

ASX Code: FDV

25 August 2017

1H 2017 Financial Results

Frontier Digital Ventures Limited ("Frontier", ASX: FDV) is pleased to announce its First Half 2017 ("1H 2017") results. Frontier is a leading operator of online classifieds businesses in underdeveloped, frontier countries with a current portfolio of 17 market leading businesses across 19 markets.

Highlights

- Unaudited portfolio revenue up 84% on pcp to A\$10.9m (100% basis, includes new deals)
- FDV economic share of revenue up 148% on pcp to A\$3.6m (includes new deals)
- EBITDA loss contracted 16% to A\$6.5m (100% basis, includes new deals) across the portfolio as portfolio companies advance towards cash flow breakeven
- Results highlight the success of Frontier's differentiated strategy of partnering with local entrepreneurs
- Strong balance sheet maintained with cash on hand of A\$20.1m at 30 June 2017

Frontier's CEO and Founder, Shaun Di Gregorio said: "Revenues across the portfolio continue to increase at a rapid and consistent rate, up +84% on pcp and +35% on the last half. A number of our larger investments are targeting cash flow breakeven in the near term, having grown key operational metrics (sessions, leads, listings) organically and with minimal marketing expenditure."

REVENUE PERFORMANCE

Record half year revenues recorded in 1H 2017 with 16 out of 17 portfolio companies recording positive revenue growth over the corresponding 1H 2016 period (1 associate recorded negative revenue growth). Total portfolio revenues reached A\$10.9m (100% basis, unaudited) and FDV economic share of revenues reached A\$3.6m (unaudited). Frontier continues to roll-out best practice online classified revenue models across its portfolio businesses. A current focus is to opportunistically unlock transactional and ancillary revenue streams (i.e. valuation data, home and vehicle inspection services, commissions from insurance and financing).

Figure 1: Half year revenues (A\$m, pro-forma unaudited)

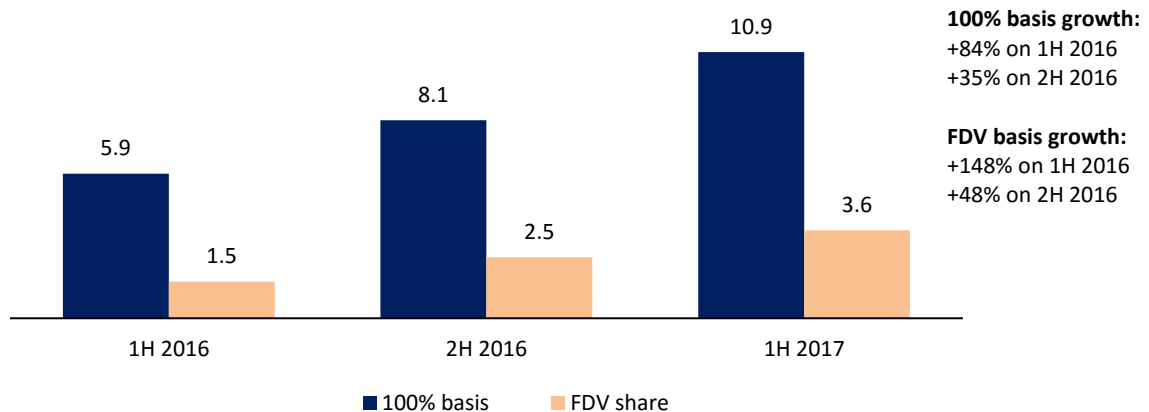


Table 1: Revenues by business (pro-forma unaudited, standalone basis)

	Ownership at 30 June 2017 (%)	1H 2016 Revenue A\$ (100% basis)	1H 2017 Revenue A\$ (100% basis)	Growth (%)
Afribaba	65%	6,629	41,643	+528%
AutoDeal	33%	159,877	411,846	+158%
carsDB	76%	33,734	71,058	+111%
carWangu	60%	0	672	n/a
casaMozambique	42%	5,278	143,803	+2,624%
Encuentra24.com	42%	2,470,675	3,298,524	+34%
IMCongo	66%	2,381	10,924	+359%
iMyanmarhouse	43%	353,930	452,466	+28%
LankaPropertyWeb	48%	68,525	128,976	+88%
meQasa	66%	0	45,934	n/a
Propzy	21%	937	284,355	+30,237%
TechAfrica	60%	0	0	n/a
ToLet	39%	67,530	162,468	+141%
Subtotal (consolidated investments)		3,169,496	5,052,670	+59%
Associates				
- Zameen	30%	2,183,479	5,067,927	+132%
- Other associates		567,848	789,376	+39%
Total revenue		5,920,822	10,909,973	+84%

Table 2: EBITDA by business (pro-forma unaudited, standalone basis)

	Ownership at 30 June 2017 (%)	1H 2016 EBITDA A\$ (100% basis)	1H 2017 EBITDA A\$ (100% basis)	Growth (%)
Afribaba	65%	(144,611)	(145,416)	+1%
AutoDeal	33%	(206,708)	(162,188)	(22%)
carsDB	76%	(221,321)	(207,172)	(6%)
carWangu	60%	(64,364)	(84,403)	+31%
casaMozambique	42%	(223,735)	(53,920)	(76%)
Encuentra24.com	42%	(773,458)	(559,514)	(28%)
IMCongo	66%	(139,778)	(67,136)	(52%)
iMyanmarhouse	43%	(193,993)	(37,421)	(81%)
LankaPropertyWeb	48%	(103,450)	(99,868)	(3%)
meQasa	66%	(278,814)	(193,679)	(31%)
Propzy	21%	(353,829)	(505,875)	+43%
TechAfrica	60%	(71,510)	(68,643)	(4%)
ToLet	39%	(47,086)	(174,359)	+270%
Subtotal (consolidated investments)		(2,822,655)	(2,359,594)	(16%)
Associates				
- Zameen	30%	(2,855,762)	(3,090,409)	+8%
- Other associates		(2,064,137)	(1,025,623)	(50%)
Total EBITDA		(7,742,554)	(6,475,626)	(16%)

PORTFOLIO MANAGEMENT

Frontier continues to actively manage its portfolio and considers opportunities to increase or divest its current holdings, as well as evaluating new investments in line with the Company's stated strategy.

New investments and opportunities

The detailed breakdown of investments made by Frontier in 1H 2017 is provided in Table 3.

Table 3: Summary table of investments made by Frontier in 1H 2017

Investment	Type	Amount (A\$)
Encuentra24	Call option exercise	1,471,533
Kupatana	Additional funding provided	205,817
LankaPropertyWeb	Call option exercise	280,000
TechAfrica	Tranche payment	84,000
Propzy	Initial investment	1,120,000
AutoDeal	Initial investment	1,000,000
	Vendor shares – options	500,000
Total		4,661,350

During 1H 2017, Frontier exercised options to increase its ownership in **Encuentra24.com** (A\$1.5m to acquire a further 3.4%) and **LankaPropertyWeb** (A\$0.3m to acquire a further 10.5%). Frontier also provided **TechAfrica** a tranche payment (A\$84k) as part of its initial investment agreement.

Also during 1H 2017, Frontier announced that it had acquired interests in two leading South East Asian online classifieds portals, **AutoDeal** (A\$1.5m initial acquisition cost) and **Propzy** (A\$1.1m).

Frontier has also identified and is assessing consolidation opportunities for a number of its portfolio businesses in order to further their market leading position in their respective target geographies.

Opportunities to monetise existing investments

Frontier's Board and management team remain focused on working towards the optimal monetisation outcome for each portfolio asset. Potential options include a trade sale, IPO or sell down to existing shareholders with a focus on increasing shareholder value.

NOTE: UNDERLYING VS STATUTORY ACCOUNTING

Due to the nature of Frontier's investment portfolio, with a mixture of consolidated and associate accounted investments, the statutory financials present only a partial picture of the underlying performance of the portfolio. The current portfolio contains 13 investments which are currently accounted on a consolidated basis and 4 investments which are reported as "associates" under the equity method in AASB 128.

Table 4: Accounting treatment of Frontier's current portfolio investments

Consolidated investments (100% of financials included in statutory revenue)	Equity accounted investments (excluded from statutory revenue)
Encuentra24	Zameen
iMyanmarHouse	Pakwheels
carsDB	Kupatana
LankaPropertyWeb	Moteur
ToLet	
meQasa	
Afribaba	
carWangu	
IMCongo	
Angocasa/Angolacarr	
Propzy	
AutoDeal	
casaMozambique ¹	

Note:

- 1 casaMozambique was consolidated for accounting purposes on 16 May 2017. The 1H 2017 statutory revenue includes casaMozambique revenues from the date of consolidation

It is important to note the consolidated group revenue of A\$4.4m for the half year ended 30 June 2017 only incorporates 100% of consolidated revenue from the time which the underlying entity became consolidated. Hence only partial revenue was recognised for several investments which consolidated during the half year (namely **casaMozambique**, **AutoDeal** and **Propzy**).

Table 5: Statutory revenues and EBITDA by segment (audited)

	Revenue (A\$)	EBITDA (A\$)
Afribaba	41,643	(145,416)
AutoDeal (100% consolidated from 1 June 2017)	73,074	(26,314)
carsDB	71,058	(206,985)
carWangu	672	(84,403)
casaMozambique (100% consolidated from 16 May 2017)	83,607	(23,390)
Encuentra24.com	3,298,524	(559,353)
IMCongo	10,925	(67,136)
iMyanmarhouse	452,466	(37,421)
LankaPropertyWeb	128,976	(100,374)
meQasa	45,934	(193,679)
Propzy (100% consolidated from 1 June 2017)	40,197	(115,271)
TechAfrica	-	(68,643)
ToLet	162,468	(174,359)
Corporate (and consolidation)	-	(1,419,664)
Total for statutory accounts	4,409,544	(3,222,408)

The 1H 2017 financial statements released alongside this announcement reports the audited financial accounts for the 6 months ended 30 June 2017. Due to the nature of Frontier's investment portfolio there is a difference

between its economic interest and statutory accounting figures reported. The current portfolio contains 13 investments which are accounted for on a consolidated basis (including **Encuentra24.com**) and 4 investments (including **Zameen**) which are reported as “associates” under the equity method in AASB 128.

The statutory accounts have been prepared on the basis of a mix of consolidated and equity accounted investments in accordance with the relevant accounting standards. As a result, revenue from equity accounted investments are excluded from the statutory revenue. Using **Zameen** as an illustration:

	1H 2017 revenue (A\$)
Standalone revenue for 1H 2017 (Zameen only)	5,067,927
Frontier’s economic share (ownership of 30% during the half year)	1,520,379
Statutory revenue (Zameen excluded from statutory accounts)	0

The statutory figures report 100% of consolidated business financials, using **Encuentra24.com** as an illustration:

	1H 2017 revenue (A\$)
Standalone revenue for 1H 2017 (Encuentra24.com only)	3,298,524
Frontier’s economic share (ownership of 38.7% to 42.1% during the half year)	1,300,266
Statutory revenue (100% of revenue recognised in statutory accounts)	3,298,524

Frontier also reports its economic share of revenue.

Table 6: Revenue by segment (pro-forma unaudited, FDV economic share)

	1H 2016 Revenue A\$ (FDV basis)	1H 2017 Revenue A\$ (FDV basis)	Growth (%)
Afribaba	2,987	27,000	+804%
AutoDeal	n/a	24,356 ¹	n/a
carsDB	14,606	54,348	+272%
carWangu	0	404	n/a
casaMozambique	1,943	59,923	+2,984%
Encuentra24.com	463,933	1,300,266	+180%
IMCongo	1,028	7,200	+600%
iMyanmarhouse	110,090	192,906	+75%
LankaPropertyWeb	20,572	56,505	+175%
meQasa	0	30,408	n/a
Propzy	n/a	8,461 ¹	n/a
TechAfrica	0	0	n/a
ToLet	11,538	64,137	+456%
Subtotal (consolidated investments)	626,697	1,825,912	+191%
Associates			
- Zameen	655,044	1,520,379	+132%
- Other associates	188,514	294,921	+56%
Total revenue	1,470,255	3,641,212	+148%

Note:

1 Only includes FDV share of revenues for AutoDeal and Propzy post acquisition on 1 June 2017

The carrying value of goodwill for **carWangu** was impacted by a non-cash impairment of A\$438,372. This non-cash impairment follows a gain on deemed disposal of A\$630,157 which was generated upon **carWangu** becoming a consolidated investment on 26 August 2016. The accounting treatment of goodwill across Frontier’s portfolio has been, and is expected to be, impacted by the accounting treatment of step acquisitions and the resulting deemed disposal changes.

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About Frontier Digital Ventures Limited

Frontier Digital Ventures is a leading operator of online classifieds businesses in underdeveloped, emerging countries or regions. With a track record of building and supporting market leading online businesses, Frontier Digital Ventures are experts in the online classifieds space with a particular focus on property and automotive verticals and general classifieds websites. Its portfolio currently consists of 17 market leading companies, operating businesses across 19 markets. With the extensive support offered to the local operating companies, coupled with their own energy and work ethic, Frontier Digital Ventures is bringing outstanding companies of global significance to their full potential and setting a new global standard of excellence in the field.