

# Freelancer Limited

Half-Year Report 2019



Lodged with the ASX under Listing Rule 4.5

ACN 141 959 042

## Appendix 4D

For the half year ended 30 June 2019

### Freelancer Limited

ACN 141 959 042

### Results for announcement to the market

For the half year ended 30 June 2019 ("current period")

	30 June 2019 \$000	% Change from 6 months ended 30 June 2018	30 June 2018 \$000
Revenues from ordinary activities	28,668	up 16.1%	24,686
Profit / (Loss) from ordinary activities after tax attributable to shareholders	157	up 120%	(769)
Net profit / (Loss) for the period attributable to shareholders	157	up 120%	(769)

No dividends have been declared for the reporting period.

	30 June 2019 (Cents)	30 June 2018 (Cents)
Net tangible assets per security	0.17	0.11

Additional Appendix 4D disclosure requirements can be found in the notes to the Interim Financial Report and the Directors' Report for the half year ended 30 June 2019. Information should be read in conjunction with Freelancer Limited's 2018 Annual Report and the attached Interim Financial Report.

This report is based on the consolidated interim Financial Report for the half year ended 30 June 2019 which has been reviewed by Hall Chadwick with the Independent Auditor's Review Report included in the Interim Report.

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## Freelancer Limited Directors' Report

The Directors present their report together with the financial statements of the consolidated entity (the Group), consisting of Freelancer Limited (the Company) and its controlled entities for the half-year ended 30 June 2019 and the Independent Auditor's Review Report thereon.

### Directors

The names of the Directors of Freelancer Limited during the half-year and up to the date of this report are as follows:

Matt Barrie	Chairman and Chief Executive Officer
Darren Williams	Non-Executive Director
Simon Clausen	Non-Executive Director

### Review of operations

During the half-year ended 30 June 2019, the Group generated net revenue of \$28.7 million, up 16% on 1H18. Gross Payment Volume<sup>1</sup> (unaudited) was \$400 million, up 10% on 1H18.

The online marketplace segment generated net revenue of \$24.8 million, up 17% on the prior corresponding period primarily due to enterprise services revenues of \$2.6 million (1H18 nil).

The online payment services segment generated net revenue of \$3.9 million, up 11% on the prior corresponding period.

Gross profit for the half-year ended 30 June 2019 was \$24.3 million, up 15% on the prior corresponding period (1H18: \$21.1 million) due to increased revenues. Gross margin of 85% was slightly lower than the prior corresponding period due to higher cost of sales associated with enterprise services revenues.

Total operating expenses were \$23.9 million, up 8% on the prior corresponding period (1H18: \$22.1 million), driven mainly by higher payroll costs due to a 15% increase in full time equivalents on the prior corresponding period.

The Group reported an operating net profit after tax of \$0.2 million (1H18: \$(0.8) million) and an operating EBIT<sup>2</sup> of \$0.6 million (1H18: \$(0.7) million). Operating cash flow was positive \$1.0 million (1H18: \$0.4 million).

### Dividends paid or recommended

In respect of the half-year ended 30 June 2019, there have been no dividends paid or provided for (1H18: nil).

### New Accounting Standards Implemented

The Group has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: Leases has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

### 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 on page 6.

### Rounding off of amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission Instrument 2016/191. Amounts in the Directors' Report and the accompanying financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.



Matt Barrie  
Chairman  
31 July 2019

<sup>1</sup> Gross Payment Volume (GPV) is calculated as the total payments to Freelancer and Escrow users for products and services transacted through the Freelancer and Escrow websites plus total Freelancer and Escrow revenue.

<sup>2</sup> Operating earnings are exclusive of non-cash share based payments expense of \$201k in the half-year period ended 30 June 2019. (1H18: \$300,000)

# Auditor's Independence Declaration



**FREELANCER LIMITED  
ABN 66 141 959 042  
AND CONTROLLED ENTITIES**

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

**SYDNEY**  
Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

GPO Box 3555  
Sydney NSW 2001

Ph: (612) 9263 2600  
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In accordance with S307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Freelancer Limited. As the lead audit partner for the review of the financial report of Freelancer Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (b) any applicable code of professional conduct in relation to the review

*Hall Chadwick*

Hall Chadwick  
Level 40, 2 Park Street  
Sydney, NSW 2000

*S. Kumar*

**Sandeep Kumar**  
Partner  
Dated: 31 July 2019

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An Association of Independent  
Accounting Firms



**Freelancer Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
For the half-year ended 30 June 2019

	Note	30 Jun 2019 \$000	30 Jun 2018 \$000
<b>Revenue</b>	4	<b>28,668</b>	24,686
Cost of sales		<b>(4,406)</b>	(3,592)
<b>Gross profit</b>		<b>24,262</b>	21,094
Employee expenses		<b>(10,633)</b>	(10,020)
Administrative expenses		<b>(5,852)</b>	(5,100)
Marketing related expenses		<b>(4,790)</b>	(4,587)
Occupancy expenses	9	<b>(698)</b>	(1,310)
Foreign exchange losses		<b>(615)</b>	(476)
Depreciation and amortisation expenses	9	<b>(965)</b>	(299)
Share based payments expense		<b>(201)</b>	(300)
Finance costs	9	<b>(100)</b>	(24)
<b>Profit / (Loss) before income tax</b>		<b>408</b>	(1,022)
Income tax (expense) / benefit		<b>(251)</b>	253
<b>Profit / (Loss) after tax</b>		<b>157</b>	(769)
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<b>59</b>	(129)
<b>Total comprehensive profit / (loss) for the half-year</b>		<b>216</b>	(898)
<b>Profit / (Loss) is attributable to:</b>			
Owners of Freelancer Limited		<b>157</b>	(769)
Non-controlling interests		-	-
<b>Profit / (Loss) is attributable to:</b>		<b>157</b>	(769)
<b>Total comprehensive income for the year is attributable to:</b>			
Owners of Freelancer Limited		<b>216</b>	(898)
Non-controlling interests		-	-
<b>Profit / (Loss) is attributable to:</b>		<b>216</b>	(898)
<b>Earnings per share</b>		<b>Cents</b>	Cents
Basic earnings per share	7	<b>0.03</b>	(0.17)
Diluted earnings per share	7	<b>0.03</b>	(0.17)

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

**Freelancer Limited**  
**Consolidated Statement of Financial Position**  
As at 30 June 2019

	Note	30 Jun 2019 \$000	31 Dec 2018 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		34,439	33,211
Trade and other receivables		4,553	3,474
Other assets		1,284	972
<b>Total current assets</b>		<b>40,276</b>	<b>37,657</b>
<b>Non-current assets</b>			
Trade and other receivables		1,108	1,103
Plant and equipment		538	557
Intangible assets		26,429	26,429
Right of use assets		1,951	-
Other assets		764	696
Deferred tax assets		4,815	4,674
<b>Total non-current assets</b>		<b>35,605</b>	<b>33,459</b>
<b>Total assets</b>		<b>75,881</b>	<b>71,116</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		37,473	35,898
Lease liabilities		1,450	-
Borrowings		121	121
Current tax liabilities		46	71
Provisions		2,072	1,918
Contract liabilities		862	620
<b>Total current liabilities</b>		<b>42,024</b>	<b>38,628</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		546	246
Lease liabilities		578	-
Provisions		760	639
Contract liabilities		496	528
<b>Total non-current liabilities</b>		<b>2,380</b>	<b>1,413</b>
<b>Total liabilities</b>		<b>44,404</b>	<b>40,041</b>
<b>Net assets</b>		<b>31,477</b>	<b>31,075</b>
<b>Equity</b>			
Contributed equity	5	38,422	38,106
Reserves	6	4,260	4,000
Accumulated losses		(11,225)	(11,051)
Non-controlling interests		20	20
<b>Total equity</b>		<b>31,477</b>	<b>31,075</b>

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

**Freelancer Limited**  
**Consolidated Statement of Changes in Equity**  
For the half-year ended 30 June 2019

	Attributable to owners of Freelancer Limited						Total Equity
	Contributed Equity	Share Based Payments	Foreign currency translation reserve	(Accumulated losses)	Non- controlling interests		
	Note	\$000	\$000	\$000	\$000	\$000	
<b>Balance at 1 January 2018</b>		<b>38,049</b>	<b>3,824</b>	<b>(383)</b>	<b>(9,567)</b>	-	<b>31,923</b>
Loss for the half-year		-	-	-	(769)	-	(769)
Exchange differences on translation of foreign operations		-	-	(129)	-	-	(129)
<b>Total comprehensive loss for the period</b>				<b>(129)</b>	<b>(769)</b>	-	<b>(898)</b>
Transactions with owners in their capacity as owners:							
Share based payments		-	300	-	-	-	300
<b>Balance at 30 June 2018</b>		<b>38,049</b>	<b>4,124</b>	<b>(512)</b>	<b>(10,336)</b>	-	<b>31,325</b>

	Attributable to owners of Freelancer Limited						Total Equity
	Contributed Equity	Share Based Payments	Foreign currency translation reserve	(Accumulated losses)	Non- controlling interests		
	Note	\$000	\$000	\$000	\$000	\$000	
<b>Balance at 1 January 2019</b>		<b>38,106</b>	<b>4,382</b>	<b>(382)</b>	<b>(11,051)</b>	<b>20</b>	<b>31,075</b>
Cumulative adjustment upon change in accounting policies – AASB 16		-	-	-	(331)	-	(331)
<b>Balance at 1 January 2019 restated</b>		<b>38,106</b>	<b>4,382</b>	<b>(382)</b>	<b>(11,382)</b>	<b>20</b>	<b>30,744</b>
Profit for the half-year		-	-	-	157	-	157
Exchange differences on translation of foreign operations		-	-	59	-	-	59
<b>Total comprehensive profit for the period</b>		-	-	<b>59</b>	<b>157</b>	-	<b>216</b>
Transactions with owners in their capacity as owners:							
Contributions of equity arising from repayment of ESP loans		316	-	-	-	-	316
Share capital contributed by non- controlling interests		-	-	-	-	-	-
Share based payments		-	201	-	-	-	201
<b>Balance at 30 June 2019</b>		<b>38,422</b>	<b>4,583</b>	<b>(323)</b>	<b>(11,225)</b>	<b>20</b>	<b>31,477</b>

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



**Freelancer Limited**  
**Consolidated Statement of Cash Flows**  
For the half year ended 30 June 2019

Note	30 Jun 2019 \$000	30 Jun 2018 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	28,312	24,938
Payments to suppliers and employees (inclusive of GST)	(27,217)	(24,483)
Interest received	4	14
Income taxes paid	(61)	(72)
<b>Net cash inflow from operating activities</b>	<b>1,038</b>	<b>397</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(146)	(28)
Proceeds from disposal of plant and equipment	-	23
Payments for intangible assets	(1)	(32)
<b>Net cash (outflow) from investing activities</b>	<b>(147)</b>	<b>(37)</b>
<b>Cash flows from financing activities</b>		
Contributions of equity arising from repayment of ESP loans	316	-
<b>Net cash inflow from financing activities</b>	<b>316</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,207</b>	<b>360</b>
Cash and cash equivalents at beginning of the financial year	33,212	31,908
Effects of exchange rate changes on cash and cash equivalents	20	1,044
Cash and cash equivalents at end of the half-year	<b>34,439</b>	<b>33,312</b>

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

**Freelancer Limited**  
**Notes to the financial statements**  
For the half year ended 30 June 2019

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# Freelancer Limited

## Notes to the financial statements

### For the half year ended 30 June 2019

#### 1. Basis of preparation

This interim report for the half-year reporting period ended 30 June 2019 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Freelancer Limited is a for-profit entity for the purpose of preparing the interim financial statements. The financial statements are for the consolidated entity consisting of Freelancer Limited and its subsidiaries.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Freelancer Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. These interim financial statements were authorised for issue on 31 July 2019.

The Directors believe that there are reasonable grounds that the company is able to pay its debts as and when they fall due. The Group has a significant cash balance at 30 June 2019 and has projected a profitable financial year for the full year ending 31 December 2019 based on increased revenue and a planned reduction in expenses.

##### (a) Accounting policies

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those adopted in the Group's annual financial report for the year ended 31 December 2018, except for those as described in Note 1(b) below.

##### (b) New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2.

##### (c) Rounding of amounts

The Company has applied the relief available to it under ASIC Instrument 2016/191. Accordingly, amounts in the financial statements and Directors' Report have been rounded off to the nearest \$1,000.

#### 2. Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

##### (a) Leases

###### The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability is as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

# Freelancer Limited

## Notes to the financial statements

### For the half year ended 30 June 2019

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### (b) Initial Application of AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively from 1 January 2019. In accordance with AASB 16.C7 the comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases recognised as operating leases under AASB 117: *Leases where the Group is the lessee*.

Lease liabilities are shown at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 January 2019 has been used to discount the lease payments.

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- For a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- Leases that have remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same way as short-term leases.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- Applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- Not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The difference of \$710,113 between the lease liability (\$2,814,392) as at 1 January 2019 and the discounted operating lease commitments as at 31 December 2018 (\$3,524,505). This does not include short term leases of \$1,419,224 which are expensed on a straight line basis.

The difference between the undiscounted amount of operating lease commitments at 31 December 2018 of \$3,810,695 and the discounted operating lease commitments as at 1 January 2019 of \$3,524,505 were \$286.190, which is due to discounting the operating lease commitments at the Group's incremental borrowing rate.

### 3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Directors are identified as the CODM.

#### *Identification of reportable operating segments*

The Group is organised into two operating segments: namely an online marketplace and online payment services. These segments are based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources (AASB 8 para. 5(b)).

The CODM assess the performance of the operating segments based on a measure of revenue and operating EBITDA (earnings before share based payments, 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 Group operates in Australia and has staff and operations in Philippines, United Kingdom, United States and Canada in addition to Australia. These geographic operations are considered, based on internal management reporting and the allocation of resources by the Group's CODM, as one geographic segment. The information reported to the CODM is at least on a monthly basis.

**Freelancer Limited**  
**Notes to the financial statements**  
For the half year ended 30 June 2019

Half-year end 30 June 2019	Online Marketplace	Online payment services	Total
<b>Segment revenue</b>			
Segment revenue	24,819	3,849	<b>28,668</b>
<b>Total segment revenue</b>	<b>24,819</b>	<b>3,849</b>	<b>28,668</b>
<b>Segment result</b>			
Segment (loss) / profit	855	(246)	<b>609</b>
Share based payments			<b>(201)</b>
<b>Profit before income tax</b>	-	-	<b>408</b>
Income tax benefit	-	-	<b>(251)</b>
<b>Profit for half-year</b>	-	-	<b>157</b>

Segment Assets At 30 Jun 2019	Online Marketplace	Online Payments	Total
Segment assets	44,949	6,154	51,103
Intergroup eliminations	(5,066)		(5,066)
Deferred tax assets			4,815
Intangibles			25,029
<b>Total assets</b>			<b>75,881</b>

Segment liabilities At 30 June 2019	Online Marketplace	Online Payments	Total
Segment liabilities	(41,799)	(7,125)	(48,924)
Intergroup eliminations		5,066	5,066
Deferred tax liabilities			(546)
<b>Total liabilities</b>	<b>(41,799)</b>	<b>(2,059)</b>	<b>(44,404)</b>

Half-year end 30 June 2018	Online Marketplace	Online payment services	Total
<b>Segment revenue</b>			
Segment revenue	21,188	3,498	<b>24,686</b>
<b>Total segment revenue</b>	<b>21,188</b>	<b>3,498</b>	<b>24,686</b>
<b>Segment result</b>			
Segment (loss) / profit	(1,183)	461	<b>(722)</b>
Share based payments	-	-	<b>(300)</b>
<b>Loss before income tax</b>	-	-	<b>(1,022)</b>
Income tax benefit	-	-	<b>253</b>
<b>Loss for half-year</b>	-	-	<b>(769)</b>

**Freelancer Limited**  
**Notes to the financial statements**  
For the half year ended 30 June 2019

<b>Segment Assets At 31 December 2018</b>	<b>Online Marketplace</b>	<b>Online Payments</b>	<b>Total</b>
Segment assets	40,351	6,385	<b>46,736</b>
Intergroup eliminations	(5,322)	-	<b>(5,322)</b>
Deferred tax assets	-	-	<b>4,674</b>
Intangibles	-	-	<b>25,028</b>
<b>Total assets</b>	<b>35,029</b>	<b>6,385</b>	<b>71,116</b>

<b>Segment liabilities At 31 December 2018</b>			
Segment liabilities	(37,984)	(7,133)	<b>(45,117)</b>
Intergroup eliminations	-	5,322	<b>5,322</b>
Deferred tax liabilities	-	-	<b>(246)</b>
<b>Total liabilities</b>	<b>(37,984)</b>	<b>(1,811)</b>	<b>(40,041)</b>

#### 4. Revenue

	<b>30 Jun 2019 \$000</b>	<b>30 Jun 2018 \$000</b>
<b>Sales revenue</b>		
Marketplace and payment services	<b>25,990</b>	24,577
Enterprise services	<b>2,638</b>	-
<b>Other revenue</b>		
Interest income	<b>16</b>	13
Government grants	-	72
Other	<b>24</b>	24
<b>Total revenue</b>	<b>28,668</b>	24,686

#### 5. Contributed equity

##### (a) Share capital

	<b>Note</b>	<b>30 Jun 2019 Number</b>	<b>31 Dec 2018 Number</b>	<b>30 Jun 2019 \$000</b>	<b>31 Dec 2018 \$000</b>
<b>Ordinary shares</b>					
Fully paid	5(b)	<b>455,718,495</b>	455,197,935	<b>38,422</b>	38,106
<b>Total share capital</b>				<b>38,422</b>	<b>38,106</b>

##### (b) Movements in ordinary share capital

<b>Reconciliation to 31 December 2018</b>	<b>Number of shares</b>	<b>Average price</b>	<b>\$000</b>
Balance at 1 January 2018	456,835,488		38,049
<b>Issue / (cancellation) of ordinary shares:</b>			
Issue of ESP shares	1,115,150	\$0.54	-
Buy-back and cancellation of ESP shares	(2,752,703)	\$1.06	-
Contributed equity arising from repayment of ESP loans	-	-	57
<b>Balance at 31 December 2018</b>	<b>455,197,935</b>		<b>38,106</b>

**Freelancer Limited**  
**Notes to the financial statements**  
For the half year ended 30 June 2019

Reconciliation to 30 June 2019	Number of shares	Average price	\$000
Balance at 31 December 2018	455,197,935		38,106
<b>Issue of ordinary shares:</b>			
Issue of ESP shares	520,560	\$0.71	-
Contributed equity arising from repayment of ESP loans	-	-	316
<b>Balance at 30 June 2019</b>	<b>455,718,495</b>		<b>38,422</b>

## 6. Equity – reserves

a) Movements	30 Jun 2019	31 Dec 2018
	\$000	\$000
<b>Share based payment reserve movements</b>		
Balance at the beginning of the half-year	4,382	3,824
Share based payment expense	201	558
<b>Balance at the end of the half-year</b>	<b>4,583</b>	<b>4,382</b>
<b>Foreign currency translation reserve movements</b>		
Balance at the beginning of the half-year	(382)	(383)
Currency translation differences arising during the half-year	59	1
<b>Balance at the end of the half-year</b>	<b>(323)</b>	<b>(382)</b>
<b>Total reserves</b>	<b>4,260</b>	<b>4,000</b>

## 7. Earnings per share (EPS)

	30 Jun 2019	30 Jun 2018
	Cents	Cents
<b>(a) Basic earnings per share</b>		
From operations attributable to the ordinary equity of the Company	0.03	(0.17)
Total basic earnings per share attributable to the ordinary equity holders of the Company	0.03	(0.17)
<b>(b) Diluted earnings per share</b>		
From operations attributable to the ordinary equity of the Company	0.03	(0.17)
Total basic earnings per share attributable to the ordinary equity holders of the Company	0.03	(0.17)
<b>(c) Reconciliation of earnings used in calculating earnings per share</b>		
<b>Basic earnings per share:</b>	<b>\$000</b>	<b>\$000</b>
Loss from continuing operations	157	(769)
<b>Diluted earnings per share:</b>		
Loss attributable to the ordinary equity holders of the Company	157	(769)

**Freelancer Limited**  
**Notes to the financial statements**  
For the half year ended 30 June 2019

	30 Jun 2019 Shares	30 Jun 2018 Shares
<b>(d) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used in calculating basic earnings per share	449,711,964	449,319,021
<b>Adjustments for calculation of ordinary shares used in calculating diluted earnings per share:</b>		
ESP shares	5,815,768	6,455,214
<b>Weighted average number of ordinary shares used in calculating diluted earnings per share</b>	<b>455,527,732</b>	<b>455,774,235</b>

## 8. Contingent liabilities

Except for the items listed below, there are no other material contingent liabilities as at 30 June 2019:

- a collateral amount of USD450,000 (31 December 2018: USD450,000) is in place in one of the Group's PayPal accounts in favour of PayPal Australia Pty Ltd;
- term deposits of \$74,019 (31 December 2018: \$76,822) are secured for corporate credit card facilities in place;
- deposits of \$1,200,000 (31 December 2018: \$1,200,000) are held by various credit card processing providers, as security for any contractual compensation arising under these agreements;
- included in cash is an amount of \$724,000 on term deposit (31 December 2018: \$724,000), which is secured against a bank guarantee that has been provided to the lessor in respect of premises occupied by the Company at Level 20, 680 George Street Sydney.
- included in cash is an amount of Nil (31 December 2018: USD455,000), which was secured in connection with surety bonds in place with certain regulators in the US.
- Included in cash is an amount of USD104,000 (31 December 2018: USD104,000), which is held as a reserve to satisfy escrow regulatory requirements in respect of credit card transactions.

## 9. Leases

The Group's lease portfolio comprises commercial leases for office property. As at 30 June 2018 these leases had remaining lives ranging from 8 months up to 29 months.

(i) AASB 16 related amounts recognised in the balance sheet

	30 Jun 2019 \$000	31 Dec 2018 \$000
<b>Right of use assets</b>		
Leased office property:		
Opening balance	-	-
Addition to right-of-use asset	2,745	-
Depreciation expense for the half-year ended	(794)	-
Net carrying amount	1,951	-
Current	1,450	-
Non – current	578	-
Total	2,028	-

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	30 Jun 2019 \$000	30 Jun 2018 \$000
Depreciation charge related to right-of-use assets	796	-
Interest expense on lease liabilities (under finance cost)	96	-
Short-term leases expense	698	-



**Freelancer Limited**  
**Notes to the financial statements**  
For the half year ended 30 June 2019

	30 Jun 2019	30 Jun 2018
	\$000	\$000
Total half-yearly cash outflows for leases	1,616,597	-

The Group has a commitment of \$831,782 for short-term leases as at 30 June 2019.

## 10. Commitments for expenditure

### Non-cancellable operating services

The Group has entered into a commercial agreement for web hosting services with an annual fee commitment for 2 years commencing on 1 January 2018. Fees paid under this agreement are charged to the income statement on a usage basis over the period of the agreement. This commitment is fixed in USD. The future minimum fee commitment under this agreement has been calculated using the spot exchange rate at 30 June 2019 and may be subject to variation due to changes in exchange rates. The amounts are as follows:

	30 Jun 2019	31 Dec 2018
	\$000	\$000
Less than one year	2,842	5,657
Between one and five years	-	-
More than five years	-	-
<b>Total operating lease commitments</b>	<b>2,842</b>	<b>5,657</b>

### (a) Other capital commitments

There were no capital commitments as at 30 June 2019.

## 11. Fair value measurements

All assets and liabilities are recorded at their fair value.

## 12. Events occurring after the reporting date

There are no other matters or circumstances that have arisen since 30 June 2019 that have significantly affected, or may significantly affect:

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

## Freelancer Limited

### Directors' Declaration

In the Directors' opinion:

- (a) the Financial Statements and notes of the consolidated entity set out on pages 7 to 18 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year period ended on that date; and
  - (ii) comply with Accounting Standard 134 "Interim Financial Reporting";
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

On behalf of the directors



**Matt Barrie**  
Chairman

31 July 2019

# Independent Auditor's Report



**FREELANCER LIMITED**  
**ABN 66 141 959 042**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
FREELANCER LIMITED**

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Freelancer Limited, which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Freelancer Limited's financial position as at 30 June 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Freelancer Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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

**SYDNEY**  
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**FREELANCER LIMITED**  
**ABN 66 141 959 042**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
FREELANCER LIMITED**

*Conclusion*

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

- (i) giving a true and fair view of Freelancer Limited's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

*Hall Chadwick*

Hall Chadwick  
Level 40, 2 Park Street  
Sydney, NSW 2000

*S. Kumar*

**Sandeep Kumar**  
Partner  
Dated: 31 July 2019

# Freelancer Limited

## Corporate Directory

### Company Directors

Mr Robert Matthew Barrie  
Mr Darren Nicholas John Williams  
Mr Simon Alvin Clausen

Chairman and Chief Executive Officer  
Non Executive Director  
Non-Executive Director

### Company Secretary

Mr Neil Leonard Katz

### Registered Office

Level 20  
680 George Street  
Sydney NSW 2000  
Telephone: +61 (02) 8599 2700

### Share Registry

Boardroom Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000

### External Auditors

Hall Chadwick  
Level 40  
2 Park Street  
Sydney NSW 2000

### Securities exchange listing

Freelancer Limited shares are listed on the Australian Securities Exchange (Listing code: FLN)

