Crowd Mobile Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Crowd Mobile Limited
ABN:	13 083 160 909
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

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Revenues from ordinary activities	up	52.7%	to	21,520,348
Loss from ordinary activities after tax attributable to the owners of Crowd Mobile Limited	up	21.5%	to	(914,549)
Loss for the half-year attributable to the owners of Crowd Mobile Limited	up	21.5%	to	(914,549)

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 $914,549 (31 December 2015: $752,462).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(3.70)	(8.03)

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.

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9. Foreign entities

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

Not applicable.

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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 Half-Year Report.

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11. Attachments

Details of attachments (if any):

The Half-Year Report of Crowd Mobile Limited for the half-year ended 31 December 2016 is attached.

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12. Signed

Signed ____________________________ Date: 27 February 2017

Theo Hnarakis
Chairman
Melbourne

Crowd Mobile Limited

ABN 13 083 160 909

Half-Year Report - 31 December 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Crowd Mobile 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 2016.

Directors

The following persons were directors of Crowd Mobile 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	Appointed on 2 November 2016
Hans de Back	Resigned on 23 November 2016

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 loss for the Group after providing for income tax amounted to $914,549 (31 December 2015: $752,462).

During the first half of the 2017 financial year ('half financial year') or ('half-year'), Crowd Mobile Limited was organised into two operating segments, Mobile Content-Q&A (or 'Q&A') and Mobile Content-Subscription (or 'Subscription'). The two active segments represented all of the Company's direct to consumer mobile products and consumed all resources. The Company operated its Mobile Content businesses globally, although predominately in Europe and Australasia.

Financial overview

The financial results for the half-year and for the period ended 31 December 2015, ('pcp') represents those of the Crowd Mobile operating entities, the Track operating entities, and Crowd Mobile Limited (formerly Q Limited) as a publicly listed group.

Crowd Mobile earned revenue, interest and other income for the half-year ended 31 December 2016 of $21,520,348 versus $14,095,540 in the half-year ended 31 December 2015. The net loss after tax for the half-year was $914,549 compared with a pcp net loss after tax of $752,462. The other comprehensive income for the half-year attributable to the owners of Crowd Mobile was $(479,799) when accounting for a foreign currency translation gains on foreign operations.

Crowd Mobile's net asset position at 31 December 2016 was $23,417,269, an increase of 9.9% over the full year to 30 June 2016 of $21,312,983.

For the 2017 half financial year, Crowd Mobile generated positive operating cash flow of $1,536,874 and had balance date net debt of $10,735,385, comprising $4,644,201 in cash and cash equivalents and $15,379,586 in borrowings.

	31 Dec 2016 $	31 Dec 2015 $	Increase/ (decrease) $	Percentage change %
Revenue	21,509,241	14,006,937	7,502,304	54%
Other income	1,634	50,000	(48,366)	(97%)
Cost of sales	4,769,369	3,687,476	1,081,893	29%
Selling, general and administration expenses:	13,406,260	10,425,412	2,980,848	29%
EBITDA Profit / (Loss)	3,335,246	(55,951)	3,391,197	6,061%
Interest income	9,473	38,603	(29,130)	(75%)
Depreciation and amortisation:	2,531,077	1,019,026	1,512,051	148%
Finance costs	1,974,477	482,514	1,491,963	309%
Income tax expense / (benefit)	(246,286)	(766,426)	520,140	(68%)
Net Profit / (Loss) After Tax	(914,549)	(752,462)	(162,087)	22%

Notably, the Company's positive EBITDA and net loss reflects, non-cash share based payments charge of $388,650 and one-off debt re-financing costs, of $1,009,460 (within selling, general and administration expenses).

When adjusting only for these effects (consistent with performance measures reported to shareholders during the year), the Underlying EBITDA for the half financial year is a profit of $4,733,356 (pcp: $2,189,543), as follows:

	Consolidated	
	31 Dec 2016 $	31 Dec 2015 $
Net profit after tax (NPAT)	(914,549)	(752,462)
Deduct: tax benefit	(246,286)	(766,426)
Add back: finance costs	1,974,477	482,514
Deduct: interest income	(9,473)	(38,603)
Add back: depreciation and amortisation	2,531,077	1,019,026
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,335,246	(55,951)
Add back: share-based payments expense (non-cash)	388,650	1,342,304
Add back: transaction costs - Track	-	903,190
Add back: Refinancing costs – Convertible note	1,009,460	-
Underlying EBITDA	4,733,356	2,189,543

Revenue

	31 Dec 2016 $	31 Dec 2015 $	Increase/ (decrease) $	Percentage change %
Revenue	21,509,241	14,006,937	7,502,304	54%

For the half-year, revenue was represented by Q&A of $10,647,766 (pcp: $9,162,208) and Subscription, of $10,861,475, (pcp: $4,844,729).

The Q&A business produced a strong increase in revenue, up 16% due to continuous paid message volume growth across an expanded m-payments network. Paid message volumes increased by 41% to 5.5 million, half-year on half-year. The average revenue per paid message for the first half was $1.91 which declined against the prior comparative period of $2.23 due to the Company's strategy of growing more strongly in lower unit economic countries (Latin America and Asia) and to a lesser extent, from the effect an appreciating Australian dollar to European currencies.

Subscription's revenue of $10,861,475 whilst at the lower end of management's expectations, stabilised in latter part of the half-year. Management remains firmly committed to returning this business to growth in FY18, via new products in new and existing markets.

We expect revenue to increase in the second half of FY17.

(i) Cost of sales

For first half FY17, the Group's cost of sales was $4,769,369 or 22% of revenue (pcp: $3,687,476 at 26%) and was represented by Q&A at $3,238,428 (pcp: $3,175,691) and Subscription of $1,530,941 (pcp: $511,785). The large cost reduction / margin improvement resulted from a full half-year contribution from the Subscription business (which has a lower cost of sales than Q&A in general) as well as from a margin improvement in the Q&A business from volume driven economies of scale and use of artificial intelligence ('AI') technology solutions.

We expect reductions in cost of sales as a percentage of revenue in second half of FY17.

(ii) Selling, general and administration expense

For first half FY17, Crowd Mobile's selling, general, and administrative expenses total $13,406,260, a 29% increase in pcp and mostly due to the Subscription CGU contributing its results for a full 6 months, (where the prior comparative period included 2 months only). The increase was significantly less than the increase in revenue and gross profit for the period.

Particularly large movements in expenses for first half FY17 versus first half FY16 included:

	31 Dec 2016 $	31 Dec 2015 $	Increase/ (decrease) $	Percentage change %
Marketing	6,572,371	3,791,413	2,780,958	73%
Consultants	852,133	576,361	275,772	48%
Employee benefits expense	3,332,396	2,606,906	725,490	28%
Share-based payment	388,650	1,342,304	(953,654)	(71%)
Transaction costs	-	903,190	(903,190)	(100%)
Re-financing costs	1,009,460	-	1,009,460	-

- Marketing: The consolidated marketing expense of $6,572,371 or 31% of revenue for first half FY17 was up by $2,780,958 or 73% versus first half FY16: $3,791,413 (27%). Q&A was $2,337,708 or 22% of revenue for first half, compared to pcp of $2,139,836 at 23%. The digital influencer channel produced strong ROI, which offset up-front establishment costs associated with entering new countries. The Subscription expense was $4,234,663 or 39% (pcp: $1,651,577l), which is up from 34% in the first half of the prior year. Moving forward, we expect a broadly consistent marketing cost income ratio.
- Consultants: an increase of $275,772 or 48% from first half FY16 to $852,133 in first half FY-17 is due to the increased use of outsourced experts to support the full 6 month trading period of the Subscription CGU and across the group includes accounting, tax, audit, financing, investor and public relations support.
- Employee benefits expense: the consolidated expense increased by $725,490 or 28% in first half FY17 and was mostly driven by the first full 6 month trading period of the Subscription CGU. Q&A for the period, was $2,415,461, an increase of $222,774 or 10% versus the prior comparative period. The Subscription expense was $916,935 for the period, versus $414,219 for the 2 months of trading only, in the prior comparative period. At 15.5% of group revenue, the employee benefits expense ratio has down trended and we expect this to be flat for the second half of FY17.
- Share-based payment: The consolidated expense of $388,650 for first half FY17 is a Directors and staff incentive expense and represents a 71% reduction to the prior period expense of $1,342,304.
- Transaction costs: These corporate costs relate to the Track acquisition in the prior comparative period only.
- Re-financing costs: The expense of $1,009,640 is for corporate advisory and success fees in relation to the August 2016, JGB convertible note refinancing of the pre-existing loan from Greensill.

We expect broadly consistent selling, general and administration expense in the second half of FY17.

(iii) Depreciation and amortisation

	31 Dec 2016 $	31 Dec 2015 $	Increase/ (decrease) $	Percentage change %
Depreciation	106,348	52,561	53,787	102%
Amortisation	2,424,729	966,465	1,458,264	151%
	2,531,077	1,019,026	1,512,051	148%

The consolidated depreciation and amortisation expense of $2,531,077 (pcp: $1,019,026) is split between Q&A as $145,985 (pcp: $216,421) and Subscription as $2,385,092 (pcp: $802,605).

For the half-year, the $1,458,264 or 151% increase is due to a full 6 months of compulsory periodic amortisation of the Subscription CGU’s intangible assets versus only 2 months in the pcp. We expect the consolidated depreciation and amortisation charges to be materially consistent moving forward.

(iv) Finance costs

The consolidated finance costs for first half FY17 at $1,974,477 is an increase of $1,491,963 or 309% from first half FY16 and reflects a full 6 months of debt holdings (plus a two month cross over period during the re-financing where both JGB and Greensill were levying interest) versus 2 months of debt service only in the prior comparative period. Finance costs will decline in the second half of FY17 as debt levels decline.

(v) Income tax expense/(benefit)
The consolidated tax benefit for first half of FY17 was ($246,286) (pcp: ($766,426)). The tax benefit decrease versus the prior period mostly relates to a ($620,031) correction made in the prior period to earlier over provisions of tax, plus an increased taxable income for the period.

Cash flow
The Company's net cash from operating activities for the half-year was $1,536,874 which was a decrease of $1,667,354 versus the prior period (first half FY16: $3,204,228). The decline reflects significant increases in payments for interest and taxes in this period, which were $1,974,477 and $1,783,305 respectively and which, in combination, represented an increase of $3,014,216 against payments made in the prior period. The increase in interest payments reflects the cost of larger average debt holdings versus the prior period, which contained only 2 months of debt financing, given the Track acquisition was made at the end of October 2015. Tax payments were predominantly for the Subscription business and related to final settlement for 2015 calendar year and instalments for the 2016 calendar year. We expect payments for interest and tax to significantly reduce in the second half of FY17.

The net cash outflow flow from investing activities in this period related mostly to minor capital expenditure and totalled ($120,103) versus ($13,157,802) in the prior period, (which reflected the Subscription acquisition of Track).

The net cash flow from financing activities for the period was $761,050 and included gross equity inflows of $3,000,000, JGB convertible note proceeds (net of principal repayments) of $8,552,617, net repayments to Greensill of ($10,415,334) to extinguish debt and a legacy dividend payment of $279,217 from pre-public listing, private company profit appropriation, from the Crowd Mobile operating entities.

Liquidity and Financial Position
Crowd Mobile's 31 December 2016 reporting date cash and cash equivalents ('cash') was $4,644,201 (30 June 2016: $2,902,881).

Working capital, (defined as current assets less current liabilities), increased by $5,213,860 to $3,410,618 (30 June 2016: ($1,803,242)) and the improvement predominantly reflects substitution of current debt with non-current debt, after the JGB convertible note re-financing in August 2016 and funding from equity proceeds.

Reporting date total current and non-current borrowings ('debt') was $15,379,586 (30 June 2016: $17,706,367).

Net debt (debt less cash), decreased by $4,068,101 or 27% to $10,735,385 (30 June 2016: $14,803,486).

Net assets at reporting date were $23,417,269 (30 June 2016: $21,312,983).

Significant changes in the state of affairs
On 1 August 2016, shareholders approved a Convertible Note facility from JGB Management, Inc. for a maximum face value of Euro 11,828,005 (funding value Euro 10,805,000) in order to re-finance its senior ranking, Greensill Euro 7.5 million loan facility that was in existence at balance date 30 June 2016 (drawn to Euro 7.0 million) and to provide additional working capital to the Company.

The key terms of the Convertible Note, are as follows:

- Face value of Euro 11,828,005;
- Maximum funding value of Euro 10,805,000 is represented by Euro 7,550,000 initial funding and Euro 3,255,000 follow-on funding;
- Follow-on funding is available (three months after Completion) at between Euro 135,900 and 200,000 per month, dependent on future consolidated business performance and subject to meeting ongoing minimum monthly consolidated EBITDA hurdles;
- Headline coupon interest rate is 6.25% per annum;
- The maturity date is 31 January 2019;
- Noteholder has a conversion right throughout the life of the facility based on a fixed conversion price of $0.271362 per share ('conversion price');
- JGB received 5,000,000, 5 year, $0.30 exercise price options over ordinary shares, exercisable between 1 November 2016 and 1 November 2021;
- Company controls monthly redemptions as either repayments in cash (Euro 450,000) or stock (Euro 720,000);
- Cash redemption payments attract a 1.5% premium above the repayment amount;

- Stock redemption payments use a pricing mechanic as the lesser of the conversion price or 90% of the VWAP for the Trading Day immediately prior to the redemption event or 90% of the average of the 10 lowest VWAPs during 20 consecutive Trading Days immediately prior to the redemption event;
- Consolidated EBITDA is based on a contractual definition which excludes certain expenses such as share based payments or reductions from the full value of certain expenses, such as transaction costs and marketing expenses;
- Financial covenants relate to a minimum cash and cash equivalents holding at all times and a minimum, annualised, consolidated EBITDA hurdle, measured each quarter by multiplying the result by four;
- Consolidated rolling EBITDA performance breaches against covenants may be cured by the Company paying extra principal payments to the Noteholder, at x2 times the shortfall within 60 days of the breach;
- If breaches occur for 4 quarters in a row (and the cumulative breach exceeds Euro 453,000), the Noteholder can ask the Company to repay 50% of the outstanding principal amount, within 90 days of the breach;
- If after 4 consecutive quarters of breaching, the cumulative breach exceeds Euro 1,585,500, the Company is in default of the facility, and at JGB's discretion, the full amount outstanding on the facility, including interest may become immediately due and payable in cash;
- The Noteholder's ability to convert into or be issued stock in the Company during the life of the facility is constrained by not being able to hold more than 4.99% of Crowd Mobile's ordinary shares and not being able to trade more than 20% of the aggregate dollar trading volume of the shares on the ASX over prior 20 consecutive Trading Days; and
- The convertible note is secured by the assets of the Group and cross guarantees exist across all entities in support of the borrowings.

On 5 August 2016, the Company issued 318,906 ordinary shares for conversion of Performance Rights and an additional issue of 500,000 Performance Rights. Total ordinary shares on issue were 157,596,048 as of 5 August 2016.

On 25 August 2016, the Convertible Note facility completed and the Greensill current debt was paid out in full.

On 29 August 2016, the Company completed a share placement to sophisticated investors of 15,000,000 shares at $0.16 per share to raise gross proceeds from the capital raising of $2,400,000. The placement shares were issued with attaching $0.27 exercise price, 2 year options, on a 1:2 basis (with fractional entitlements rounded up), representing 7,447,635 options. In addition, 1,515,023 options were issued to lead managers of the placement as part payment of their fees. Total ordinary shares on issue were 172,596,048 as of 29 August 2016.

On 13 October 2016, the Company issued 250,000 ordinary shares for conversion of Performance Rights. Total ordinary shares on issue were 172,846,048 as of 13 October 2016.

In addition, as announced on 20 October 2016, the Company completed an underwritten rights issue to shareholders at $0.16 per share to raise gross proceeds from the capital raising of $600,000. The 3,750,000 placement shares were issued with attaching $0.27 exercise price, 2 year options, on a 1:2 basis (with fractional entitlements rounded up), representing 1,875,000 options. Total ordinary shares on issue were 176,596,048 as of 4 November 2016.

On 23 December 2016, the Company issued 2,200,000 ordinary shares to the former Track owners as a prepayment in lieu of €154,000 ($220,985) in cash interest due in first quarter of 2017 calendar year. In addition, 118,421 shares were issued to a corporate services supplier, in lieu of $11,250 cash. Total ordinary shares on issue were 178,914,469 as of 23 December 2016.

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2016 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.

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

Theo Hnarakis
Chairman

27 February 2017
Melbourne

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Crowd Mobile Limited for the half year ended 31 December 2016, 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.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

27 February 2017
Melbourne, Victoria

	Note	Consolidated 31 Dec 2016 $	31 Dec 2015 $
Revenue			
Revenue from continuing operations		21,509,241	14,006,937
Interest income		9,473	38,603
Other income		1,634	50,000
		21,520,348	14,095,540
Cost of sales		(4,769,369)	(3,687,476)
Gross profit		16,750,979	10,408,064
Expenses			
Marketing		(6,572,371)	(3,791,413)
Administration and other expenses		(875,553)	(730,086)
Consultants		(852,133)	(576,361)
Depreciation and amortisation expense		(2,531,077)	(1,019,026)
Employee benefits expense		(3,332,396)	(2,606,906)
Travel and accommodation		(375,697)	(475,152)
Share based payment		(388,650)	(1,342,304)
Transaction costs		-	(903,190)
Re-financing costs		(1,009,460)	-
Finance costs		(1,974,477)	(482,514)
Loss before income tax benefit		(1,160,835)	(1,518,888)
Income tax benefit		246,286	766,426
Loss after income tax benefit for the half-year attributable to the owners of Crowd Mobile Limited		(914,549)	(752,462)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(479,799)	(416,230)
Other comprehensive income for the half-year, net of tax		(479,799)	(416,230)
Total comprehensive income for the half-year attributable to the owners of Crowd Mobile Limited		(1,394,348)	(1,168,692)
		Cents	**Cents**
Basic earnings per share	16	(0.54)	(0.51)
Diluted earnings per share	16	(0.54)	(0.51)

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

	Note	Consolidated 31 Dec 2016 $	30 Jun 2016 $
Assets			
Current assets			
Cash and cash equivalents	4	4,644,201	2,902,881
Trade and other receivables	5	10,777,735	11,416,618
Other	6	925,843	729,691
Total current assets		16,347,779	15,049,190
Non-current assets			
Property, plant and equipment	7	417,383	423,178
Intangibles	8	30,036,154	32,990,769
Deferred tax		935,902	713,246
Total non-current assets		31,389,439	34,127,193
Total assets		47,737,218	49,176,383
Liabilities			
Current liabilities			
Trade and other payables	9	5,277,623	4,511,376
Borrowings	10	7,075,180	10,415,633
Income tax		355,475	1,520,558
Provisions	11	228,883	404,865
Total current liabilities		12,937,161	16,852,432
Non-current liabilities			
Borrowings	12	8,304,406	7,290,734
Deferred tax		3,078,382	3,720,234
Total non-current liabilities		11,382,788	11,010,968
Total liabilities		24,319,949	27,863,400
Net assets		23,417,269	21,312,983
Equity			
Issued capital	13	22,968,863	20,071,730
Reserves	14	3,487,658	3,365,956
Accumulated losses		(3,039,252)	(2,124,703)
Total equity		23,417,269	21,312,983

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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	4,536,603	1,123,497	(3,002,315)	2,657,785
Loss after income tax benefit for the half-year	-	-	(752,462)	(752,462)
Other comprehensive income for the half-year, net of tax	-	(416,230)	-	(416,230)
Total comprehensive income for the half-year	-	(416,230)	(752,462)	(1,168,692)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	15,535,127	-	-	15,535,127
Share-based payments	-	2,688,596	-	2,688,596
Balance at 31 December 2015	20,071,730	3,395,863	(3,754,777)	19,712,816

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2016	20,071,730	3,365,956	(2,124,703)	21,312,983
Loss after income tax benefit for the half-year	-	-	(914,549)	(914,549)
Other comprehensive income for the half-year, net of tax	-	(479,799)	-	(479,799)
Total comprehensive income for the half-year	-	(479,799)	(914,549)	(1,394,348)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	2,897,133	-	-	2,897,133
Share-based payments	-	388,650	-	388,650
Convertible note option	-	212,851	-	212,851
Balance at 31 December 2016	22,968,863	3,487,658	(3,039,252)	23,417,269

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

	Consolidated	
	31 Dec 2016	31 Dec 2015
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	22,149,758	16,816,765
Payments to suppliers and employees (inclusive of GST)	(16,864,575)	(13,033,019)
Interest received	9,473	38,603
Interest and other finance costs paid	(1,974,477)	(333,260)
Income taxes paid	(1,783,305)	(284,861)
Net cash provided by operating activities	1,536,874	3,204,228
Cash flows from investing activities		
Payment for purchase of subsidiary, net of cash acquired	(28,963)	(13,062,189)
Payments for property, plant and equipment	(76,668)	(80,007)
Payments for security deposits	(14,472)	(15,606)
Net cash used in investing activities	(120,103)	(13,157,802)
Cash flows from financing activities		
Proceeds from issue of shares	3,000,000	11,612,428
Share issue transaction costs	(102,867)	(177,498)
Proceeds from borrowings - Greensill loan	-	5,960,523
Repayment of borrowings - Greensill loan	(10,415,334)	-
Repayment of borrowings - former Track owners	-	(2,798,824)
Proceeds from borrowings - other	5,851	-
Repayment of borrowings - other	-	(238,427)
Proceeds from issue of convertible notes, net of principal repayments	8,552,617	-
Dividends paid	(279,217)	(228,452)
Net cash provided by financing activities	761,050	14,129,750
Net increase in cash and cash equivalents	2,177,821	4,176,176
Cash and cash equivalents at the beginning of the financial half-year	2,902,881	1,762,692
Effects of exchange rate changes on cash and cash equivalents	(436,501)	-
Cash and cash equivalents at the end of the financial half-year	4,644,201	5,938,868

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

Note 1. General information

The financial statements cover Crowd Mobile Limited as a Group consisting of Crowd Mobile 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 Mobile Limited's functional and presentation currency.

Crowd Mobile 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 27 February 2017. 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 2016 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 2016 and any public announcements made by the Company during the half-year 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 half-year reporting period, unless otherwise stated.

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

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, while the Group incurred losses of $914,549 for the half-year ended 31 December 2016 (31 December 2015: $752,462), as at that date the Group has net current assets of $3,410,618 (30 June 2016: net current liabilities of $1,803,242).

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group expects to continue to generate positive operating cash flow which when combined with growth expectations and existing cash reserves, exceeds its debt service obligations in the next year;
- The Group can utilise its equity to repay convertible note debt, at its sole discretion; and
- The Group’s proven record of being able to raise funds to support its business plan.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments, Mobile Content - Q & A ('Q&A') and Mobile Content - Subscription ('Subscription'). 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.

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 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.

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 2016	Q&A $	Subscription $	Total $
Revenue			
Revenue	10,647,766	10,861,475	21,509,241
Interest income	9,430	43	9,473
Other income	1,634	-	1,634
Total revenue	10,658,830	10,861,518	21,520,348
EBITDA	(355,250)	3,690,496	3,335,246
Depreciation and amortisation	(145,985)	(2,385,092)	(2,531,077)
Interest income	9,430	43	9,473
Finance costs	(674,782)	(1,299,695)	(1,974,477)
Profit/(loss) before income tax benefit	(1,166,587)	5,752	(1,160,835)
Income tax benefit			246,286
Loss after income tax benefit			(914,549)
Assets			
Segment assets	4,661,562	38,431,455	43,093,017
Unallocated assets – Cash and cash equivalents			4,644,201
Total assets			47,737,218
Liabilities			
Segment liabilities	6,182,342	2,758,021	8,940,363
Unallocated liabilities - Borrowings			15,379,586
Total liabilities			24,319,949

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2015	Q&A $	Subscription $	Total $
Revenue			
Revenue	9,162,208	4,844,729	14,006,937
Interest income	3,661	34,942	38,603
Other income	50,000	-	50,000
Total revenue	9,215,869	4,879,671	14,095,540
EBITDA	(2,099,146)	2,043,195	(55,951)
Depreciation and amortisation	(216,422)	(802,604)	(1,019,026)
Interest income	3,661	34,942	38,603
Finance costs	(4,433)	(478,081)	(482,514)
Profit/(loss) before income tax benefit	(2,316,340)	797,452	(1,518,888)
Income tax benefit			766,426
Loss after income tax benefit			(752,462)

Consolidated - 30 Jun 2016			
Assets			
Segment assets	5,271,205	41,002,297	46,273,502
Unallocated assets - Cash and cash equivalents			2,902,881
Total assets			49,176,383
Liabilities			
Segment liabilities	1,672,614	7,758,564	9,431,178
Unallocated liabilities - Borrowings			18,432,222
Total liabilities			27,863,400

Geographical information

	Revenue		**Geographical non-current assets**	
	31 Dec 2016 $	**31 Dec 2015 $**	**31 Dec 2016 $**	**30 Jun 2016 $**
Australasia	2,880,921	2,060,027	42,731	41,119
Europe	17,151,702	10,912,150	374,721	380,258
Latin America	1,266,613	1,034,760	-	-
Other	210,005	-	-	-
	21,509,241	14,006,937	417,452	421,377

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. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2016 $	**30 Jun 2016 $**
Cash at bank	4,644,201	2,902,881

Note 5. Current assets - trade and other receivables

	Consolidated 31 Dec 2016 $	Consolidated 30 Jun 2016 $
Trade receivables	4,529,283	4,567,461
Less: Provision for impairment of receivables	(365,290)	(371,976)
	4,163,993	4,195,485
Accrued income	6,613,742	7,220,627
Receivable from related parties	-	506
	10,777,735	11,416,618

Note 6. Current assets - other

	Consolidated 31 Dec 2016 $	Consolidated 30 Jun 2016 $
Prepayments	874,941	693,261
Security deposits	50,902	36,430
	925,843	729,691

Note 7. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2016 $	Consolidated 30 Jun 2016 $
Plant and equipment - at cost	1,032,326	955,657
Less: Accumulated depreciation	(614,943)	(532,479)
	417,383	423,178

Reconciliations

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

Consolidated	Plant and equipment $	Total $
Balance at 1 July 2016	423,178	423,178
Additions	76,668	76,668
Exchange differences	23,885	23,885
Depreciation expense	(106,348)	(106,348)
Balance at 31 December 2016	417,383	417,383

Note 8. Non-current assets - intangibles

	Consolidated 31 Dec 2016 $	Consolidated 30 Jun 2016 $
Goodwill - at cost	17,333,025	17,612,938
Intellectual property - at cost	2,659,428	2,653,940
Less: Accumulated amortisation	(2,541,714)	(2,470,253)
	117,714	183,687
Distribution network - at cost	12,724,519	12,944,772
Less: Accumulated amortisation	(3,219,130)	(1,872,871)
	9,505,389	11,071,901
Customer subscriptions - at cost	2,337,857	2,380,648
Less: Accumulated amortisation	(1,636,500)	(952,259)
	701,357	1,428,389
Software - at cost	2,847,979	2,895,847
Less: Accumulated amortisation	(688,361)	(458,952)
	2,159,618	2,436,895
Databases - at cost	621,900	621,900
Less: Accumulated amortisation	(402,849)	(364,941)
	219,051	256,959
	30,036,154	32,990,769

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 subscriptions $	Software $	Databases $	Total $
Balance at 30 June 2016	17,612,938	183,687	11,071,901	1,428,389	2,436,895	256,959	32,990,769
Revaluation increments	28,963	-	-	-	-	-	28,963
Exchange differences	(308,876)	5,488	(192,612)	(42,791)	(43,295)	23,237	(558,849)
Amortisation expense	-	(71,461)	(1,373,900)	(684,241)	(233,982)	(61,145)	(2,424,729)
Balance at 31 December 2016	17,333,025	117,714	9,505,389	701,357	2,159,618	219,051	30,036,154

Note 9. Current liabilities - trade and other payables

	Consolidated 31 Dec 2016 $	Consolidated 30 Jun 2016 $
Trade payables	1,645,015	1,039,717
Indirect taxes payable (former Q Limited)	-	425
Accrued expenses and other payables	3,632,608	3,471,234
	5,277,623	4,511,376

Note 10. Current liabilities - borrowings

	Consolidated	
	31 Dec 2016 $	30 Jun 2016 $
Bank loans - Greensill	-	10,415,334
Convertible notes payable - JGB	7,072,484	-
Loan - Dominet Digital Corporation	2,696	299
	7,075,180	10,415,633

Convertible notes payable - JGB

This JGB convertible note replaces the Greensill facility and balance date debt is Euro €5.6 million. The loan repayments are made monthly in cash, although the Company has discretion to repay 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, originating issuer discount and JGB's conversion right. The maturity date is 31 January 2019 however, assuming no new draw-downs and all cash repayments, the Company will have repaid the facility by February 2018.

Note 11. Current liabilities - provisions

	Consolidated	
	31 Dec 2016 $	30 Jun 2016 $
Employee benefits	228,883	125,648
Dividends	-	279,217
	228,883	404,865

Note 12. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2016 $	30 Jun 2016 $
Convertible notes payable - JGB	1,144,718	-
Loans to related entities - former Track owners	7,159,688	7,290,734
	8,304,406	7,290,734

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	31 Dec 2016 $	30 Jun 2016 $
Bank loans - Greensill	-	10,415,334
Convertible notes payable	8,217,202	-
Loans to related entities - former Track owners	7,159,688	7,290,734
	15,376,890	17,706,068

Convertible notes payable – JGB

This JGB convertible note replaces the Greensill facility and balance date debt is Euro €5.6 million. The loan repayments are made monthly in cash, although the Company has discretion to repay 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, originating issuer discount and JGB's conversion right. The maturity date is 31 January 2019 however, assuming no new draw-downs and all cash repayments, the Company will have repaid the facility by February 2018.

Note 12. Non-current liabilities - borrowings (continued)

Loans to related entities - former Track owners
The loan is a Euro €4.9 million, second lien, loan to be paid in full on 31 October 2018. This loan has been extended from 31 October 2017 to 31 October 2018. The interest rate remains at 15% per annum. Interest on loans is paid monthly. This was communicated in the ASX announcement on 15 December 2016.

Note 13. Equity - issued capital

	Consolidated			
	31 Dec 2016 Shares	30 Jun 2016 Shares	31 Dec 2016 $	30 Jun 2016 $
Ordinary shares - fully paid	178,914,469	157,277,142	22,968,863	20,071,730

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2016	157,277,142		20,071,730
Issue of shares on exercise of performance rights	5 August 2016	318,906	$0.000	-
Issue of shares on capital raising	29 August 2016	15,000,000	$0.160	2,400,000
Issue of shares on exercise of performance rights	13 October 2016	250,000	$0.000	-
Issue of shares on capital raising	24 October 2016	1,765,476	$0.160	282,476
Issue of shares on capital raising	27 October 2016	422,024	$0.160	67,524
Issue of shares on capital raising	4 November 2016	1,562,500	$0.160	250,000
Issue of shares	28 December 2016	2,200,000	$0.100	220,985
Issue of shares	28 December 2016	118,421	$0.095	11,250
Less: share issue transaction costs				(335,102)
Balance	31 December 2016	178,914,469		22,968,863

Note 14. Equity - reserves

	Consolidated	
	31 Dec 2016 $	30 Jun 2016 $
Foreign currency reserve	(977,263)	(497,464)
Share-based payments reserve	4,252,070	3,863,420
Convertible note optionality reserve	212,851	-
	3,487,658	3,365,956

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

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible note optionality reserve
The reserve is used to recognise the value of the optionality component of the convertible note over the life of the facility.

Note 14. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency reserve $	Share-based payments reserve $	Convertible note optionality reserve $	Total $
Balance at 1 July 2016	(497,464)	3,863,420	-	3,365,956
Foreign currency translation	(479,799)	-	-	(479,799)
Share-based payments	-	388,650	-	388,650
Convertible note option	-	-	212,851	212,851
Balance at 31 December 2016	(977,263)	4,252,070	212,851	3,487,658

Note 15. 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 16. Earnings per share

	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Loss after income tax attributable to the owners of Crowd Mobile Limited	(914,549)	(752,462)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	169,190,659	146,171,882
Weighted average number of ordinary shares used in calculating diluted earnings per share	169,190,659	146,171,882
	Cents	**Cents**
Basic earnings per share	(0.54)	(0.51)
Diluted earnings per share	(0.54)	(0.51)

Options and performance rights have been excluded from the above calculation at 31 December 2016 and 31 December 2015 as their inclusion would be anti-dilutive.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 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 2016 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

Theo Hnarakis
Chairman

27 February 2017
Melbourne

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

CROWD MOBILE LIMITED

We have reviewed the accompanying half-year financial report of Crowd Mobile Limited ("the Company") which comprises the statement of financial position as at 31 December 2016, 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 2016 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 Mobile 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 Mobile Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Mobile 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 2016 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

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

27 February 2017
Melbourne, Victoria