Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd)
Interim Financial report for the half-year ended 30 June 2013

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Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd)

Directors Report

The Directors submit herewith the interim half year financial report of the consolidated entity (referred to hereafter as the Group), consisting of Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd) and the entities it controlled at the end of, or during the half-year ended 30 June 2013.

Directors

The names of the Directors of the Company during the half-year and to the date of this report are:

Robert Matthew Barrie

Darren Williams

Simon Clausen

Directors have been in office of the Company since the start of the financial year to the date of this report.

Review of Operations

A review of operations of the Group during the half year indicated that the Group made a profit after taxation of $477,559 compared to a profit of $444,927 for the half year ended 30 June 2012. The Group has continued to reinvest strategically to achieve revenue growth, which has increased by 96% during the period. In particular, the Group has increased its customer service and engineering headcount significantly during the period, which has limited the growth in profit after taxation.

Significant Changes in State of Affairs

lo significant changes in the Group's state of affairs occurred during the half financial year.

After Balance Date Events

On 27 September 2013, the Company converted to a public company. On 1 October 2013, the Company changed its name to Freelancer Limited.

Other than as disclosed above, there are no matters or circumstances that have arisen since 30 June 2013 that have significantly affected, or may significantly affect:

- the Group's operations in the future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in the future financial affairs.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Robert Matthew Barrie
Director

Dated this 11th October 2013

Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd)

Directors' Declaration

For the half year ended 30 June 2013

The directors have determined that the Group is not a reporting entity and that this special purpose half year financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Group hereby declare that:

1. The half year financial statements and notes, as set out on pages 5 to 9 are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the half year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors opinion there are reasonable grounds to believe that the Group will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors

Robert Matthew Barrie
Director

Dated this 11th October 2013

FREELANCER LIMITED
ABN 66 141 959 042
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FREELANCER LIMITED

SYDNEY

NEWCASTLE

PARRAMATTA

PENRITH

MELBOURNE

PERTH

BRISBANE

GOLD COAST

I declare that, to the best of my knowledge and belief, during the half- year ended 30 June 2013 there have been:

(a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

(b) no contraventions of any applicable code of professional conduct in relation to the review

Hall Chadwick

Hall Chadwick
Level 29, 31 Market Street
Sydney, NSW 2000

Drew Townsend
Partner
Dated: 11 October 2013.

Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd)

Consolidated Statement of Financial Position as at 30 June 2013

	As at 30 June 2013 $	As at 31 December 2012 $
ASSETS		
Current assets		
Cash and cash equivalents	11,514,333	9,659,894
Trade and other receivables	1.883,406	1,177,629
Other current assets	264,685	165,432
Total current assets	13,662,424	11,002,955
Non-current assets		
Plant and equipment	592,685	428,006
Intangibles	7,485,476	7,485,475
Deferred tax assets	604,660	329,132
Total non-current assets	8,682,821	8,242,613
Total assets	22,345,245	19,245,568
LIABILITIES		
Current liabilities		
Trade and other payables	18,009,855	15,871,201
Provisions	504,405	277,392
Current tax liabilities	271,160	(159,776)
Total current liabilities	18,785,420	15,988,817
Non-current liabilities		
Deferred tax liabilities	-	54,307
Total non-current liabilities	-	54,307
Total liabilities	18,785,420	16,043,124
Net Assets	3,559,825	3,202,444
Equity		
Issued capital	2,924,600	2,924,600
Reserves	(119,998)	180
Retained Earnings/ (Accumulated losses)	755,223	277,664
Total Equity	3,559,825	3,202,444

The accompanying notes are an integral part of these consolidated half year financial statements.

Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd)

Consolidated Profit or Loss Statement and other Comprehensive Income for the half-year ended 30 June 2013

	Half-year ended 30 June 2013 $	Half-year ended 30 June 2012 $
Revenue	**8,452,881**	4,305,658
Foreign exchange gains (losses)	**(512,823)**	1,457
Transaction fees	**(971,401)**	(544,316)
Consultants & contractors	**(441,012)**	(192,747)
Depreciation and amortisation expenses	**(72,772)**	(32,058)
Hosting fees	**(642,094)**	(318,937)
Sales & marketing	**(574,457)**	(360,194)
Employee benefits expense	**(2,651,058)**	(1,410,101)
Occupancy	**(215,465)**	(132,748)
Travel	**(139,830)**	(144,761)
Customer support	**(1,418,979)**	(568,747)
Other expenses	**(274,610)**	(189,055)
Profit / (Loss) before income tax	**538,380**	413,451
Income tax (expense)/benefit	**(60,821)**	31,476
Profit / (Loss) for the year after tax	**477,559**	444,927
Other comprehensive income		
Loss on currency translation of foreign entities	**(120,178)**	(16,657)
Total comprehensive income attributable to the members of the Company	**357,381**	428,270

The accompanying notes are an integral part of these consolidated half year financial statements.

Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd)

Consolidated Statement of Changes in Equity for the half-year ended 30 June 2013

	Ordinary Shares	Preference Shares	(Accumulated losses)/ Retained earnings	Foreign currency translation reserve	Total
	$	$	$	$	$
Balance at 1 January 2012	372,000	2,552,600	(450,395)	(19,078)	2,455,127
Profit attributable to members of parent entity			444,927		444,927
Adjustments from translation of foreign operations				(16,657)	(16,657)
Balance at 30 June 2012	372,000	2,552,600	(5,468)	(35,735)	2,883,397
Balance at 1 January 2013	**372,000**	**2,552,600**	**277,664**	**180**	**3,202,444**
Profit attributable to members of parent entity			**477,559**		**477,559**
Adjustments from translation of foreign operations				**(120,178)**	**(120,178)**
Balance at 30 June 2013	**372,000**	**2,552,600**	**755,223**	**(119,998)**	**3,559,825**

The accompanying notes are an integral part of these consolidated half year financial statements.

Freelancer Limited (formerly known as Freelancer Holdings Pty Ltd)

Consolidated Statement of Cash Flows for the half-year ended 30 June 2013

	Half-year ended 30 Jun 2013 $	Half-year ended 30 Jun 2012 $
Cash flows from operating activities		
Receipts from customers	**7,128,445**	4,059,378
Payments to suppliers and employees	**(4,963,239)**	(2,690,977)
Interest received	**6,583**	12,112
Income tax received/(paid)	**40,280**	(26,097)
Net cash provided by operating activities	**2,212,069**	1,354,416
Cash flows from investing activities		
Purchase of intangible assets	**-**	(8,748)
Purchase of plant and equipment	**(237,452)**	(148,362)
Net cash from (used) in investing activities	**(237,452)**	(157,110)
Net increase in cash	**1,974,617**	1,197,306
Cash at the beginning of period	**9,659,894**	4,859,051
Effect of exchange rate fluctuations	**(120,178)**	(16,656)
Cash at end of half financial year	**11,514,333**	6,039,701

The accompanying notes are an integral part of these consolidated half year financial statements.

Note 1 Summary of significant accounting policies

Freelancer Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

These special purpose interim financial statements for the half-year reporting period ended 30 June 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Freelancer Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest half year financial statements of Freelancer Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2012.

(a) Accounting Policies

The accounting policies and basis for preparation of the half year financial report are consistent with those disclosed in the annual financial report for the year ended 31 December 2012.

Note 2 Contingent liabilities

A collateral amount of USD 100,000 is in place in one of the Group's PayPal accounts in favour of PayPal.

A deposit of $280,295 (30 June 2012: $211,552) is held by Globalcollect, which is one of the Group's credit card processing providers, as security for any contractual compensation arising under this agreement.

Included in cash and cash equivalents is an amount of $20,000 on term deposit, which is secured against a bank guarantee provided to American Express against corporate credit card facilities in place.

Except for the contingent liabilities listed above, there are no other contingent liabilities as at 30 June 2013.

Note 3 Events after the balance sheet date

On 27 September 2013, the Company converted to a public company. On 1 October 2013, the Company changed its name to Freelancer Limited.

Other than as disclosed above, there are no other matters or circumstances that have arisen since 30 June 2013 that have significantly affected, or may significantly affect:

- the aggregated entity's operations in the future financial years, or
- the results of those operations in future financial years, or
- the aggregated entity's state of affairs in the future financial affairs.

FREELANCER LIMITED
ABN 66 141 959 042
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
FREELANCER LIMITED

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Freelancer Limited which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half- year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Freelancer Limited's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Freelancer Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

FREELANCER LIMITED
ABN 66 141 959 042
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
FREELANCER LIMITED

Conclusion

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

a. giving a true and fair view of the Freelancer Limited financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and

b. complying with AAB 134: Interim Financial Reporting and Corporations Regulations 2001

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Hall Chadwick

Hall Chadwick
Level 29, 31 Market Street
Sydney, NSW 2000

Drew Townsend
Partner
Date: 11 October 2013