITDA excludes listing fees, acquisition expenses, options expenses, foreign exchange gain/loss and other one-off expenses.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.86	1.91

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Australian Accounting Standards

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

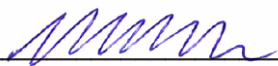
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of PKS Holdings Limited for the period ended 31 December 2020 is attached.

12. Signed

Signed  _____

Mike Hill
Chairman

Date: 23 February 2021

Directors	Michael Hill Ronald Van der Pluijm Andrew Gray Paul Williams Brad Lancken Stephen Borness
Company secretary	Maggie Niewidok
Registered office	Level 5 126 Phillip Street Sydney, NSW 2000
Principal place of business	16 Eveleigh St, Redfern NSW 2016
Share register	Automic Pty Ltd Level 5 126 Phillip Street Sydney, NSW 2000
Auditor	BDO Audit Pty Ltd
Solicitors	Automic Pty Ltd
Bankers	Commonwealth Bank of Australia
Stock exchange listing	PKS Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: PKS)
Website	www.pks.com.au

**PKS Holdings Limited
Directors' report
31 December 2020**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of PKS Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2020.

Directors

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

Michael Hill
Ronald Van der Pluijm
Andrew Gray
Paul Williams
Brad Lancken
Stephen Borness

Principal activities

The principal activity of the consolidated entity during the year was the provision of software services to the healthcare industry.

Dividends

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

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$96,272 (31 December 2019: \$203,734).

On 31 May 2020, PKS Holdings Limited acquired 100% of the ordinary shares of Pavilion Health Australia Pty Ltd through the issuance of shares. To the extent of the acquisition, the results for the six months ended 31 December 2020 are not comparable to the results for the previous period.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period

On 18 February 2021 the directors resolved to undertake a capital raise up to \$12,000,000. At the date of signing the company has received firm commitments for \$9,780,000 with the balance subject to shareholders approval, the funds will be used in product development, sales & marketing, and research.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mike Hill
Chairman

23 February 2021

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF PKS HOLDINGS LIMITED

As lead auditor for the review of PKS Holdings Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Gareth Few
Director

BDO Audit Pty Ltd

Sydney, 23 February 2021

PKS Holdings Limited
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31 December 2020

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General information

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

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

Registered office

Level 5
126 Phillip Street
Sydney, NSW 2000

Principal place of business

16 Eveleigh St
Redfern NSW 2016

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2021.

PKS Holdings Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2020



		Consolidated	
	Note	31 December 2020	31 December 2019
		\$	\$
Revenue	3	3,729,033	1,895,005
Other income		279,287	4,325
Expenses			
Employee benefits expense		(1,819,125)	(636,702)
Depreciation and amortisation expense	4	(371,370)	(229,866)
Finance costs	4	(458)	(3,682)
Sales and marketing		(20,226)	(126,547)
Occupancy		(36,622)	-
Professional fees		(521,618)	(329,369)
Share based payment expense		(326,366)	(93,397)
Consultancy, hosting and other direct costs		(631,834)	(31,545)
Other expenses		(263,832)	(106,338)
Profit before income tax benefit/(expense)		16,869	341,884
Income tax benefit/(expense)		79,403	(138,150)
Profit after income tax benefit/(expense) for the period attributable to the owners of PKS Holdings Limited		96,272	203,734
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(1,199)	-
Other comprehensive income for the period, net of tax		(1,199)	-
Total comprehensive income for the period attributable to the owners of PKS Holdings Limited		95,073	203,734
		Cents	Cents
Basic earnings per share	13	0.05	0.17
Diluted earnings per share	13	0.05	0.15

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

PKS Holdings Limited
Statement of financial position
As at 31 December 2020

		Consolidated	
		31 December	
	Note	2020	30 June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,427,941	4,204,932
Trade and other receivables	5	957,551	1,221,970
Contract assets	6	386,296	19,211
Income tax refund due		100,000	100,000
Total current assets		<u>4,871,788</u>	<u>5,546,113</u>
Non-current assets			
Property, plant and equipment		121,704	83,291
Right-of-use assets		-	41,167
Intangibles	7	26,278,058	25,663,037
Deferred tax		917,847	887,881
Total non-current assets		<u>27,317,609</u>	<u>26,675,376</u>
Total assets		<u>32,189,397</u>	<u>32,221,489</u>
Liabilities			
Current liabilities			
Trade and other payables		559,961	734,687
Contract liabilities	8	1,261,523	1,651,138
Lease liabilities		-	44,273
Income tax		-	11,220
Employee benefits		410,600	346,198
Total current liabilities		<u>2,232,084</u>	<u>2,787,516</u>
Non-current liabilities			
Deferred tax		170,117	191,853
Employee benefits		29,264	26,817
Total non-current liabilities		<u>199,381</u>	<u>218,670</u>
Total liabilities		<u>2,431,465</u>	<u>3,006,186</u>
Net assets		<u>29,757,932</u>	<u>29,215,303</u>
Equity			
Issued capital	9	29,484,725	29,363,535
Reserves	10	730,787	405,620
Accumulated losses		(457,580)	(553,852)
Total equity		<u>29,757,932</u>	<u>29,215,303</u>

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

PKS Holdings Limited
Statement of changes in equity
For the period ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	20,907,473	197,810	(932,360)	20,172,923
Adjustment for change in accounting policy due to adoption of AASB 16 Leases	-	-	(6,349)	(6,349)
Balance at 1 July 2019 - restated	20,907,473	197,810	(938,709)	20,166,574
Profit after income tax expense for the period	-	-	203,734	203,734
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	203,734	203,734
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	(79,418)	-	-	(79,418)
Share-based payments	-	93,398	-	93,398
Balance at 31 December 2019	<u>20,828,055</u>	<u>291,208</u>	<u>(734,975)</u>	<u>20,384,288</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	29,363,535	405,620	(553,852)	29,215,303
Profit after income tax benefit for the period	-	-	96,272	96,272
Other comprehensive income for the period, net of tax	-	(1,199)	-	(1,199)
Total comprehensive income for the period	-	(1,199)	96,272	95,073
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	121,190	-	-	121,190
Share-based payments	-	326,366	-	326,366
Balance at 31 December 2020	<u>29,484,725</u>	<u>730,787</u>	<u>(457,580)</u>	<u>29,757,932</u>

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

PKS Holdings Limited
Statement of cash flows
For the period ended 31 December 2020

		Consolidated	
	Note	31 December 2020	31 December 2019
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,541,359	2,114,050
Payments to suppliers and employees (inclusive of GST)		<u>(3,656,322)</u>	<u>(1,529,913)</u>
		(114,963)	584,137
Interest received		186	725
Interest and other finance costs paid		(458)	(3,682)
Grant received		277,300	-
Income taxes paid		<u>(11,219)</u>	<u>(43,060)</u>
Net cash from operating activities		<u>150,846</u>	<u>538,120</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(58,234)	(5,388)
Payments for intangibles*	7	<u>(925,330)</u>	<u>(438,163)</u>
Net cash used in investing activities		<u>(983,564)</u>	<u>(443,551)</u>
Cash flows from financing activities			
Proceeds from issue of shares	9	100,000	-
Repayment of lease liabilities		<u>(44,273)</u>	<u>(62,377)</u>
Net cash from/(used in) financing activities		<u>55,727</u>	<u>(62,377)</u>
Net (decrease)/increase in cash and cash equivalents		(776,991)	32,192
Cash and cash equivalents at the beginning of the financial period		4,204,932	4,136,342
Cash and cash equivalents at the end of the financial period		<u><u>3,427,941</u></u>	<u><u>4,168,534</u></u>

* Reclassification of payment for intangibles have been included in the prior comparative period.

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Note 2. Operating segments

The consolidated entity develops and distributes software and technology solutions to the healthcare industry.

Management has determined that the consolidated entity has no separate operating segments with discrete financial information. The change occurred during this 6 month period was a result of a change in internal reporting to the Board of Directors.

The Board of Directors are the company's Chief Operating Decision Maker (CODM). The Board of Directors review internal management reports that are consistent with the information presented in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information presented in the financial statements is what is used by the Board of Directors to make strategic decisions.

Note 3. Revenue

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Initial licence fees	47,410	66,128
License and subscription fees	1,374,134	328,858
Usage fees	1,683,401	1,385,149
Consulting, training and other fees	407,098	114,870
Service fees	216,990	-
Revenue	<u>3,729,033</u>	<u>1,895,005</u>

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Initial licence fees	License and subscription fees	Usage fees	Consulting, training and other fees	Service fees	Total
Consolidated - 31 December 2020	\$	\$	\$	\$	\$	\$
<i>Sales channels</i>						
Direct customers	-	1,232,990	1,450,985	405,785	216,990	3,306,750
Global partners	47,410	141,144	232,416	1,313	-	422,283
	<u>47,410</u>	<u>1,374,134</u>	<u>1,683,401</u>	<u>407,098</u>	<u>216,990</u>	<u>3,729,033</u>
<i>Geographical regions</i>						
Australia	6,737	916,764	985,339	115,785	216,990	2,241,615
Europe	27,067	178,500	151,040	-	-	356,607
Rest of the world	13,606	278,870	547,022	291,313	-	1,130,811
	<u>47,410</u>	<u>1,374,134</u>	<u>1,683,401</u>	<u>407,098</u>	<u>216,990</u>	<u>3,729,033</u>
<i>Timing of revenue recognition</i>						
Revenue recognised at a point in time	47,410	-	-	-	-	47,410
Services transferred over time	-	1,374,134	1,683,401	407,098	216,990	3,681,623
	<u>47,410</u>	<u>1,374,134</u>	<u>1,683,401</u>	<u>407,098</u>	<u>216,990</u>	<u>3,729,033</u>
	Initial licence fees	License and subscription fees	Usage fees	Consulting, training and other fees	Service fees	Total
Consolidated - 31 December 2019	\$	\$	\$	\$	\$	\$
<i>Sales channels</i>						
Direct customers	-	168,673	1,201,551	20,379	-	1,390,603
Global partners	66,128	160,185	183,598	94,491	-	504,402
	<u>66,128</u>	<u>328,858</u>	<u>1,385,149</u>	<u>114,870</u>	<u>-</u>	<u>1,895,005</u>
<i>Geographical regions</i>						
Australia	7,422	99,216	729,895	1,390	-	837,923
Europe	44,022	180,512	99,258	10,432	-	334,224
Rest of the world	14,684	49,130	555,996	103,048	-	722,858
	<u>66,128</u>	<u>328,858</u>	<u>1,385,149</u>	<u>114,870</u>	<u>-</u>	<u>1,895,005</u>
<i>Timing of revenue recognition</i>						
Revenue recognised at a point in time	66,128	-	-	-	-	66,128
Services transferred over time	-	328,858	1,385,149	114,870	-	1,828,877
	<u>66,128</u>	<u>328,858</u>	<u>1,385,149</u>	<u>114,870</u>	<u>-</u>	<u>1,895,005</u>

Note 4. Expenses

	Consolidated 31 December 2020 \$	31 December 2019 \$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	13,089	2,376
Plant and equipment	4,571	3,071
Fixtures and fittings	2,234	2,260
Buildings right-of-use assets	41,167	62,624
Total depreciation	61,061	70,331
<i>Amortisation</i>		
Software intangibles	310,309	159,535
Total depreciation and amortisation	371,370	229,866
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	458	3,682
<i>Superannuation expense</i>		
Defined contribution superannuation expense	207,824	85,985

Note 5. Current assets - trade and other receivables

	Consolidated 31 December 2020 \$	30 June 2020 \$
Trade receivables	735,249	939,729
Less: Allowance for expected credit losses	(35,384)	(44,404)
	699,865	895,325
Other receivables	21,662	94,786
Deposits and prepayments	236,024	231,859
	957,551	1,221,970

Note 6. Current assets - contract assets

	Consolidated 31 December 2020 \$	30 June 2020 \$
Contract assets	386,296	19,211

Contract assets represent those unbilled revenue where performance obligations have been satisfied.

Note 7. Non-current assets - intangibles

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Goodwill - at cost	22,050,123	22,050,123
Software Intangible - at cost	5,003,140	4,077,810
Less: Accumulated amortisation	(775,205)	(464,896)
	<u>4,227,935</u>	<u>3,612,914</u>
	<u>26,278,058</u>	<u>25,663,037</u>

Reconciliations

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

Consolidated	Goodwill	Software Intangibles	Total
	\$	\$	\$
Balance at 1 July 2020	22,050,123	3,612,914	25,663,037
Additions	-	925,330	925,330
Amortisation expense	-	(310,309)	(310,309)
Balance at 31 December 2020	<u>22,050,123</u>	<u>4,227,935</u>	<u>26,278,058</u>

Goodwill relates to the acquisition of Pacific Knowledge Systems Pty Ltd. in May 2019 and acquisition of Pavilion Health Australia Pty Ltd. in May 2020. The identification and fair value measurement of the assets and liabilities acquired from the acquisition of Pavilion Health Australia Pty Ltd. are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about the facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised as of the date.

Goodwill is subject to impairment testing on an annual basis or whenever there is an indication of impairment. Goodwill was subjected to a full impairment testing at 30 June 2020. Development costs are subject to impairment testing whenever there is an indication of impairment. A review of indicators of impairment relating to goodwill and development costs was performed at 31 December 2020. As a result of this review, no indicators of impairment were identified that would require a full impairment test to be performed as at 31 December 2020.

Note 8. Current liabilities - contract liabilities

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Contract liabilities	<u>1,261,523</u>	<u>1,651,138</u>

Reconciliation

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

Opening balance	1,651,138	506,585
Payments received in advance	1,179,946	1,045,140
Additions through business combinations	-	1,608,090
Transfer to revenue - performance obligations satisfied during the period	(1,568,817)	(1,508,045)
Exchange rate differences	(744)	(632)
Closing balance	<u>1,261,523</u>	<u>1,651,138</u>

Note 8. Current liabilities - contract liabilities (continued)

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$1,261,653 as at 31 December 2020 (\$1,651,138 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Within 6 months	984,031	1,095,410
6 to 12 months	277,622	555,728
	<u>1,261,653</u>	<u>1,651,138</u>

Note 9. Equity - issued capital

	Consolidated			
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>187,518,543</u>	<u>186,370,231</u>	<u>29,484,725</u>	<u>29,363,535</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	186,370,231		29,363,535
Exercise of share options	22 September 2020	1,000,000	\$0.10	100,000
Issue of shares to Managing director	2 December 2020	148,312	\$0.33	48,889
Share issue transaction costs, net of tax		-	\$0.00	(27,699)
Balance	31 December 2020	<u>187,518,543</u>		<u>29,484,725</u>

Ordinary shares

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

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

Share buy-back

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

Note 10. Equity - reserves

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Foreign currency reserve	18,858	20,057
Share-based payments reserve	711,929	385,563
	<u>730,787</u>	<u>405,620</u>

Note 11. Equity - dividends

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

Note 12. Events after the reporting period

On 18 February 2021 the directors resolved to undertake a capital raise up to \$12,000,000. At the date of signing the company has received firm commitments for \$9,780,000 with the balance subject to shareholders approval, the funds will be used in product development, sales & marketing, and research.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Earnings per share

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Profit after income tax attributable to the owners of PKS Holdings Limited	<u>96,272</u>	<u>203,734</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	186,943,325	121,141,000
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>19,450,000</u>	<u>16,350,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>206,393,325</u>	<u>137,491,000</u>
	Cents	Cents
Basic earnings per share	0.05	0.17
Diluted earnings per share	0.05	0.15

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mike Hill
Chairman

23 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PKS Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of PKS Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Gareth Few', is written over a faint, stylized 'BDO' watermark.

Gareth Few
Director

Sydney, 23 February 2021



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