

IAB Holdings Limited
(Formerly known as Inabox Group Limited)
Appendix 4D
Half-year report

1. Company details

Name of entity:	IAB Holdings Limited
ABN:	32 161 873 187
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

On 3 August 2018, the group disposed of its Direct business operations to 5G Networks Limited for a total consideration of \$5,700,000 and after allowing for working capital adjustments the group received a cash consideration of \$1,700,000.

On 12 December 2018, the group disposed of its remaining operating subsidiaries to MNF Group Limited for a total consideration of \$34,500,000. As \$500,000 was deemed to be a contingent asset that relates to possible working capital adjustments, the net proceeds recognised was \$34,000,000.

As at the reporting date, the group has no continuing activities and accordingly the results represent the group as a discontinued operation as defined by AASB 5 'Non-current assets held for sale and discontinued operations'. Profit for the half-year includes gain on disposal of its operating businesses of \$22,706,000.

The revenues and profit disclosed below therefore also represents the revenues and profit from discontinued operations.

			\$'000
Revenues from discontinued operations	down	51.8% to	25,498
Gain on sale of operating businesses	up	100.0% to	22,706
Profit from ordinary activities after tax attributable to the owners of IAB Holdings Limited	up	1352.4% to	20,252
Profit for the half-year attributable to the owners of IAB Holdings Limited	up	1352.4% to	20,252

Dividends

	Amount per security Cents	Franked amount per security Cents
Special dividend for the year ending 30 June 2019, declared on 12 December 2018. The dividend was paid on 7 January 2019 to shareholders registered on 18 December 2018.	29.0	29.0

Comments

The profit for the group after providing for income tax amounted to \$20,252,000 (31 December 2017: loss of \$1,617,000).

Refer to the attached directors' report for further commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>60.86</u>	<u>(38.81)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

During the half-year the group lost control over the following entities:

Name of the entity	Date control lost
Anittel Pty Ltd	3 August 2018
Hostworks Group Pty Ltd	3 August 2018
Hostworks Pty Ltd	3 August 2018
Logic Communications Pty Ltd	3 August 2018
Modular IT Pty Ltd	3 August 2018
Telcoinabox Operations Pty Limited	12 December 2018
iVox Pty Ltd	12 December 2018
Neural Networks Technology Services Pty Ltd	12 December 2018
Mobile Services Solutions Pty Ltd	12 December 2018
Symmetry Networks Pty Ltd	12 December 2018

6. Audit qualification or review

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

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

7. Attachments

Details of attachments (if any):

The Interim Report of IAB Holdings Limited for the half-year ended 31 December 2018 is attached.

8. Signed



Signed _____

Date: 27 February 2019

David Rampa
Chairman
Sydney

IAB Holdings Limited

(Formerly known as Inabox Group Limited)

ABN 32 161 873 187

Interim Report - 31 December 2018

IAB Holdings Limited
(Formerly known as Inabox Group Limited)
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of IAB 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 IAB Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Rampa - Independent Chairman
Damian Kay
Garry Wayling
Tom Stianos (resigned on 19 November 2018)

Principal activities

During the financial half-year, the group provided managed IT, cloud and communication services to SME's across Australia either via channel partners or directly to SME customers.

On 3 August 2018, the group disposed of its managed IT and cloud businesses ('Direct' operating segment) through the sale of the subsidiaries of Anittel Pty Ltd, Hostworks Group Pty Ltd, Hostworks Pty Ltd, Logic Communications Pty Ltd and Modular IT Pty Ltd.

On 12 December 2018, the group disposed of its Telecommunications and Enablement business ('Indirect' and 'Enablement' segments) through the sale of its remaining trading subsidiaries being Telcoinabox Operations Pty Ltd, iVox Pty Ltd, Neural Networks Technology Services Pty Ltd, Mobile Services Solutions Pty Ltd and Symmetry Networks Pty Ltd.

Dividends

Dividends paid/payable during the financial half-year were as follows:

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Dividend for the year ending 30 June 2019 of 29 cents per ordinary share *	<u>6,907</u>	<u>-</u>

* Fully franked special dividend declared on 12 December 2018, with payment date of 7 January 2019 to eligible shareholders on the register as at 18 December 2018. The dividends were paid subsequent to the reporting date.

Review of operations

The profit for the group after providing for income tax amounted to \$20,252,000 (31 December 2017: loss of \$1,617,000).

The profit for the half-year is primarily driven from the gain on the sale of the group's operating businesses amounting to \$22,706,000 with the balance comprising of normal trading operations of the discontinued operation offset by some redundancy costs incurred as a result of the sale of the businesses.

On 12 December 2018, the company changed its name from Inabox Group Limited to IAB Holdings Limited. The ASX code remained as IAB.

The group sold the Direct business for a consideration of \$5,700,000 and after allowing for working capital adjustments the group received a cash consideration of \$1,700,000 with the buyer also assuming \$776,000 of finance lease liabilities. The Telecommunications and Enablement business was sold for a consideration of \$34,500,000. As \$500,000 was deemed to be a contingent asset that relates to possible working capital adjustments, the net proceeds recognised was \$34,000,000. The proceeds of the sale were used to immediately extinguish all lines of credit with the Commonwealth Bank of Australia and the American Express facility was reduced to \$250,000 which has been paid subsequent to the reporting date under the normal payment cycle.

With the group's main undertaking sold the board of directors intends to, as quickly and efficiently as possible distribute surplus cash to shareholders, delist from the Australian Securities Exchange ('ASX') and conduct an orderly winding up of the company and its remaining entities.

IAB Holdings Limited
(Formerly known as Inabox Group Limited)
Directors' report
31 December 2018

Matters subsequent to the end of the financial half-year

Distributions and return of capital:

On 7 January 2019, a special dividend of 29 cents per share, totalling \$6,907,000 was paid to shareholders, as detailed in note 16.

On 31 January 2019, the company announced a return of initial return of capital of 50 cents per share, totalling \$11,909,000 which was paid to shareholders on 19 February 2019.

The special dividend and return of capital to date totals 79 cents per share, which represented a premium of nearly 70% on the 3-month volume weighted average share price ('VWAP') of \$0.47 per ordinary share prior to the announcement of possible material transactions in June 2018.

Delisting from the ASX:

On 15 January 2019, the shareholders approved the delisting of the company from the ASX and authorised the directors to do all things reasonably necessary to give effect to the delisting of the company.

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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows 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



David Rampa
Chairman

27 February 2019
Sydney

IAB Holdings Limited
(Formerly known as Inabox Group Limited)
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IAB Holdings Limited
(Formerly known as Inabox Group 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
		\$'000	\$'000
Revenue from discontinuing operations	5	25,497	52,932
Interest revenue calculated using the effective interest method		1	11
Gain on sale of operating businesses		22,706	-
Expenses			
Network expenses and related costs		(15,010)	(20,455)
Equipment cost and freight		(662)	(7,476)
Employee benefits expense		(8,405)	(16,854)
Redundancy costs		-	(350)
Depreciation and amortisation expense		(921)	(2,288)
Impairment of assets		-	(1,343)
Other expenses		(2,186)	(5,780)
Finance costs		(466)	(355)
Profit/(loss) before income tax (expense)/benefit		20,554	(1,958)
Income tax (expense)/benefit		(302)	341
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of IAB Holdings Limited		20,252	(1,617)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of IAB Holdings Limited		20,252	(1,617)
		Cents	Cents
Basic earnings per share	19	85.03	(6.82)
Diluted earnings per share	19	85.03	(6.82)

All operations are classified as discontinued. Refer to note 2 for further information.

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

IAB Holdings Limited
(Formerly known as Inabox Group Limited)
Statement of financial position
As at 31 December 2018

		Consolidated	
	Note	31 Dec 2018	30 Jun 2018
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6	20,158	1,010
Trade and other receivables	7	1,664	10,654
Inventories		-	106
Income tax receivable		162	214
Other	8	32	2,390
Total current assets		<u>22,016</u>	<u>14,374</u>
Non-current assets			
Property, plant and equipment	9	-	3,329
Intangibles	10	-	10,973
Deferred tax		-	610
Total non-current assets		<u>-</u>	<u>14,912</u>
Total assets		<u>22,016</u>	<u>29,286</u>
Liabilities			
Current liabilities			
Trade and other payables	11	364	10,980
Borrowings	12	250	11,791
Employee benefits		-	2,589
Provisions	13	6,907	105
Deferred revenue		-	1,774
Total current liabilities		<u>7,521</u>	<u>27,239</u>
Non-current liabilities			
Borrowings		-	8
Employee benefits		-	503
Provisions		-	131
Other		-	255
Total non-current liabilities		<u>-</u>	<u>897</u>
Total liabilities		<u>7,521</u>	<u>28,136</u>
Net assets		<u>14,495</u>	<u>1,150</u>
Equity			
Issued capital	14	15,454	15,454
Reserves	15	-	(2,219)
Accumulated losses		(959)	(12,085)
Total equity		<u>14,495</u>	<u>1,150</u>

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

IAB Holdings Limited
(Formerly known as Inabox Group Limited)
Statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits/ accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2017	15,354	(2,234)	1,581	14,701
Loss after income tax benefit for the half-year	-	-	(1,617)	(1,617)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,617)	(1,617)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	100	-	-	100
Share-based payments	-	63	-	63
Balance at 31 December 2017	<u>15,454</u>	<u>(2,171)</u>	<u>(36)</u>	<u>13,247</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2018	15,454	(2,219)	(12,085)	1,150
Profit after income tax expense for the half-year	-	-	20,252	20,252
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	20,252	20,252
<i>Transactions with owners in their capacity as owners:</i>				
Transferred from reserves	-	2,219	(2,219)	-
Dividends paid (note 16)	-	-	(6,907)	(6,907)
Balance at 31 December 2018	<u>15,454</u>	<u>-</u>	<u>(959)</u>	<u>14,495</u>

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

IAB Holdings Limited
(Formerly known as Inabox Group Limited)
Statement of cash flows
For the half-year ended 31 December 2018

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	25,704	56,789
Payments to suppliers and employees (inclusive of GST)	(30,056)	(55,232)
Interest received	1	11
Interest and other finance costs paid	(466)	(294)
Income taxes paid	(9)	(316)
Net cash from/(used in) operating activities	(4,826)	958
Cash flows from investing activities		
Payment for purchase of subsidiary, net of cash acquired	-	(499)
Payments to vendors for prior year business combination	-	(1,387)
Payments for property, plant and equipment	(66)	(837)
Payments for intangibles	(528)	(1,482)
Cash transferred on disposal of businesses	(290)	-
Proceeds from disposal of Direct business	1,700	-
Proceeds from disposal of Telecommunications and Enablement business	34,000	-
Payments for security deposits	-	(133)
Proceeds from release of security deposits	-	40
Net cash from/(used in) investing activities	34,816	(4,298)
Cash flows from financing activities		
Proceeds from borrowings	-	1,572
Repayment of borrowings	(9,458)	(3,055)
Net cash used in financing activities	(9,458)	(1,483)
Net increase/(decrease) in cash and cash equivalents	20,532	(4,823)
Cash and cash equivalents at the beginning of the financial half-year	(374)	4,998
Cash and cash equivalents at the end of the financial half-year	<u>20,158</u>	<u>175</u>

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

Note 1. General information

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

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

c/o Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

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 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Presentation of financial statements and going concern

During the half-year, the group sold its operating businesses. Currently the group has no continuing activities and accordingly the results and financial position represent the group as a discontinued operation as defined by AASB 5 'Non-current assets held for sale and discontinued operations'.

With the group's main undertaking sold the board of directors intends to, as quickly and efficiently as possible distribute surplus cash to shareholders, delist from the Australian Securities Exchange ('ASX') and conduct an orderly winding up of the company and its remaining entities. Cash distributions have commenced with a special dividend of 29 cents per share, totalling \$6,907,000, being paid to shareholders on 7 January 2019, as detailed in note 16. Further, after the reporting date, the company announced an initial return of capital of 50 cent per share, totalling \$11,909,000 which was paid to shareholders on 19 February 2019, as detailed in note 20.

On 21 December 2018, the company submitted a formal application for removal of the company from the official listing of the ASX. On 15 January 2019, the shareholders also approved the delisting of the company from the ASX, as detailed in note 20.

As a result, the going concern basis of preparation is therefore not appropriate and these financial statements have been prepared on a liquidation basis, that is, assets are recognised at their recoverable amount and liabilities recognised at fair value.

Note 3. 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, unless otherwise stated.

Note 3. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The significant new accounting standards adopted are discussed below.

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

The following Accounting Standards and Interpretations are most relevant to the group:

AASB 9 Financial Instruments

The group has adopted AASB 9 from 1 July 2018, using the transitional rules not to restate comparatives. 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. The adoption of AASB 9 did not have a material impact on the group's results.

AASB 15 Revenue from contracts with customers

The group has adopted AASB 15 from 1 July 2018, using the modified retrospective approach not restate comparatives. 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. The adoption of AASB 15 did not have a material impact on the group's results.

Note 4. Operating segments

The results and financial position represents the group having discontinued operations in its three major segments (Direct, Indirect and Enablement) reported and disclosed as such in the annual report 30 June 2018.

The information reported to the Board of Directors (being the Chief Operating Decision Makers ('CODM')), is the consolidated results as shown in the statement of profit or loss and other comprehensive income and statement of financial position.

The directors have determined that there are no operating segments identified for the half-year which are considered reportable.

Note 5. Revenue from discontinuing operations

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Communications revenue	21,484	32,665
Enablement revenue	2,152	4,679
Other revenue	-	4
IT products and services revenue	1,861	15,584
	<u>25,497</u>	<u>52,932</u>
Revenue from discontinuing operations	<u>25,497</u>	<u>52,932</u>

Disaggregation of revenue

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

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
<i>Geographical regions</i>		
Australia	<u>25,497</u>	<u>-</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	685	-
Services transferred at a point in time	22,372	-
Services transferred over time	2,440	-
	<u>25,497</u>	<u>-</u>

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

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Cash on hand and at bank	<u>20,158</u>	<u>1,010</u>

Note 7. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Trade receivables	-	9,356
Less: Allowance for expected credit losses	-	(337)
	<u>-</u>	<u>9,019</u>
Other receivables	1,481	1,635
BAS receivable	183	-
	<u>1,664</u>	<u>10,654</u>

Note 8. Current assets - other

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Prepayments	32	1,523
Security deposits	-	842
Loan to service providers	-	25
	<u>32</u>	<u>2,390</u>

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

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Leasehold improvements - at cost	-	799
Less: Accumulated depreciation	-	(403)
	<u>-</u>	<u>396</u>
Motor vehicles - at cost	-	192
Less: Accumulated depreciation	-	(143)
	<u>-</u>	<u>49</u>
Computer and office equipment - at cost	-	19,544
Less: Accumulated depreciation	-	(16,660)
	<u>-</u>	<u>2,884</u>
	<u>-</u>	<u>3,329</u>

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Motor vehicles \$'000	Computer and equipment \$'000	Total \$'000
Balance at 1 July 2018	396	49	2,884	3,329
Additions	-	-	66	66
Disposals	(385)	(46)	(2,639)	(3,070)
Depreciation expense	(11)	(3)	(311)	(325)
Balance at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 10. Non-current assets - intangibles

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Goodwill - at cost	-	14,399
Less: Impairment	-	(11,216)
	-	3,183
Patents, trademarks and brands - at cost	-	577
Less: Impairment	-	(235)
	-	342
Customer contracts and relationships - at cost	-	6,335
Less: Accumulated amortisation	-	(2,991)
Less: Impairment	-	(1,107)
	-	2,237
Software and capitalised development - at cost	-	9,354
Less: Accumulated amortisation	-	(4,143)
	-	5,211
	-	10,973

Reconciliations

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

	Goodwill	Patents, trademarks and brands	Customer contracts and relationships	Software and capitalised development	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated					
Balance at 1 July 2018	3,183	342	2,237	5,211	10,973
Additions	-	-	-	528	528
Disposals	(3,183)	(342)	(2,087)	(5,293)	(10,905)
Amortisation expense	-	-	(150)	(446)	(596)
Balance at 31 December 2018	-	-	-	-	-

Note 11. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Trade payables	125	7,725
Due to service providers	-	262
Accrued expenses	156	2,564
Other payables	83	429
	364	10,980

Note 12. Current liabilities - borrowings

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Bank overdraft	-	1,384
Bank loans	-	7,000
Amex facility	250	1,491
Credit card facility	-	42
Vendor loan	-	417
Unamortised borrowing costs	-	(66)
Lease liability	-	1,523
	<u>250</u>	<u>11,791</u>

\$707,000 of lease liabilities were transferred on the sale of the businesses. The remaining borrowings were settled with the proceeds received from the sale of the businesses.

Note 13. Current liabilities - provisions

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Dividends	6,907	-
Lease make good	-	105
	<u>6,907</u>	<u>105</u>

Dividends

The provision represents dividends declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial half-year but not distributed at the reporting date.

Note 14. Equity - issued capital

	Consolidated			
	31 Dec 2018	30 Jun 2018	31 Dec 2018	30 Jun 2018
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>23,818,129</u>	<u>23,818,129</u>	<u>15,454</u>	<u>15,454</u>

Share buy-back

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

Note 15. Equity - reserves

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Other reserves	-	(2,366)
Share-based payment reserve	-	147
	<u>-</u>	<u>(2,219)</u>

Note 16. Equity - dividends

Dividends paid/payable during the financial half-year were as follows:

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Dividend for the year ending 30 June 2019 of 29 cents per ordinary share *	<u>6,907</u>	<u>-</u>

- * Fully franked special dividend declared on 12 December 2018, with payment date of 7 January 2019 to eligible shareholders on the register as at 18 December 2018. The dividends were paid subsequent to the reporting date.

Note 17. Fair value measurement

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

Note 18. Contingent assets

On the sale of the businesses \$500,000 of the consideration was deemed to be contingent relating to possible working capital adjustments. No asset has been recognised within these financial statements for the asset.

Note 19. Earnings per share

	Consolidated	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Profit/(loss) after income tax attributable to the owners of IAB Holdings Limited	<u>20,252</u>	<u>(1,617)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>23,818,129</u>	<u>23,717,171</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>23,818,129</u>	<u>23,717,171</u>
	Cents	Cents
Basic earnings per share	85.03	(6.82)
Diluted earnings per share	85.03	(6.82)

Note 20. Events after the reporting period

Distributions and return of capital:

On 7 January 2019, a special dividend of 29 cents per share, totalling \$6,907,000 was paid to shareholders, as detailed in note 16.

On 31 January 2019, the company announced a return of initial return of capital of 50 cents per share, totalling \$11,909,000 which was paid to shareholders on 19 February 2019.

The special dividend and return of capital to date totals 79 cents per share, which represented a premium of nearly 70% on the 3-month volume weighted average share price ('VWAP') of \$0.47 per ordinary share prior to the announcement of possible material transactions in June 2018.

Delisting from the ASX:

On 15 January 2019, the shareholders approved the delisting of the company from the ASX and authorised the directors to do all things reasonably necessary to give effect to the delisting of the company.

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.

IAB Holdings Limited
(Formerly known as Inbox Group Limited)
Directors' declaration
31 December 2018

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 dark ink, appearing to read 'David Rampa', followed by a horizontal line.

David Rampa
Chairman

27 February 2019
Sydney

Independent Auditor's Review Report to the members of IAB Holdings Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of IAB 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 and 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 and notes to the financial statements, including significant accounting policies, and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that gives a 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including, giving a true and fair view of the Group's financial position as at 31 December 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

Conclusion

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 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*.



Crowe Horwath Sydney



John Haydon
Senior Partner

Dated this 27th day of February 2019

27 February 2019

The Directors
IAB Holdings Limited
C/o Boardroom Pty Limited
Level 12
225 George Street
SYDNEY NSW 2000

Dear Directors

IAB Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of IAB Holdings Limited.

As lead audit partner for the review of the financial statements of IAB Holdings Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, that 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.

Yours sincerely



Crowe Horwath Sydney



John Haydon
Senior Partner