

Appendix 4D

Redbubble Limited

ABN: 11 119 200 592

Half-year ended 31 December 2017

(Previous corresponding period: Half-year ended 31 December 2016)

Results for announcement to the market

	Half-year ended 31 Dec 2016 \$M	Half-year ended 31 Dec 2017 \$M		Change \$M	Change % (*)
Revenue from ordinary activities	78.7	102.3	Up	23.6	30.0%
Loss from ordinary activities after tax attributable to members	2.8	2.3	Down	-0.5	-17.7%
Net loss for the period attributable to members	2.8	2.3	Down	-0.5	-17.7%

(*) Change % calculations are based on numbers to nearest thousand dollars (\$000).

Dividends

Redbubble Limited has not paid and does not propose to pay dividends for the six months ended 31 December 2017 (2016: Nil). There are no dividend or distribution reinvestment plans in operation.

Net tangible assets per security

	31 Dec 2016 cents	31 Dec 2017 cents
Net tangible assets per security	12.9	6.9

Other information

Detailed analysis of the results for the half-year ended 31 December 2017 follows. Further commentary is contained in the Redbubble ASX release announcing the half-year financial results, the review of operations in the Directors' Report accompanying the attached Condensed Consolidated Interim Financial Report (**Interim Financial Report**) and the attached presentation to investors.

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in, and should be read in conjunction with, the Interim Financial Report for the half-year ended 31 December 2017.

This report is based on the Interim Financial Report for the half-year ended 31 December 2017 which has been reviewed by Ernst & Young with the Independent Auditor's Review Report included in the Interim Financial Report.



Redbubble Limited and Controlled Entities

ABN 11 119 200 592

Condensed Consolidated Interim Financial Report
for the half-year ended 31 December 2017

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The Directors of Redbubble Limited (the **Company**) present their report for the Company and its controlled entities (together, the **Group**) for the half-year ended 31 December 2017 (the **half-year**).

General information

Directors

The names of the Directors of the Company in office at any time during the half-year and since the end of the half-year until the date of this report are:

- Richard Cawsey (Chair)
- Martin Hosking (Managing Director, Chief Executive Officer)
- Teresa Engelhard (resigned effective 25 October 2017)
- Greg Lockwood
- Grant Murdoch
- Hugh Williams
- Jennifer Macdonald (appointed with effect from 22 February 2018)

In addition, Anne Ward has been appointed to the Board, with her appointment to take effect from 22 March 2018. Corina Davis (US) and Paul Gordon (Australia) both hold the position of Company Secretary of the Company.

Principal activities

The Group, through its website at Redbubble.com and three foreign language sites, is an online marketplace that facilitates the sale and purchase of art and designs on a range of products between independent creatives and consumers. The products are produced and shipped by third party service providers (i.e. product manufacturers, printers and shipping companies) referred to as fulfillers.

No significant change in the nature of these activities occurred during the half-year.

Review of operations

Redbubble is growing on the back of disruption driven by three key trends:

- (1) a shifting consumer sentiment towards the more personally relevant;
- (2) the advancement of technological capabilities within print-on-demand and manufacturing-on-demand;
and
- (3) widespread familiarity with an adoption of sharing of economies enabled by the internet.

In combination, these trends are resulting in economically viable production of a single item created for a single customer at the time of their order.

The net result is that Redbubble is creating a highly disruptive retail model with long term growth potential based on low customer acquisition costs and a positive cash cycle with neither inventory nor warehousing requirements. As Redbubble does so, it is developing global network of interconnected fulfillers.

Review of operations (continued)

Over the first half of FY2018, the Group has delivered top line growth above 30%. The business demonstrated solid trading performance during the Thanksgiving (including Black Friday and Cyber Monday) and Christmas holiday seasons as well as the 'Back to School' period in the northern hemisphere.

Important first half financial measures (with year on year growth rates, where applicable) are:

- Gross transaction value (**GTV**¹) of \$129.8 million, up 31.7%;
- Revenue of \$102.3 million, up 30.0%;
- Gross profit of \$35.3 million, up 24.7% at a margin of 34.5%;
- Gross profit after paid acquisition (**GPAPA**) of \$25.7 million, up 18.0%;
- Earnings before interest, tax, depreciation and amortisation (**EBITDA**) of \$0.9 million, up 186.5%; and
- Net loss after tax of \$2.3 million, down 17.7%

The lower year-on year growth of Revenue compared to GTV is largely due to increasing contribution to sales from Redbubble's European markets with their higher sales tax regimes.

Redbubble's gross profit margin for the first half of FY2018 was 34.5%, lower than FY2017's 35.6%, due to seasonal differences in product mix, and pricing and promotional initiatives. Discounts negotiated before the holiday season took effect from 1 January 2018 and the volume increases experienced over the strong holiday season will support margin improvements through ongoing supply chain negotiations.

The net result is an EBITDA of \$0.9 million for the first half of FY2018 compared to an EBITDA loss of \$1.1 million for the same period last year. The business delivered positive cash flow of \$18.6 million for the half with cash flow from operating activities contributing \$22.8 million. Redbubble is a seasonal business with the December quarter and first half containing the significant holiday seasons.

Continuing to scale

Redbubble continues to build significant momentum on the basis of strong fundamentals: a healthy and vibrant marketplace, strong top line growth, increasing organic growth and profitable customer acquisition, and increasing operating leverage.

Marketplace health

Redbubble's marketplace dynamics remain healthy with artist and customer growth reflected in GTV growth.

Relevant first half FY2018 metrics are:

- Customer² numbers increased by 40.2% YoY to 2.35 million;
- Selling artists increased by 33.1% YoY to 218,800; and
- Visits to the site increased by 39.3% YoY to 127.5 million of which mobile represented 54.3%

Redbubble is also pleased to note that a milestone reached during the first half was artists' aggregate earnings exceeding \$100 million since the inception of the business.

¹ GTV equates to total receipts from customers less fraud, refunds and chargebacks.

² Customers are unique customers counting only once however many time they have bought on Redbubble during the period.

Review of operations (continued)

Continuing to scale (continued)

Increasing organic growth and profitable customer acquisition

The majority of Redbubble's traffic continues to come from organic (unpaid) sources, with both unpaid and paid sources demonstrating meaningful growth.

All paid channels remain profitable adding to GPAPA. In first half FY2018, total paid acquisition costs were 9.4% of Revenue (7.4% of GTV, only slightly up from 7.0% in FY2017).

Operating leverage

Whilst maintaining its investment in growth, Redbubble continues to demonstrate operating leverage. First half FY2018 GPAPA increased 18.0% year-on-year whilst operating expenses (excluding fulfiller expenses, depreciation and amortisation and paid acquisition costs) increased by 9.8%. Against Revenue growth of 30.0% year-on-year, Redbubble's aggregate operating expenses and paid acquisition costs growth was 18.2%.

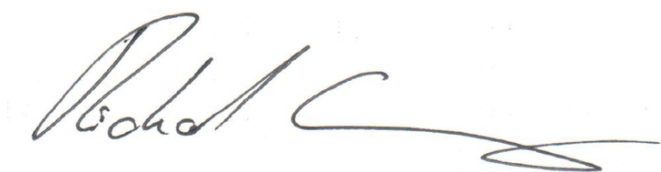
Rounding of amounts

The amounts contained in the Condensed Consolidated Interim Financial Report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Legislative Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

Auditor's independence declaration

A copy of Ernst & Young's Auditor's Independence Declaration, as required under sections 307C of the Corporations Act 2001, is set out on page 7.

The Directors' Report is made in accordance with a resolution of the Directors of the Company.



Richard Cawsey
Chair
22 February 2018



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Auditor's Independence Declaration to the Directors of Redbubble Limited

As lead auditor for the review of Redbubble Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Redbubble Limited and the entities it controlled during the financial period.

Ernst & Young

Kylie Bodenham
Partner
Melbourne
22 February 2018

Condensed consolidated interim financial statements

Consolidated statement of comprehensive income for the half-year ended 31 December 2017

	Notes	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Revenue from services		102,309	78,722
Operating expenses			
Fulfiller expenses ⁽¹⁾		(67,002)	(50,408)
Employee and contractor costs	2	(15,922)	(14,737)
Marketing expenses	3	(10,457)	(7,392)
Operations and administration	4	(7,826)	(6,805)
Depreciation and amortisation	9 & 10	(3,866)	(3,003)
Total operating expenses		(105,073)	(82,345)
Other income ⁽²⁾		423	323
Other expenses ⁽³⁾		(319)	(502)
Loss before income tax		(2,660)	(3,802)
Income tax benefit	5	330	971
Total loss for the half-year attributable to owners		(2,330)	(2,831)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
(Loss)/Gain on foreign currency translation		(164)	294
Total other comprehensive (loss)/gain attributable to owners		(164)	294
Total comprehensive loss for the half-year attributable to owners		(2,494)	(2,537)
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share	6	(0.01)	(0.01)
Diluted loss per share	6	(0.01)	(0.01)

⁽¹⁾ Fulfiller expenses comprise product and printing, shipping and transaction costs and are equivalent to cost of goods sold.

⁽²⁾ Other income includes finance income and lease income.

⁽³⁾ Other expenses includes net foreign exchange loss and lease commission expense.

The above consolidated statement of comprehensive income should be read in conjunction with accompanying notes.

Condensed consolidated interim financial statements

Consolidated statement of financial position

as at 31 December 2017

	Notes	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Current assets			
Cash and cash equivalents	8	46,332	27,809
Trade and other receivables		1,275	720
Inventories		124	283
Other financial assets		146	130
Prepayments		1,110	1,349
Tax assets		-	212
Total current assets		48,987	30,503
Non-current assets			
Property, plant and equipment	9	3,746	2,145
Intangible assets	10	9,461	8,853
Other financial assets		1,160	1,158
Deferred tax assets		9,037	8,707
Prepayments		146	88
Other assets		51	-
Total non-current assets		23,601	20,951
Total assets		72,588	51,454
Current liabilities			
Trade and other payables		31,905	12,868
Unearned revenue		3,316	2,527
Employee benefit liabilities	11	1,707	1,511
Provisions		260	303
Tax liabilities		45	45
Lease incentive liability	12	212	-
Other liabilities		148	13
Total current liabilities		37,593	17,267
Non-current liabilities			
Employee benefit liabilities	11	129	84
Lease incentive liability	12	1,270	-
Other liabilities		678	454
Total non-current liabilities		2,077	538
Total liabilities		39,670	17,805
Net assets		32,918	33,649
Equity			
Contributed equity	13 (a)	72,079	72,594
Treasury reserve	13 (b)	(825)	(2,475)
Share based payment reserve		4,040	3,412
Foreign exchange translation reserve		(1,299)	(1,135)
Accumulated losses		(41,077)	(38,747)
Total equity		32,918	33,649

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

Condensed consolidated interim financial statements

Consolidated statement of changes in equity for the half-year ended 31 December 2017

		Share capital	Treasury reserve ⁽¹⁾	Share based payments reserve	Foreign exchange translation reserve	Accumulated losses	Total
2016	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016		67,865	-	3,214	(906)	(31,190)	38,983
Loss for the half-year		-	-	-	-	(2,831)	(2,831)
Other comprehensive income		-	-	-	294	-	294
Total comprehensive loss for the half-year		-	-	-	294	(2,831)	(2,537)
Exercise of share options / warrants	13 (b)	323	-	-	-	-	323
Transfer to issued capital on issuance of shares for exercised options / warrants / settled performance rights ⁽²⁾		1,879	-	(1,879)	-	-	-
Share based payments expense	2	-	-	1,221	-	-	1,221
Issue of shares to the Employee Share Trust	13 (b)	4,999	(4,999)	-	-	-	-
Shares issued / allocated to Participants from the Employee Share Trust	13 (b)	(4,004)	4,004	-	-	-	-
Payment of withholding taxes to US tax authorities on settlement of performance rights funded by shares withheld	13 (b)	(305)	-	-	-	-	(305)
Balance at 31 December 2016		70,757	(995)	2,556	(612)	(34,021)	37,685

		Share capital	Treasury reserve ⁽¹⁾	Share based payments reserve	Foreign exchange translation reserve	Accumulated losses	Total
2017	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2017		72,594	(2,475)	3,412	(1,135)	(38,747)	33,649
Loss for the half-year		-	-	-	-	(2,330)	(2,330)
Other comprehensive loss		-	-	-	(164)	-	(164)
Total comprehensive loss for the half-year		-	-	-	(164)	(2,330)	(2,494)
Exercise of share options	13 (b)	523	-	-	-	-	523
Transfer to issued capital on issuance of shares for exercised options / settled performance rights		649	-	(649)	-	-	-
Share based payments expense	2	-	-	1,277	-	-	1,277
Shares issued / allocated to participants from the Employee Share Trust	13 (b)	(1,650)	1,650	-	-	-	-
Payment of withholding taxes to US tax authorities on settlement of performance rights funded by shares withheld	13 (b)	(37)	-	-	-	-	(37)
Balance at 31 December 2017		72,079	(825)	4,040	(1,299)	(41,077)	32,918

⁽¹⁾ During the half-year ended 31 December 2016, the Group established an Employee Share Trust (**Trust**) for the purpose of issuance of shares to participants on exercise of options / settlement of performance rights. During the half-year ended 31 December 2017, the Group did not issue any new shares (2016: 5,050,000 shares) to the Trust. The balance in the Treasury Reserve as at 31 December 2017 represents book value of 931,813 shares (2016: 1,004,997 shares) held by the Trust for future issue of shares to participants on exercise of options / settlement of performance rights.

⁽²⁾ Includes \$1,487,361 in relation to performance rights issued from March 2013 onwards which were settled in November 2016 (six months from the IPO in May 2016) on account of satisfaction of liquidity event condition.

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

Condensed consolidated interim financial statements

Consolidated statement of cash flows

for the half-year ended 31 December 2017

	Notes	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Cash flows from operating activities			
Receipts from customers		131,941	100,710
Payments to artists		(18,212)	(14,820)
Payments to fulfillers		(54,626)	(45,371)
Payments to other suppliers and employees		(36,864)	(32,275)
Other income received		356	337
Net income tax refund received		204	-
Net cash provided by operating activities		22,799	8,581
Cash flows from investing activities			
Payment for property, plant and equipment		(632)	(1,339)
Payment for intangible assets	10	(4,038)	(3,814)
Net cash used in investing activities		(4,670)	(5,153)
Cash flows from financing activities			
Proceeds from exercise of share options / warrants	13 (b)	523	323
Payment of withholding taxes to US tax authorities on settlement of performance rights funded by shares withheld	13 (b)	(37)	(305)
Net cash provided by financing activities		486	18
Net increase in cash and cash equivalents held		18,615	3,446
Cash and cash equivalents at beginning of year		27,809	41,977
Effect of exchange rate changes on cash and cash equivalents		(92)	(693)
Cash and cash equivalents at end of the half-year	8	46,332	44,730

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

1. Basis of preparation

The Condensed Consolidated Interim Financial Statements of Redbubble Limited for the half-year ended 31 December 2017 (**Interim Financial Report**) were authorised for issue by resolution of the Directors on 22 February 2018. Redbubble Limited (the **Company**), a global online marketplace for independent artists, is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange.

The Interim Financial Report:

- covers Redbubble Limited and its controlled entities as the consolidated group (the **Group**). Redbubble Limited is the ultimate parent entity of the Group;
- has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting; and
- does not include all the information and disclosures required in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2017.

The accounting policies adopted in the preparation of the Interim Financial Report are consistent with those followed in the preparation of the Annual Report of the Group for the year ended 30 June 2017, except for the adoption of new and amended standards and interpretations as of 1 July 2017 that did not have an impact on the financial position, performance or disclosures of the Group during the period. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

2. Employee and contractor costs

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Salary costs	11,366	9,825
Contractor costs	2,259	2,928
Share based payments expense	1,277	1,221
Superannuation costs and other pension related costs ⁽¹⁾	1,020	763
Total employee and contractor costs	15,922	14,737

⁽¹⁾ Includes contribution to 401K funds, which is the superannuation equivalent for the US subsidiary.

3. Marketing expenses

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Paid acquisition costs ⁽¹⁾	9,649	6,565
Other marketing expenses	808	827
Total marketing expenses	10,457	7,392

⁽¹⁾ Paid acquisition costs represent marketing costs paid per click basis on search engines like Google, and advertising on social media platforms such as Facebook.

4. Operations and administration

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Technology infrastructure and software costs	3,206	2,076
Rental expense on operating leases	988	796
Travel expenses	706	614
External consulting costs	416	622
Other operations and administration expense	2,510	2,697
Total operations and administration	7,826	6,805

5. Income tax expense / (benefit)

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Current income tax expense	-	62
Deferred income tax benefit ⁽¹⁾	(330)	(1,033)
Total income tax benefit	(330)	(971)

⁽¹⁾ During the half-year ended 31 December 2017, the Group recognised a Deferred Tax Asset (DTA) of \$0.3 million (2016: \$1.0 million) comprising \$0.9 million (2016: \$0.8 million) attributable to tax losses and research and development tax offsets incurred during the period, offset by reversal of the DTA attributable to other items including timing differences of \$0.4 million (2016: deferred tax benefit of \$0.2 million), and adjustments relating to changes in Federal tax rates in the United States of America of \$0.2 million (2016: Nil).

As at 31 December 2017, the Group has an unrecognised DTA of \$9.0 million attributable to Australian carried forward tax losses and non-refundable research and development offsets.

6. Loss per share

Basic and diluted loss per share

Basic and diluted loss per share attributable to the ordinary equity holders of the company is \$0.01 (2016: loss per share of \$0.01). The calculation for basic and diluted loss per share is detailed below.

Reconciliation of loss used in calculating loss per share

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	(2,330)	(2,831)

Weighted average number of shares used as the denominator

	31 Dec 2017 number	31 Dec 2016 number
Weighted average number of shares used as denominator in calculating basic and diluted loss per share	208,440,096	201,246,340

7. Seasonality of operations

The Group's revenue is affected by the Thanksgiving and Christmas holiday seasons which result in higher sales particularly in the December quarter. Consequently, the current assets and liabilities as at 31 December 2017 are not strictly comparable with the balances as at 30 June 2017.

8. Cash and cash equivalents

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Cash at bank	28,332	9,809
Fixed term bank deposits ⁽¹⁾	18,000	18,000
Total cash and cash equivalents	46,332	27,809

⁽¹⁾ Fixed term bank deposits attract interest at normal term deposit rates. They are placed for various periods of up to 12 months. All are capable of being called at 31 days' notice with minimal financial impact.

9. Property, plant and equipment

Cost	Leasehold improvements \$'000	Furniture and equipment \$'000	Computer equipment \$'000	Work in Progress \$'000	Total \$'000
Balance at 1 July 2017	1,908	470	1,822	82	4,282
Additions ⁽¹⁾	1,628	257	202	62	2,149
Transfers	87	53	3	(143)	-
Disposals	-	(194)	-	-	(194)
Exchange differences	(6)	(4)	(10)	(1)	(21)
Balance at 31 December 2017	3,617	582	2,017	-	6,216
Balance at 1 July 2016	888	434	1,271	-	2,593
Additions	978	43	314	-	1,335
Disposals	-	-	(4)	-	(4)
Exchange differences	13	9	22	-	44
Balance at 31 December 2016	1,879	486	1,603	-	3,968
Accumulated depreciation					
Balance at 1 July 2017	(857)	(264)	(1,016)	-	(2,137)
Charge for the half-year	(190)	(34)	(249)	-	(473)
Disposals	-	127	-	-	127
Exchange differences	5	2	6	-	13
Balance at 31 December 2017	(1,042)	(169)	(1,259)	-	(2,470)
Balance at 1 July 2016	(533)	(181)	(634)	-	(1,348)
Charge for the half-year	(179)	(46)	(189)	-	(414)
Disposals	-	-	3	-	3
Exchange differences	(8)	(4)	(11)	-	(23)
Balance at 31 December 2016	(720)	(231)	(831)	-	(1,782)
Net book value					
As at 31 December 2017	2,575	413	758	-	3,746
As at 31 December 2016	1,159	255	772	-	2,186

⁽¹⁾ Of the total additions during the half-year ended 31 December 2017, \$2.0 million relate to new leasehold premises at 111 Sutter Street, San Francisco. These additions include leasehold improvements amounting to \$1.5 million which were funded by the landlord. Refer to Note 12 for additional information.

The property, plant and equipment shown above relates to Redbubble offices in Melbourne, San Francisco and Berlin.

10. Intangible assets

Cost	Capitalised development costs \$'000
Balance at 1 July 2017	20,612
Additions	4,038
Disposals	(34)
Exchange differences	(20)
Balance at 31 December 2017	24,596
Balance at 1 July 2016	13,513
Additions	3,814
Disposals	-
Exchange differences	55
Balance at 31 December 2016	17,382
Accumulated amortisation	
Balance at 1 July 2017	(11,759)
Charge for the half-year	(3,393)
Disposals	-
Exchange differences	17
Balance at 31 December 2017	(15,135)
Balance at 1 July 2016	(6,097)
Charge for the half-year	(2,589)
Disposals	-
Exchange differences	(41)
Balance at 31 December 2016	(8,727)
Net book value	
As at 31 December 2017	9,461
As at 31 December 2016	8,655

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project, typically between 2 to 3 years.

11. Employee benefit liabilities

	Current		Non-current	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Annual leave	1,372	1,256	-	-
Long service leave	200	146	129	84
Termination benefits	135	109	-	-
Total employee benefit liabilities	1,707	1,511	129	84

12. Lease incentive liability

The Group has recognised a lease incentive liability for the additions to leasehold improvements funded by the landlord at 111 Sutter Street, San Francisco. The benefit of this incentive is being released as a reduction in rental expense over seven years, the life of the lease. As at the end of the half-year, the liability that will be released over the next 12 months that amounts to \$0.2 million has been classified as current, with the balance of \$1.3 million being classified as non-current.

13. Contributed equity

(a) Share capital

	31 Dec 2017 Shares	30 Jun 2017 Shares	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Ordinary shares				
Issued and fully paid	208,440,096	208,440,096	68,317	69,481
Transfer from share based payments reserve for exercised options / warrants / settled performance rights	-	-	3,762	3,113
Total share capital	208,440,096	208,440,096	72,079	72,594

13. Contributed equity (continued)

(b) Movements in share capital

	Number of shares	\$'000
Balance at 1 July 2016	198,352,517	67,106
Exercise of options / warrants	2,665,109	323
Settlement of vested performance rights	3,930,797	-
Issue of shares to the Employee Share Trust ⁽¹⁾	5,050,000	4,999
Shares issued / allocated to Participants from the Employee Share Trust	(4,045,003)	(4,004)
Payment of withholding taxes to US tax authorities on settlement of performance rights funded by shares withheld ⁽²⁾	(339,666)	(305)
Balance at 31 December 2016 (including treasury shares)	205,613,754	68,119
Treasury shares - unallocated ⁽³⁾	(1,004,997)	(995)
Balance at 31 December 2016 (excluding treasury shares)	204,608,757	67,124
Balance at 1 July 2017	208,440,096	69,481
Exercise of options	1,564,537	523
Settlement of vested performance rights	519,763	-
Shares issued / allocated to Participants from the Employee Share Trust	(2,039,936)	(1,650)
Payment of withholding taxes to US tax authorities on settlement of performance rights funded by shares withheld ⁽²⁾	(44,364)	(37)
Balance at 31 December 2017 (including treasury shares)	208,440,096	68,317
Treasury shares - unallocated ⁽³⁾	(931,813)	(825)
Balance at 31 December 2017 (excluding treasury shares)	207,508,283	67,492

⁽¹⁾ During the half-year ended 31 December 2016, the Group established a Trust for the purpose of issuance of shares to participants on exercise of options / settlement of performance rights. The Group issued shares to the Trust during the prior half-year, however no shares were issued during the current period.

⁽²⁾ Represents payment of withholding taxes accounted for as a deduction from equity in accordance with AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions.

⁽³⁾ The balance as at the half-year ends represents book value of shares held by the Trust for future issue to participants on exercise of options / settlement of performance rights.

14. Segment information

The Group is an online marketplace and accordingly, has identified that as its only operating segment.

15. Contingent liabilities

As at the date of these financial statements there are current lawsuits filed against some of the entities within the Group that relate to alleged intellectual property infringement and/or breach of consumer laws.

The Group does not consider that any of the current actions are likely to have a material adverse effect on the business or financial position of the Group.

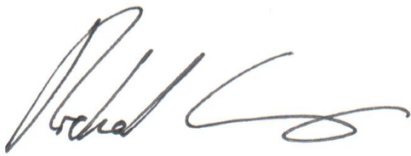
16. Events occurring after the balance sheet date

The Interim Financial Report was authorised for issue on 22 February 2018 by the Board of Directors. There have been no significant events after the balance sheet date that require disclosure.

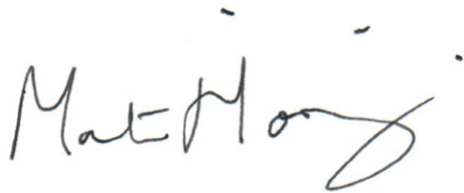
Directors' Declaration

In accordance with a resolution of the Directors of Redbubble Limited, we state that in the Directors' opinion:

- (a) the financial statements and notes, as set out on pages 8 to 18, are in accordance with the Corporations Act 2001 including:
 - (i) giving true and fair view of the financial position as at 31 December 2017 and of the performance for the half-year ended on that date of the consolidated Group; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that Redbubble Limited will be able to pay its debts as and when they become due and payable.



Richard Cawsey
Chair
Melbourne
22 February 2018



Martin Hosking
Director
Melbourne
22 February 2018



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Independent Auditor's Review Report to the Members of Redbubble Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Redbubble Limited (the Group), which comprises of the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 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*.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'K Bodenham' in a cursive script.

Kylie Bodenham
Partner
Melbourne
22 February 2018

Corporate Information

Directors	Richard Cawsey (Chair) Martin Hosking (Chief Executive Officer) Greg Lockwood Grant Murdoch Hugh Williams Jennifer Macdonald (appointed effective 22 February 2018) Teresa Engelhard (resigned effective 25 October 2017)
Company Secretaries	Corina Davis (US) Paul Gordon (Australia)
Registered Office	Level 3, 271 Collins Street Melbourne VIC 3000 Australia
Share Register	Link Market Services Tower 4, 727 Collins Street Melbourne VIC 3008 Australia
Auditors	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Australia
Bankers	Commonwealth Bank of Australia
Stock Exchange Listing	Redbubble shares are listed on the Australian Securities Exchange (listing code: RBL)
Website	www.redbubble.com
Investor Centre	shareholders.redbubble.com