

1. Company details

Name of entity:	Crowd Media Holdings Limited
ABN:	13 083 160 909
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	33.5% to	14,009,516
Loss from ordinary activities after tax attributable to the owners of Crowd Media Holdings Limited	up	917.6% to	(2,811,723)
Loss for the half-year attributable to the owners of Crowd Media Holdings Limited	up	917.6% to	(2,811,723)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$2,811,723 (31 December 2017: \$276,314).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.92	1.40

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:

Not applicable.

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, including an emphasis of matter relating to going concern, is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of Crowd Media Holdings Limited for the half-year ended 31 December 2018 is attached.

12. Signed



Signed _____

Date: 28 February 2019

Theo Hnarakis
Chairman
Melbourne

Crowd Media Holdings Limited

(Formerly known as Crowd Mobile Limited)

ABN 13 083 160 909

Half Year Report - 31 December 2018

Crowd Media Holdings Limited
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31 December 2018



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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Crowd Media Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of Crowd Media Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Theo Hnarakis – Chairman
Domenic Carosa
Sophie Karzis

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the sale of information, entertainment, and content and utility services for mobile phones and tablets.

Review of operations

The financial results for the half-year ended 31 December 2018 and for the prior half-year ended 31 December 2017, ('pcp' or 'prior year') represents those of the Crowd Media operating entities, the Track operating entities, Crowd Media and Crowd Mobile.

Crowd Media earned revenue, interest and other income for the half-year ended 31 December 2018 of \$14,009,516 versus \$21,062,732 in the prior half-year. The net loss after tax for the year was \$2,811,723 compared with a pcp net loss after tax of \$276,314. The other comprehensive income for the year attributable to the owners of Crowd Media was \$476,837 when accounting for a foreign currency translation loss on foreign operations.

Crowd Media's net asset position at 31 December 2018 was \$2,761,877, a decrease of 41% over the 30 June 2018 balance of \$4,655,431.

	31 Dec 2018	31 Dec 2017	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Revenue	14,009,516	21,062,732	(7,053,216)	(33%)
Cost of sales	(4,126,833)	(4,513,422)	(386,589)	(9%)
Selling, general and administration expenses	(13,154,471)	(14,180,941)	(1,026,470)	(7%)
EBITDA Profit / (Loss)	(3,271,788)	2,368,369	(5,640,157)	(238%)
Interest income	1,731	1,988	(257)	(13%)
Depreciation and amortisation	(99,208)	(1,819,955)	(1,720,747)	(95%)
Finance costs	(491,460)	(652,982)	(161,522)	(25%)
Income tax benefit / (expense)	1,049,002	(173,734)	1,222,736	704%
Net Profit / (Loss) After Tax	<u>(2,811,723)</u>	<u>(276,314)</u>	<u>(2,535,409)</u>	<u>918%</u>

Notably, the Company's EBITDA and net loss includes impairment of receivables of \$1,721,042, a non-cash share-based payment charge of \$12,375, restructuring costs of \$130,364 and share issuance costs of \$131,525. When adjusting only for these effects (consistent with performance measures reported to shareholders during the year), the Underlying EBITDA for the financial year is a loss of (\$1,131,205) (pcp: \$2,750,749), a decrease of 141% versus prior year, as follows:

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Net profit / (loss) after tax (NPAT)	(2,811,723)	(276,314)
Add back: tax expense/(benefit)	(1,049,002)	173,734
Add back: finance costs	491,460	652,982
Deduct: interest income	(1,731)	(1,988)
Add back: depreciation and amortisation	99,208	1,819,955
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(3,271,788)	2,368,369
Add back: impairment of receivables	1,721,042	-
Add back: share-based payments expense	12,375	382,380
Add back: restructuring costs	130,364	-
Add back: share issuance costs	131,525	-
Effects if exchange rate changes	145,277	-
Underlying EBITDA	<u>(1,131,205)</u>	<u>2,750,749</u>

Revenue

	31 Dec 2018	31 Dec 2017	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Revenue	14,009,516	21,062,732	(7,053,216)	(33%)

For the half-year, revenue was represented by Q&A of \$9,037,574 (pcp: \$12,632,708), Subscription of \$3,688,171, (pcp: \$8,430,024) and Media of \$1,283,771.

The Q&A business encountered headwinds and produced softer than expected revenues. The Company continues to develop its Artificial Intelligence (AI) & Business Intelligence (BI) technology to help drive growth.

Billed message volumes slightly decreased from \$6.8m to \$6.5m half-year on half-year. The average revenue per paid message for the current half-year was \$1.35 compared to \$1.81 for the prior half-year. This reflects the Company's strategy of growing more strongly in lower unit economic countries, as well as a depreciating Australian dollar versus the Euro, compared to the previous corresponding period.

The Subscription business contributed consolidated revenue of \$3,688,171 and the business generally continues to be profitable. Management has tangible plans to expand the product offering in the second half of FY19, adding new and better-quality third-party content and diversifying revenue. In addition, management performs a strategic review on an ongoing basis and continues to identify cost savings and operational efficiencies for this business.

Group revenue is expected to stabilise in the second half of FY19 as a result of further growth of the Media business, continuous leverage of existing and new products into existing and new markets in both the Q&A and Subscription businesses and reducing operating expenses.

Expenses

(i) Cost of sales

For the half-year, the Group's cost of sales was \$4,126,833, or 29% of revenue (pcp: \$4,513,422 at 21%), and was represented by Q&A at \$2,310,940 (pcp: \$3,276,632) and Subscription of \$2,768,173 (pcp: \$1,236,790). The margin increase was the result of the decline in Subscription revenue, combined with stable fixed portion of the cost base and increased compliance cost, as well as the different gross profit margin model for the Media division. An improvement in the Q&A business is derived from the use of Artificial Intelligence (AI) & Business Intelligence (BI) solutions. The cost of sales as a percentage of revenue is expected to be relatively flat in FY19.

(ii) Selling, general and administration expense

For first half of FY19, the 25% decrease in Crowd Media's selling, general, and administrative expenses (which include Marketing) to \$13,154,471 is mostly due to a decrease in marketing and cost saving initiatives. Selling, general and administration expenses are expected to further decrease in line with the additional operational and employee costs savings that will materialise in the second half of the financial year. The Group will continue to invest into high growth business areas, such as digital influencer commerce.

The larger movements in expenses for FY19 versus FY18, were as follows:

	31 Dec 2018 \$	31 Dec 2017 \$	Increase/ (decrease) \$	Percentage change %
Marketing	3,990,169	6,846,126	(2,855,957)	(42%)
Employee benefits expense	4,463,218	4,086,446	376,772	9%
Product Development	125,124	558,258	(433,134)	(78%)
Share-based payments	12,375	382,380	(370,005)	(97%)
Impairment of receivables	1,721,042	-	1,721,042	-

- **Marketing:**

The consolidated marketing expense of \$3,990,169, or 28% of revenue, for the first half of FY19 was down by \$2,855,957, or 42%, versus the previous corresponding period: \$6,846,126 (33% of revenue). Q&A was \$2,927,390, or 32%, of revenue for the half-year, compared to pcp of \$3,312,778, at 26%. The digital influencer and innovation channels produced stable ROI, which offsets continuous saturation of the Facebook channels. The Subscription expense was \$920,105, or 25% of revenue, (pcp: \$3,533,348 at 42%). The Media division marketing expense was \$142,673, or 11%. Moving forward, a broadly consistent marketing cost to income ratio is expected.

- **Employee benefits expense:**

The consolidated expense increased by \$376,772, or 9%, for the first half of FY19, mostly due to an increase in headcount in the second half of FY18 and restructuring costs. Q&A for the period was \$3,450,167, almost flat versus the previous corresponding period of \$3,476,720. The Subscription expense was \$395,076 for the period, versus \$609,727 for the first half of FY18. In addition, in FY19 the Crowd Media division incurred an expense of \$617,975. At 32% of Group revenue, the employee benefits expense ratio trended upwards in FY19 compared to pcp. This ratio is expected to decrease in the second half of FY19, after further cuts in employee expenses that will be incurred during the next half-year.

- **Product development:**

In first half of FY19, the Company incurred a product development expense of \$125,124 (pcp: \$558,258), which related to internal product development costs for our digital influencer CRM and Schumacher emoji app. These costs were expensed and not capitalised. In the second half of FY19, we expect the Product Development spend to decrease in line with the Company's strategic plan and operational transition.

- **Share-based payment:**

The consolidated expense of \$12,375 for the first half of FY19 is a Directors' and staff incentive expense and is attributed to the Q&A CGU. The reduction of \$370,005, or 97%, reflects the new three-year Performance Rights issue based on updated share price and earnings per share and the cancellation of the second issue performance rights.

(iii) Depreciation and amortisation

	31 Dec 2018 \$	31 Dec 2017 \$	Increase/ (decrease) \$	Percentage change %
Depreciation	90,692	140,769	(50,077)	(36%)
Amortisation	8,516	1,679,186	(1,670,670)	(99%)
	<u>99,208</u>	<u>1,819,955</u>	<u>(1,720,747)</u>	(95%)

The half-year consolidated depreciation and amortisation expense of \$99,208 (pcp: \$1,819,955) is split between Q&A as \$35,387 (pcp: \$63,619), Subscription as \$59,092 (pcp: \$1,756,336) and Crowd Media as \$4,729 (pcp: \$nil). The decrease in the consolidated depreciation and amortisation charges in the first half of FY19 is due to the impairment of the Subscription CGU to nil at the end of FY18.

(iv) Income tax expense/(benefit)

The consolidated tax benefit for the first half of FY19 of \$1,049,002 is represented by a Q&A benefit of \$(501,106) (pcp: expense of \$503,22), a Subscription benefit of \$(370,682), (pcp: (\$329,488)) and Media benefit of \$(177,214). The material tax benefit reflects the consolidated tax loss as a result of the Group business performance.

Cash flow

The Company's net cash from operating activities for the half-year was (\$1,791,678), which was a decrease of \$4,441,175 versus the prior period (pcp: \$2,649,497). The decline reflects a decrease of receipts from customers which were \$14,073,403 and \$21,725,645, respectively. This decline was partially offset by decreased payments to suppliers and employees of \$1,801,835.

The first half of FY19 net trading receipts (excluding interest and tax cash flows) was (\$1,981,141), which is a 151% decrease over the prior year of \$3,869,266. The net cash flow from investing activities for the period was \$105,794, versus (\$169,715) in the prior year, mainly reflecting proceeds from disposal of intangibles and release of security deposits. The net cash flow from financing activities for the period was (\$393,627) versus \$62,451 in the prior year, comprised of repayments of borrowings to JGB of \$822,584, offset by proceeds from issue of shares of \$428,957.

Liquidity and Financial Position

At Crowd Media's 31 December 2018 reporting date:

- Cash and cash equivalents ('cash') were \$954,940 (30 June 2018: \$2,559,776).
- Working capital, (defined as current assets less current liabilities) decreased by \$2,659,362 to \$303,845 (30 June 2018: \$2,963,207).
- Reporting date total current and non-current borrowings ('debt') were \$2,464,958 (30 June 2018: \$3,287,542).
- Net debt (debt less cash), at 31 December 2018 was \$1,510,018, an increase of \$782,252 or 107% from \$727,766 at 30 June 2018.
- Net assets at 31 December 2018 were \$2,761,877 (30 June 2018: \$4,655,431).

The financial statements have been prepared on a going concern basis. Refer to Note 2 of the financial statements and the auditor's review report attached for further information.

Significant changes in the state of affairs

On 25 July 2018, the Company agreed to issue Performance Rights ('PRs') to employees. The three-year PRs are based on share price and earnings per share targets and the maximum number of shares that can be issued on conversion is 6,000,000.

On 25 July 2018, the Company cancelled the second issue of Performance Rights ("PRs"). The three-year PRs were issued on 14 July 2017 and were based on share price and earnings per share targets. The maximum number of shares that could be issued on conversion was 6,000,000.

On 21 December 2018, following shareholder approval, the Company changed its name from Crowd Mobile Limited to Crowd Media Holdings Limited. The new name more accurately encompasses the current and future operations of the Company. The ASX issuer code remained as CM8.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

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



A handwritten signature in blue ink, appearing to be 'TH', with a long horizontal stroke extending to the right.

Theo Hnarakis
Chairman

28 February 2019
Melbourne

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Crowd Media Holdings Limited for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to read "J S Croall".**J S CROALL**

Partner

Dated: 28 February 2019
Melbourne, Victoria

Crowd Media Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018



		Consolidated	
	Note	31 Dec 2018	31 Dec 2017
		\$	\$
Revenue			
Revenue from continuing operations	4	14,009,516	21,062,732
Cost of sales		(4,126,833)	(4,513,422)
Gross profit		9,882,683	16,549,310
Interest revenue calculated using the effective interest method		1,731	1,988
Expenses			
Marketing		(3,990,169)	(6,846,126)
Administration and other expenses		(1,549,534)	(1,186,411)
Consultants		(1,055,988)	(674,447)
Depreciation and amortisation expense		(99,208)	(1,819,955)
Employee benefits expense		(4,463,218)	(4,086,446)
Travel and accommodation		(237,021)	(446,873)
Product development		(125,124)	(558,258)
Share-based payment		(12,375)	(382,380)
Impairment of receivables		(1,721,042)	-
Finance costs		(491,460)	(652,982)
Loss before income tax (expense)/benefit		(3,860,725)	(102,580)
Income tax (expense)/benefit		1,049,002	(173,734)
Loss after income tax (expense)/benefit for the half-year attributable to the owners of Crowd Media Holdings Limited		(2,811,723)	(276,314)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		476,837	332,444
Other comprehensive income for the half-year, net of tax		476,837	332,444
Total comprehensive income for the half-year attributable to the owners of Crowd Media Holdings Limited		(2,334,886)	56,130
		Cents	Cents
Basic earnings per share	17	(1.26)	(0.12)
Diluted earnings per share	17	(1.26)	(0.12)

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

Crowd Media Holdings Limited
Statement of financial position
As at 31 December 2018



		Consolidated	
	Note	31 Dec 2018	30 Jun 2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	954,940	2,559,776
Trade and other receivables	6	2,188,987	2,392,305
Accrued income	7	3,859,013	5,427,467
Income tax refund due		-	343,949
Other	8	265,261	495,149
Total current assets		<u>7,268,201</u>	<u>11,218,646</u>
Non-current assets			
Property, plant and equipment	9	431,896	498,368
Intangibles	10	606,301	713,888
Deferred tax		1,419,835	479,968
Total non-current assets		<u>2,458,032</u>	<u>1,692,224</u>
Total assets		<u>9,726,233</u>	<u>12,910,870</u>
Liabilities			
Current liabilities			
Trade and other payables	11	3,920,018	4,780,392
Deferred revenue	12	13,157	105,101
Borrowings	13	2,464,958	3,287,542
Income tax		226,108	-
Provisions	14	340,115	82,404
Total current liabilities		<u>6,964,356</u>	<u>8,255,439</u>
Total liabilities		<u>6,964,356</u>	<u>8,255,439</u>
Net assets		<u>2,761,877</u>	<u>4,655,431</u>
Equity			
Issued capital	15	28,596,340	28,167,383
Reserves		5,228,759	4,739,547
Accumulated losses		<u>(31,063,222)</u>	<u>(28,251,499)</u>
Total equity		<u>2,761,877</u>	<u>4,655,431</u>

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

Crowd Media Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2018



Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	28,165,539	(663,174)	4,406,269	212,851	(2,210,227)	29,911,258
Loss after income tax expense for the half-year	-	-	-	-	(276,314)	(276,314)
Other comprehensive income for the half-year, net of tax	-	332,444	-	-	-	332,444
Total comprehensive income for the half-year	-	332,444	-	-	(276,314)	56,130
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	100,000	-	-	-	-	100,000
Share-based payments	-	-	382,380	-	-	382,380
Balance at 31 December 2017	<u>28,265,539</u>	<u>(330,730)</u>	<u>4,788,649</u>	<u>212,851</u>	<u>(2,486,541)</u>	<u>30,449,768</u>
Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	28,167,383	(261,953)	4,788,649	212,851	(28,251,499)	4,655,431
Loss after income tax benefit for the half-year	-	-	-	-	(2,811,723)	(2,811,723)
Other comprehensive income for the half-year, net of tax	-	476,837	-	-	-	476,837
Total comprehensive income for the half-year	-	476,837	-	-	(2,811,723)	(2,334,886)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 15)	428,957	-	-	-	-	428,957
Share-based payments	-	-	12,375	-	-	12,375
Balance at 31 December 2018	<u>28,596,340</u>	<u>214,884</u>	<u>4,801,024</u>	<u>212,851</u>	<u>(31,063,222)</u>	<u>2,761,877</u>

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

Crowd Media Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2018



	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	14,073,403	21,725,645
Payments to suppliers and employees (inclusive of GST)	(16,054,544)	(17,856,379)
Interest received	1,731	1,988
Interest and other finance costs paid	(491,460)	(358,602)
Income taxes refunded	679,192	-
Income taxes paid	-	(863,155)
Net cash provided by/(used in) operating activities	(1,791,678)	2,649,497
Cash flows from investing activities		
Payments for property, plant and equipment	(2,290)	(161,245)
Payments for security deposits	-	(8,470)
Proceeds from disposal of intangibles	65,779	-
Proceeds from release of security deposits	42,305	-
Net cash provided by/(used in) investing activities	105,794	(169,715)
Cash flows from financing activities		
Proceeds from issue of shares	428,957	100,000
Repayment of borrowings - other	(822,584)	(37,549)
Net cash (used in)/provided by financing activities	(393,627)	62,451
Net increase/(decrease) in cash and cash equivalents	(2,079,511)	2,542,233
Cash and cash equivalents at the beginning of the financial half-year	2,559,776	5,200,089
Effects of exchange rate changes on cash and cash equivalents	474,675	(320,229)
Cash and cash equivalents at the end of the financial half-year	<u>954,940</u>	<u>7,422,093</u>

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

Note 1. General information

The financial statements cover Crowd Media Holdings Limited as a Group consisting of Crowd Media Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Crowd Media Holdings Limited's functional and presentation currency.

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

Level 4
44 Gwynne Street
Cremorne VIC 3121

A description of the nature of the Group'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 28 February 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018 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, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

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

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

Note 2. Significant accounting policies (continued)

The following Accounting Standards are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of the adoption on opening retained earnings as at 1 July 2018.

Changes to the significant accounting policies as a result of the new standards adopted since the Annual Report date are as follows.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

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

Other revenue

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Loans and receivables

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the six-month period ended 31 December 2018, the Group incurred a loss of \$2,811,723 (31 December 2017: loss of \$276,314) and had negative operating cash flows of \$1,791,678. The Group is in the process of refinancing its current loan facility which is due to expire on 31 March 2019.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

In the director's opinion, there are reasonable grounds to believe the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group expects to generate positive operating cashflow and utilise growth opportunities in the next year to improve profitability;
- The directors are confident the Group will successfully refinance its JGB loan facility with a new provider by the end of March 2019; and
- The Group's proven record of being able to raise funds to support its business plan.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments, Mobile Content - Q & A ('Q&A'), Mobile Content - Subscription ('Subscription') and new in 2018, Crowd Media ('Crowd Media'). The Company operates mobile content businesses globally but predominantly in Europe and Australasia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Q&A operating segment recognises all corporate costs including public company costs, acquisition costs, share-based payments expense and restructure costs.

For operating segment performance, the CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

Note 3. Operating segments (continued)

Types of products and services

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

Mobile Content - Q & A	Crowd Mobile proprietary Q&A micro job platform technology that facilitates Q&A entertainment products via various Direct Carrier Billing, SMS and App product offerings.
Mobile Content - Subscription	Crowd Mobile subscription based, broad content offering of products such as mobile security, games and video portals via an m-payments network.
Crowd Media	Crowd Media works with brands and digital influencer to provide social media marketing, digital influencer advertising and commerce platform and 3rd party affiliate revenues.

Intersegment receivables, payables and loans

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

Operating segment information

Consolidated - 31 Dec 2018	Q&A* \$	Subscription \$	Crowd Media \$	Total \$
Revenue				
Sales to external customers	9,037,574	3,688,171	1,283,771	14,009,516
Interest income	1,731	-	-	1,731
Total revenue	<u>9,039,305</u>	<u>3,688,171</u>	<u>1,283,771</u>	<u>14,011,247</u>
EBITDA	(1,084,314)	265,761	(732,193)	(1,550,746)
Depreciation and amortisation	(35,387)	(59,092)	(4,729)	(99,208)
Impairment of assets	(981,196)	(706,379)	(33,467)	(1,721,042)
Interest income	1,731	-	-	1,731
Finance costs	705,901	(1,197,361)	-	(491,460)
Loss before income tax benefit	<u>(1,393,265)</u>	<u>(1,697,071)</u>	<u>(770,389)</u>	<u>(3,860,725)</u>
Income tax benefit				1,049,002
Loss after income tax benefit				<u>(2,811,723)</u>
Assets				
Segment assets	5,469,473	3,907,493	349,267	9,726,233
Total assets				<u>9,726,233</u>
Liabilities				
Segment liabilities	4,529,994	2,119,041	315,321	6,964,356
Total liabilities				<u>6,964,356</u>

* Q&A segment includes Group Corporate costs.

Note 3. Operating segments (continued)

	Q&A *	Subscription	Crowd Media	Total
	\$	\$	\$	\$
Consolidated - 31 Dec 2017				
Revenue				
Sales to external customers	12,632,708	8,430,024	-	21,062,732
Interest income	1,988	-	-	1,988
Total revenue	<u>12,634,696</u>	<u>8,430,024</u>	<u>-</u>	<u>21,064,720</u>
EBITDA	138,281	2,230,088	-	2,368,369
Depreciation and amortisation	(63,619)	(1,756,336)	-	(1,819,955)
Interest income	1,988	-	-	1,988
Finance costs	(646,742)	(6,240)	-	(652,982)
Profit/(loss) before income tax expense	<u>(570,092)</u>	<u>467,512</u>	<u>-</u>	<u>(102,580)</u>
Income tax expense				(173,734)
Loss after income tax expense				<u>(276,314)</u>
Consolidated - 30 Jun 2018				
Assets				
Segment assets	6,902,832	6,008,038	-	12,910,870
Total assets				<u>12,910,870</u>
Liabilities				
Segment liabilities	(9,070,676)	17,326,115	-	8,255,439
Total liabilities				<u>8,255,439</u>

* Q&A segment includes Group Corporate costs.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	30 Jun 2018
	\$	\$	\$	\$
Australasia	785,717	2,731,134	604,267	681,007
Europe	11,676,632	17,114,182	433,931	531,250
Latin America	1,148,196	996,566	-	-
Other	398,971	220,850	-	-
	<u>14,009,516</u>	<u>21,062,732</u>	<u>1,038,198</u>	<u>1,212,257</u>

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

Note 4. Revenue

Disaggregation of revenue

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

Consolidated - 31 Dec 2018	Q&A \$	Subscription \$	Crowd Media \$	Total \$
<i>Major product lines</i>				
Information	9,037,574	-	-	9,037,574
Entertainment and content	-	3,688,171	-	3,688,171
Marketing agency	-	-	1,283,771	1,283,771
	<u>9,037,574</u>	<u>3,688,171</u>	<u>1,283,771</u>	<u>14,009,516</u>
<i>Geographical regions</i>				
Australasia	534,428	251,289	-	785,717
Europe	7,808,269	2,886,872	981,491	11,676,632
Latin America	689,222	458,974	-	1,148,196
Other	5,655	91,036	302,280	398,971
	<u>9,037,574</u>	<u>3,688,171</u>	<u>1,283,771</u>	<u>14,009,516</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	9,037,574	3,688,171	-	12,725,745
Services transferred over time	-	-	1,283,771	1,283,771
	<u>9,037,574</u>	<u>3,688,171</u>	<u>1,283,771</u>	<u>14,009,516</u>

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

Note 5. Current assets - cash and cash equivalents

	Consolidated 31 Dec 2018 \$	30 Jun 2018 \$
Cash at bank	<u>954,940</u>	<u>2,559,776</u>

Note 6. Current assets - trade and other receivables

	Consolidated 31 Dec 2018 \$	30 Jun 2018 \$
Trade receivables	4,026,765	2,947,400
Less: Allowance for expected credit losses	(1,831,200)	(633,742)
	<u>2,195,565</u>	<u>2,313,658</u>
Other receivables	(6,578)	1,984
Interest receivable	-	76,663
	<u>2,188,987</u>	<u>2,392,305</u>

Note 6. Current assets - trade and other receivables (continued)

Allowance for expected credit losses

The Group has recognised a loss of \$1,721,042 in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2018.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate 31 Dec 2018 %	Carrying amount 31 Dec 2018 \$	Allowance for expected credit losses 31 Dec 2018 \$
Consolidated			
Not overdue	9%	575,332	52,835
0 to 3 months overdue	34%	1,915,335	642,355
3 to 6 months overdue	90%	440,104	397,198
Over 6 months overdue	67%	1,095,994	738,812
		<u>4,026,765</u>	<u>1,831,200</u>

Note 7. Current assets - accrued income

	Consolidated 31 Dec 2018 \$	30 Jun 2018 \$
Accrued income	<u>3,859,013</u>	<u>5,427,467</u>

AASB 15 uses the term 'contract assets' and 'contract liabilities'. To maintain consistency in presentation with prior periods, the Group has retained the use of 'accrued revenue' and 'deferred revenue', respectively.

Note 8. Current assets - other

	Consolidated 31 Dec 2018 \$	30 Jun 2018 \$
Prepayments	189,985	419,336
Security deposits	8,098	50,403
Other deposits	67,178	25,410
	<u>265,261</u>	<u>495,149</u>

Note 9. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2018 \$	30 Jun 2018 \$
Plant and equipment - at cost	987,633	1,408,846
Less: Accumulated depreciation	(555,737)	(910,478)
	<u>431,896</u>	<u>498,368</u>

Note 9. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

	Plant and equipment \$
Consolidated	
Balance at 1 July 2018	498,368
Additions	2,290
Disposals	(3,243)
Exchange differences	25,173
Depreciation expense	(90,692)
Balance at 31 December 2018	<u>431,896</u>

Note 10. Non-current assets - intangibles

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Goodwill after impairment	317,214	317,214
Intellectual property - at cost	2,715,006	2,714,828
Less: Accumulated amortisation	(2,615,457)	(2,614,786)
	<u>99,549</u>	<u>100,042</u>
Distribution network - at cost	13,600,081	13,206,293
Less: Accumulated amortisation	(8,189,229)	(7,948,401)
Less: Impairment	(5,408,197)	(5,251,603)
	<u>2,655</u>	<u>6,289</u>
Customer subscriptions - at cost	2,449,633	2,378,704
Less: Accumulated amortisation	(2,449,633)	(2,378,704)
	<u>-</u>	<u>-</u>
Software - at cost	3,085,181	3,014,833
Less: Accumulated amortisation	(968,738)	(955,515)
Less: Impairment	(2,114,833)	(2,053,598)
	<u>1,610</u>	<u>5,720</u>
Databases - at cost	621,900	621,900
Less: Accumulated amortisation	(456,899)	(456,899)
	<u>165,001</u>	<u>165,001</u>
Website and other intangibles - at cost	23,470	120,864
Less: Accumulated amortisation	(3,198)	(1,242)
	<u>20,272</u>	<u>119,622</u>
	<u>606,301</u>	<u>713,888</u>

Note 10. Non-current assets - intangibles (continued)

Reconciliations

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

Consolidated	Goodwill \$	Intellectual property \$	Distribution network \$	Customer sub- scriptions \$	Software \$	Databases \$	Website and other intangibles \$	Total \$
Balance at 1 July 2018	317,214	100,042	6,289	-	5,720	165,001	119,622	713,888
Disposals	-	-	-	-	-	-	(76,060)	(76,060)
Exchange differences	-	104	104	-	(1,806)	-	(21,413)	(23,011)
Amortisation expense	-	(597)	(3,738)	-	(2,304)	-	(1,877)	(8,516)
Balance at 31 December 2018	<u>317,214</u>	<u>99,549</u>	<u>2,655</u>	<u>-</u>	<u>1,610</u>	<u>165,001</u>	<u>20,272</u>	<u>606,301</u>

Goodwill acquired through business combinations is allocated to cash generating units ('CGU'), as follows:

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Cash generating unit		
Q & A:		
- Bongo IP Ltd	230,774	230,774
- Global AQA IP Pty Ltd	64,393	64,393
- Buddy IP Pty Ltd	22,047	22,047
	<u>317,214</u>	<u>317,214</u>

Note 11. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Trade payables	1,618,562	2,568,426
Accrued expenses and other payables	2,301,456	2,211,966
	<u>3,920,018</u>	<u>4,780,392</u>

Note 12. Current liabilities - deferred revenue

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Deferred revenue	<u>13,157</u>	<u>105,101</u>

AASB 15 uses the term 'contract assets' and 'contract liabilities'. To maintain consistency in presentation with prior periods, the Group has retained the use of 'accrued revenue' and 'deferred revenue', respectively.

Note 13. Current liabilities - borrowings

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Convertible notes payable - JGB	<u>2,464,958</u>	<u>3,287,542</u>

The JGB convertible note balance date debt is Euro €1,513,309 (30 June 2018: Euro €2,071,151). The loan repayments are made monthly at the discretion of the issuer and in cash, although the Company has discretion to pay in equity. The headline coupon rate is 6.25% although the effective finance cost (which depends on the facility usage) is estimated at 15.0% per annum, inclusive of cash premiums, origination issuer discount and JGB's conversion right. The maturity date was 31 January 2019. On 25 February 2019, JGB and the Group signed an amendment to the existing Forbearance agreement, whereas JGB agrees to extend the maturity date to 31 March 2019.

Note 14. Current liabilities - provisions

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
Employee benefits	231,970	82,404
Restructuring	<u>108,145</u>	<u>-</u>
	<u>340,115</u>	<u>82,404</u>

Restructuring

The restructuring provision was taken to account for the impact of the CPO leaving the company. The amount consists of remaining severance pay and is current.

Movements in provisions

Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

	Restructuring
	\$
Consolidated - 31 Dec 2018	
Carrying amount at the start of the half-year	-
Additional provisions recognised	<u>108,145</u>
Carrying amount at the end of the half-year	<u>108,145</u>

Note 15. Equity - issued capital

	Consolidated			
	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>233,362,430</u>	<u>222,074,251</u>	<u>28,596,340</u>	<u>28,167,383</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2018	222,074,251		28,167,383
Issue of shares	12 December 2018	<u>11,288,179</u>	\$0.038	<u>428,957</u>
Balance	31 December 2018	<u>233,362,430</u>		<u>28,596,340</u>

Note 16. Fair value measurement

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

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

Note 17. Earnings per share

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$	\$
Loss after income tax attributable to the owners of Crowd Media Holdings Limited	<u>(2,811,723)</u>	<u>(276,314)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>223,294,595</u>	<u>221,394,879</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>223,294,595</u>	<u>221,394,879</u>
	Cents	Cents
Basic earnings per share	(1.26)	(0.12)
Diluted earnings per share	(1.26)	(0.12)

Options and performance rights have been excluded from the above calculation at 31 December 2018 and 31 December 2017 as their inclusion would be anti-dilutive.

Note 18. Events after the reporting period

On 25 February 2019, Crowd Media received confirmation that JGB has extended the deadline to 31 March 2019 while the Company finalises the refinance of the entire JGB debt facility. The Company expects to have the refinance of the JGB facility completed by the end of March 2019.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 Group's financial position as at 31 December 2018 and of its performance for the financial half-year 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



A handwritten signature in blue ink, appearing to read 'TH', with a long horizontal stroke extending to the right.

Theo Hnarakis
Chairman

28 February 2019
Melbourne

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CROWD MEDIA HOLDINGS LIMITED

We have reviewed the accompanying half-year financial report of Crowd Media Holdings Limited ("the Company") and its Controlled Entities ("the Group") which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year review.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2018 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 Crowd Media Holdings 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 other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Crowd Media Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Group incurred net losses of \$2,811,723 and negative operating cash outflows of \$1,791,678 during the half-year ended 31 December 2018. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 Crowd Media Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*



RSM AUSTRALIA PARTNERS



J S CROALL
Partner

Dated: 28 February 2019
Melbourne, Victoria