



Frontier Digital Ventures Limited

ABN 25 609 183 959

Appendix 4D Preliminary Financial Report

“Results for announcement to the Market.”

Information for the half year ended 30 June 2019 given to ASX under listing rule 4.3A

Key Frontier Digital Ventures Limited information

| Half year ended 30 June | 2019 \$000 | 2018 \$000 | Change |
|--|---------------|---------------|--------|
| Revenues from ordinary operations | 7,384 | 5,913 | 25% |
| Profit/(Loss) from ordinary activities after tax attributable to members | (4,743) | (2,185) | 117% |
| Profit/(Loss) after tax attributable to members | (4,743) | (2,185) | 117% |
| | Cents | Cents | |
| Profit/(Loss) per Share (basic) | (1.94) | (0.98) | 98% |
| Profit/(Loss) per Share (diluted) | (1.94) | (0.98) | 98% |
| NTA per Share | 0.10 | 0.13 | (23%) |

Dividends

Frontier Digital Ventures Limited does not propose to pay a dividend for this reporting period (2018: nil).

Basis of this report

This report is based on the attached interim financial report of Frontier Digital Ventures Limited and controlled entities for the period ended 30 June 2019 which has been subject to review by the Company's external auditors and should be read in conjunction with Frontier's Annual Report for the year ended 31 December 2018. This report is lodged with the Australian Securities Exchange under listing rule 4.2A.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read "Anthony Klok".

Anthony Klok

Chairman

26 August 2019



FRONTIER DIGITAL VENTURES LIMITED
ABN 25 609 183 959

INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2019

CONTENTS

| | Page |
|--|------|
| Directors' Report | 1 |
| Auditor's Independence Declaration | 3 |
| Directors' Declaration | 4 |
| Condensed Consolidated Statement of Comprehensive Income | 5 |
| Condensed Consolidated Statement of Financial Position | 7 |
| Condensed Consolidated Statement of Changes in Equity | 8 |
| Condensed Consolidated Statement of Cash Flows | 9 |
| Notes to the Condensed Consolidated Financial Statements | 10 |
| Independent Assurance Practitioner's Review Report to the Members of Frontier Digital Ventures Limited | 25 |
| Corporate Directory | 27 |

DIRECTORS' REPORT

The Directors of Frontier Digital Ventures Limited ("the Company" or "Frontier") submit the interim financial report of the Company and its subsidiaries ("the Group") for the half year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Information about the Directors and senior management

The names and particulars of the Directors of the Company during, or since the end of half year ended 30 June 2019 are as follows:

| | |
|-------------------|--|
| Anthony Klok | Independent Director, non-executive Chairman |
| Shaun Di Gregorio | Non-independent executive Director and Chief Executive Officer |
| Mark Licciardo | Independent, non-executive Director and Company Secretary |
| Belinda Cleminson | Joint Company Secretary |

Principal activities

The principal activity of the Group during the half year was investing in and operating developing online classifieds businesses ("Operating Companies") in underdeveloped, emerging countries or regions ("Target Markets") which are markets at a very early stage of online development, but with anticipated strong growth prospects.

The Target Markets on which the Group focuses for future growth and strategic investments are Asia (excluding China and India), Central and South America, and Africa/MENA.

Review of Operations

The nature of Frontier's investment portfolio results in reported consolidated revenues which differ from its economic interest in revenue, in compliance with accounting standards. The portfolio currently consists of nine investments accounted for on a consolidated basis and five investments reported as associates under the equity method in AASB 128 (2018: nine consolidated basis, six associates under equity method).

The Group reports revenues from continuing operations of \$7,384,071 (2018: \$5,913,291) and corresponding adjusted loss before interest, tax, depreciation and amortisation (Adjusted EBITDA loss) of \$2,514,384 (2018: \$2,886,890) for the half year period ended 30 June 2019, as detailed in note 3.

| | 30 Jun 2019 \$ | 30 Jun 2018 \$ |
|---|-------------------|-------------------|
| Revenue from continuing operations | 7,384,071 | 5,913,291 |
| Net loss from continuing operations (including significant items below) | (6,192,407) | (4,438,319) |
| Significant items excluded from Adjusted EBITDA | | |
| <u>One off items:</u> | | |
| Impairment of loan to and investment in associate | - | (1,784,591) |
| Fair value of right to cancel call option | - | 1,891,540 |
| <u>Other items:</u> | | |
| Equity settled share-based payments | (144,151) | (256,934) |
| Depreciation and amortisation | (1,812,101) | (1,435,930) |
| Share of net loss of associates | | |
| - Share of net loss before foreign exchange loss | (859,548) | (1,074,222) |
| - Share of foreign exchange loss | (1,245,797) | (866,796) |
| Unrealised currency exchange gain | 206,900 | 1,913,016 |
| Net interest | 226,245 | 70,884 |
| Income tax expense | (49,571) | (8,396) |
| Adjusted EBITDA loss (note 3) | (2,514,384) | (2,886,890) |

Directors' Report (cont'd)

Review of Operations (cont'd)

Accounting control over subsidiaries in which the Group holds a minority interest is achieved as a result of the Group's absolute and unfettered discretion over operational matters, significant to the Group's ability to direct the business activities of the investments.

The Group continues to carry a significant exposure to movements in the currency exchange rates between the United States Dollar (USD) and the Australian Dollar (AUD). Most acquisitions are denominated in USD and the USD is the functional currency of the intermediate holding company of the Group as well as a few significant subsidiaries. The Group held 23% (31 December 2018: 33%) of its cash and Term Deposit balances in USD denominated accounts at the period end. Since the Group reports its financial results in AUD, it continues to carry significant currency reporting risks. The current period reported unrealised currency exchange gain was \$206,900 (period ended 30 June 2018 unrealised currency exchange gain of \$1,913,016).

Dividends

No dividends have been paid or declared since the start of the financial year and the Group does not propose to pay a dividend for this reporting period (2018: Nil).

Events subsequent to reporting date

There have been no transactions or events of a material and unusual nature between the end of the reporting period and the date of this report that will, in the opinion of the Directors of the Company, significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the period end, for any auditors of the Group.

Auditor's independence declaration

The statement by the Consolidated Entity's external auditors to the members of the Frontier Digital Ventures Limited in relation to the auditors' compliance with the independence requirements of the Corporations Act and the professional code of conduct for external auditors, forms part of this Directors' Report and is set out after this Directors' Report on page 3.

No person who was an Officer of the Company during the financial period was a Director or partner of the Group's external auditor at a time when the Group's external auditor conducted an audit of the Group.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

Dated 26 August 2019



.....
Anthony Klok
Chairman

26 August 2019

The Board of Directors
Frontier Digital Ventures Limited
Level 7, 300 Collins Street
MELBOURNE VIC 3000

Dear Board Members

Auditor's Independence Declaration to Frontier Digital Ventures 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 Frontier Digital Ventures Limited.

As lead audit partner for the review of the half year financial report of Frontier Digital Ventures 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:

- (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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Anneke Du Toit
Partner
Chartered Accountants

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Frontier Digital Ventures Limited, the Directors declare that:

1. In the opinion of the Directors:

- (a) The financial statements and notes of Frontier Digital Ventures Limited for the half year ended 30 June 2019:
 - (i) Giving a true and fair view of the financial position and performance of the Group
 - (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (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.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.



.....
Anthony Klok
Chairman
26 August 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 30 June 2019

| | Note | Half year ended | |
|--|------|--------------------|--------------------|
| | | 30 Jun 2019 | 30 Jun 2018 |
| | | \$ | \$ |
| Continuing operations | | | |
| Revenue | 3 | 7,384,071 | 5,913,291 |
| Administrative expenses | | (908,060) | (874,597) |
| Offline production costs | | (1,069,517) | (636,406) |
| Employment expenses | | (4,624,112) | (3,547,801) |
| Advertising and marketing expenses | | (2,292,346) | (2,916,329) |
| Premises and infrastructure expenses | | (1,106,416) | (1,028,377) |
| Transaction advisory costs | | (8,511) | (26,869) |
| Other expenses | | (33,644) | (26,736) |
| Unrealised foreign exchange gain | | 206,900 | 1,913,016 |
| Depreciation and amortisation | | (1,812,101) | (1,435,930) |
| Operating loss from continuing operations | | (4,263,736) | (2,666,738) |
| Interest income | | 269,194 | 77,434 |
| Interest expense | | (42,949) | (6,550) |
| Fair value of right to cancel call option | | - | 1,891,540 |
| Impairment of loan to and investment in associate | | - | (1,784,591) |
| Share of net loss of associates | | | |
| - Share of net loss before foreign exchange loss | | (859,548) | (1,074,222) |
| - Share of foreign exchange loss | | (1,245,797) | (866,796) |
| | 8 | (2,105,345) | (1,941,018) |
| Loss before income tax | | (6,142,836) | (4,429,923) |
| Income tax expense | | (49,571) | (8,396) |
| Net loss from continuing operations | | (6,192,407) | (4,438,319) |
| Net loss after tax from discontinued operation | | - | (729,542) |
| Gains on disposal after income tax | 11 | - | 704,986 |
| Net loss after tax | | (6,192,407) | (4,462,875) |
| Other comprehensive income, net of tax | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | 70,396 | 223,417 |
| Other comprehensive loss arising from discontinued operation | | - | (1,593) |
| Share of other comprehensive income of associates | 8 | 1,168,173 | 792,382 |
| Other comprehensive income for the period, net of tax | | 1,238,569 | 1,014,206 |
| Total comprehensive loss for the period | | (4,953,838) | (3,448,669) |
| Loss attributable to: | | | |
| Owners of the Company | | (4,742,794) | (2,185,431) |
| Non-controlling interests | | (1,449,613) | (2,277,444) |
| | | (6,192,407) | (4,462,875) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (3,994,416) | (1,248,377) |
| Non-controlling interests | | (959,422) | (2,200,292) |
| | | (4,953,838) | (3,448,669) |

Notes to the condensed consolidated financial statements are included on pages 10 to 24.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 30 June 2019

| | Half year ended | |
|--|--------------------|--------------------|
| | 30 Jun 2019 | 30 Jun 2018 |
| | \$ | \$ |
| Total comprehensive income/(loss) attributable to owners of the Company arises from: | | |
| Continuing operations | (3,994,416) | (1,738,075) |
| Discontinued operations | - | 489,698 |
| | (3,994,416) | (1,248,377) |
| | Cents | Cents |
| Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company | | |
| Basic loss per share | (1.94) | (1.20) |
| Diluted loss per share | (1.94) | (1.20) |
| Loss per share for loss attributable to the ordinary equity holders of the Company: | | |
| Basic loss per share | (1.94) | (0.98) |
| Diluted loss per share | (1.94) | (0.98) |

Notes to the condensed consolidated financial statements are included on pages 10 to 24.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

| | Note | 30 Jun 2019 \$ | 31 Dec 2018 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 14,883,101 | 19,273,330 |
| Term deposits | 4 | 46,944 | 24,224 |
| Trade and other receivables | 5 | 2,925,548 | 2,152,468 |
| Other assets | | 33,384 | 34,294 |
| Other financial assets | 5 | 936,170 | 888,920 |
| Tax receivables | | 74,913 | 45,165 |
| Total current assets | | 18,900,060 | 22,418,401 |
| Non-current assets | | | |
| Property, plant and equipment | | 601,087 | 624,649 |
| Right-of-use assets | 2 | 380,512 | - |
| Other intangible assets | 6 | 4,533,829 | 5,576,735 |
| Goodwill | 7 | 17,682,427 | 17,572,298 |
| Investments in Associates | 8 | 8,204,240 | 7,781,691 |
| Total non-current assets | | 31,402,095 | 31,555,373 |
| Total assets | | 50,302,155 | 53,973,774 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Related party advances | | 10,169 | 5,467 |
| Trade and other payables | 5 | 2,416,224 | 1,940,672 |
| Billings in advance | | 879,335 | 514,643 |
| Short term lease liabilities | 2, 5 | 264,071 | 1,628 |
| Contingent consideration | 5 | - | 124,999 |
| Total current liabilities | | 3,569,799 | 2,587,409 |
| Non-current liabilities | | | |
| Deferred tax liability | | 20,900 | 29,125 |
| Borrowings | 5 | 183,320 | 182,178 |
| Non-current lease liabilities | 2, 5 | 126,656 | - |
| Total non-current liabilities | | 330,876 | 211,303 |
| Total liabilities | | 3,900,675 | 2,798,712 |
| NET ASSETS | | 46,401,480 | 51,175,062 |
| EQUITY | | | |
| Share capital | 9 | 74,652,197 | 74,169,794 |
| Reserves | | 1,868,950 | 1,419,664 |
| Accumulated losses | | (30,373,095) | (25,622,327) |
| | | 46,148,052 | 49,967,131 |
| Non-controlling interests | | 253,428 | 1,207,931 |
| TOTAL EQUITY | | 46,401,480 | 51,175,062 |

Notes to the condensed consolidated financial statements are included on pages 10 to 24.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2019

| Note | <-----Attributable to owners of the Company-----> | | | | | | | Non-controlling interests | Total equity |
|---|---|----------------------------|----------------|---------------------------------------|---------------------|-------------------|------------------|---------------------------|-------------------|
| | Share capital | Share rights plan reserves | Other equity | Foreign currency translation reserves | Accumulated losses | Total | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 January 2018 | 60,118,042 | 740,431 | 780,705 | (863,768) | (19,274,395) | 41,501,015 | 4,014,000 | | 45,515,015 |
| Loss for the period | - | - | - | - | (2,185,431) | (2,185,431) | (2,277,444) | | (4,462,875) |
| Foreign currency translation differences | - | - | - | 937,054 | - | 937,054 | 77,152 | | 1,014,206 |
| Total comprehensive loss for the period | - | - | - | 937,054 | (2,185,431) | (1,248,377) | (2,200,292) | | (3,448,669) |
| Shares issued during the period | 9 14,402,484 | - | - | - | - | 14,402,484 | - | | 14,402,484 |
| Disposal of subsidiaries | - | - | - | - | - | - | (435,071) | | (435,071) |
| Increase in shareholding in subsidiaries | - | - | 79,749 | - | - | 79,749 | (79,749) | | - |
| Transaction costs relating to shares issued | 9 (1,056,616) | - | - | - | - | (1,056,616) | - | | (1,056,616) |
| Share based payments | 545,065 | (220,328) | (48,523) | - | - | 276,214 | - | | 276,214 |
| Balance as at 30 June 2018 | 74,008,975 | 520,103 | 811,931 | 73,286 | (21,459,826) | 53,954,469 | 1,298,888 | | 55,253,357 |
| Balance as at 31 December 2018 | 74,169,794 | 483,869 | 470,091 | 465,704 | (25,622,327) | 49,967,131 | 1,207,931 | | 51,175,062 |
| Change in accounting policy | 2 - | - | - | - | (7,974) | (7,974) | - | | (7,974) |
| Balance as at 1 January 2019 | 74,169,794 | 483,869 | 470,091 | 465,704 | (25,630,301) | 49,959,157 | 1,207,931 | | 51,167,088 |
| Loss for the period | - | - | - | - | (4,742,794) | (4,742,794) | (1,449,613) | | (6,192,407) |
| Foreign currency translation differences | - | - | - | 748,378 | - | 748,378 | 490,191 | | 1,238,569 |
| Total comprehensive loss for the period | - | - | - | 748,378 | (4,742,794) | (3,994,416) | (959,422) | | (4,939,838) |
| Decrease in shareholding in subsidiaries | - | - | 63,313 | - | - | 63,313 | 4,919 | | 68,232 |
| Transaction costs relating to shares issued | 9 (54,153) | - | - | - | - | (54,153) | - | | (54,153) |
| Share based payments | 536,556 | (332,405) | (30,000) | - | - | 174,151 | - | | 174,151 |
| Balance as at 30 June 2019 | 74,652,197 | 151,464 | 503,404 | 1,214,082 | (30,373,095) | 46,148,052 | 253,428 | | 46,401,480 |

Notes to the condensed consolidated financial statements are included on pages 10 to 24.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2019

| | | Half year ended | |
|--|------|--------------------|--------------------|
| | Note | 30 Jun 2019 | 30 Jun 2018 |
| | | \$ | \$ |
| Cash used in operations | | (2,483,527) | (3,621,455) |
| Interest paid | | (42,949) | (6,551) |
| Interest received | | 228,780 | 71,419 |
| Net cash outflow from operating activities | 13 | (2,297,696) | (3,556,587) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (100,572) | (125,411) |
| Purchase of other intangible assets | | (488,938) | (331,934) |
| Proceeds from disposal of property, plant and equipment | | 10,088 | - |
| Investments in associates | 8 | (1,289,485) | (1,960,185) |
| Payment for acquisition of subsidiaries | | (123,459) | (131,170) |
| Proceeds from disposal of subsidiaries | | - | (139,538) |
| Cash flows from loans to other entities | | - | (455,297) |
| Net cash outflow from investing activities | | (1,992,366) | (3,143,535) |
| Cash flows from financing activities | | | |
| Proceeds from issuance of shares | 9 | - | 14,402,484 |
| Payment of capitalised transaction costs related to issuance of shares | | (54,153) | (1,001,820) |
| Repayment of other borrowings | | - | (12,415) |
| Principal elements of lease payments | | (96,136) | - |
| Transactions with other non-controlling entities | | 68,232 | 453,830 |
| Net cash (outflow)/inflow from financing activities | | (82,057) | 13,842,079 |
| Net (decrease)/increase in cash and cash equivalents | | (4,372,119) | 7,141,957 |
| Cash and cash equivalents as at 1 January | | 19,273,330 | 12,751,409 |
| Effects of exchange rate changes on cash and cash equivalents | | (18,110) | 331,873 |
| Cash and cash equivalents as at 30 June | 4 | 14,883,101 | 20,225,239 |

Term Deposits of \$46,944 (June 2018: \$42,661) are excluded from the Cash and cash equivalent balance as at 30 June 2019.

Notes to the condensed consolidated financial statements are included on pages 10 to 24.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The financial statements for the half year ended 30 June 2019 were authorised for issue in accordance with a resolution on the 26 August 2019 have been reviewed, not audited.

The principal activity of the Company is to invest in developing online classified businesses in underdeveloped, emerging countries or regions. The principal activities of its subsidiaries and associated companies are online classified advertising and overseas headquarters.

2. Summary of significant accounting policies

Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with AASB134 Interim Financial Reporting and the *Corporations Act 2001*. These interim condensed financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The half year financial report does not include all notes of the type that are normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance of the consolidated entity as the full financial report. It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 31 December 2018 and considered together with any public announcements made by Frontier Digital Ventures Limited during the 6 months ended 30 June 2019, in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2018 annual financial report for the financial year ended 31 December 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and amended standards

A number of new or amended standards became applicable for the current reporting period and the group has changed its accounting policies and made retrospective adjustments as a result of adopting AASB 16 Leases.

The impact of the adoption of the leasing standard is disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

Impact of adoption of AASB 16 Leases

AASB 16 introduces new or amended requirements with respect to lease accounting.

The date of initial application of AASB 16 for the Group was 1 January 2019 and the Group elected to apply the modified retrospective approach as permitted under AASB 16 (C5)(b)). The cumulative effect of the initial application of AASB 16 is recognised as an adjustment to retained earnings at the date of initial application and comparative figures for the year ended 31 December 2018 are not restated to reflect the adoption of AASB 16.

On adoption of AASB 16, the Group recognised lease liabilities and a right-of-use asset at the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8.61%. The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

2. Summary of significant accounting policies (cont'd)
Adoption of new and amended standards (cont'd)

Adjustments recognised on adoption of AASB 16:

| | Half year ended 30 Jun 2019 \$ |
|--|---|
| Impact on profit or loss | |
| Decrease in premises and infrastructure expenses | (112,346) |
| Increase in depreciation and amortisation expenses | 96,684 |
| Increase in interest expense | 17,839 |
| Increase in loss for the period | 2,177 |

| | 30 Jun 2019 \$ | 1 Jan 2019 \$ |
|---|-------------------|------------------|
| Impact on assets, liabilities and equity | | |
| Right-of-use assets (properties) | 380,512 | 339,535 |
| Short term lease liabilities | 264,071 | 175,094 |
| Non current lease liabilities | 126,656 | 174,044 |
| | 390,727 | 349,138 |

The net impact on retained earnings on 1 January 2019 was a decrease of \$7,974.

There was no change in the loss per share for the six months to 30 June 2019 as a result of the adoption of AASB 16.

Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

Group leasing activities and Accounting for leases

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed lease payments (including in-substance fixed 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
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

2. Summary of significant accounting policies (cont'd)
Adoption of new and amended standards (cont'd)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the group. The Group is currently assessing the impact of the new standards and interpretations below.

| Standards/amendment | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|--|
| AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]</i> , AASB 2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i> and AASB 2017-5 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i> | 1 January 2022 | 31 December 2022 |
| AASB 2018-6 <i>Amendments to Australian Accounting Standards - Definition of a Business</i> | 1 January 2020 | 31 December 2020 |
| AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i> | 1 January 2020 | 31 December 2020 |
| <i>Amendments to References to the Conceptual Framework in IFRS Standards</i> | 1 January 2020 | 31 December 2020 |

3. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is focused on each individual business combination, essentially by brand. Due to the widespread geography and variety of types of classifieds portals (property, automotive and general classifieds) there is little commonality between each business combination and hence each business combination reviewed separately.

The Company's reportable segments under AASB 8 are as follows:

- Autodeal.com.ph
- CarsDB.com
- Encuentra 24.com
- Hoppler.com.ph
- iMyanmarhouse.com
- LankaPropertyWeb.com
- Meqasa.com
- TechAfrica (Angolacarro.com and Angocasa.com)
- Propertypro.ng (formerly ToLet.com.ng)
- Corporate (representing the cost of administering the Company and the Group)

The performances of the operating segments are primarily assessed using a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA, see below). The segments' revenue and assets are also assessed on a monthly basis. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The performance of associate companies is laid out in note 8.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

| | Revenue | | Segment results | |
|--|------------------|------------------|--------------------|--------------------|
| | Half year ended | | | |
| | 30 Jun 2019 | 30 Jun 2018 | 30 Jun 2019 | 30 Jun 2018 |
| | \$ | \$ | \$ | \$ |
| Continuing Operations | | | | |
| Autodeal | 826,365 | 478,433 | 89,237 | (220,631) |
| CarsDB | 408,545 | 222,248 | (459,203) | (159,587) |
| Encuentra24 | 3,988,832 | 3,650,500 | (174,035) | (311,852) |
| Hoppler | 497,975 | 333,038 | (406,908) | (255,936) |
| iMyanmarhouse | 983,238 | 642,020 | 82,342 | (144,293) |
| LankaPropertyWeb | 241,543 | 259,255 | (36,106) | (11,790) |
| Meqasa | 148,906 | 99,652 | (87,948) | (168,540) |
| TechAfrica | 79,618 | 52,600 | (63,242) | (97,466) |
| PropertyPro | 209,049 | 169,310 | (142,281) | (214,887) |
| Corporate (and consolidation) | - | 6,235 | (1,316,240) | (1,301,908) |
| Segment Revenue and adjusted EBITDA from continuing operations | 7,384,071 | 5,913,291 | (2,514,384) | (2,886,890) |
| Equity settled share-based payments | - | - | (144,151) | (256,934) |
| Unrealised currency exchange gain | - | - | 206,900 | 1,913,016 |
| Depreciation and amortisation | - | - | (1,812,101) | (1,435,930) |
| Fair value of right to cancel call option | - | - | - | 1,891,540 |
| Impairment of loan to and investment in associate | - | - | - | (1,784,591) |
| Share of net loss of associates | - | - | (2,105,345) | (1,941,018) |
| Net interest | - | - | 226,245 | 70,884 |
| Income tax expense | - | - | (49,571) | (8,396) |
| Consolidated segment revenue and net loss for the period from continuing operations | 7,384,071 | 5,913,291 | (6,192,407) | (4,438,319) |
| Revenue and net loss from discontinued operations | - | 105,116 | - | (729,542) |
| Gains on disposal after income tax (note 11) | - | - | - | 704,986 |
| Consolidated segment revenue and net loss for the period | 7,384,071 | 6,018,407 | (6,192,407) | (4,462,875) |

3. Segment information (cont'd)

Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs and other isolated, non-recurring events. It also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

Interest income and finance costs are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

All revenues are generated from external customers. No single customer contributes 10% or more to the Group's revenue for half year ended 2018 or 2019.

Segment assets and liabilities

| | Segment assets | |
|----------------------------------|-------------------|-------------------|
| | 30 Jun 2019 \$ | 31 Dec 2018 \$ |
| Autodeal | 4,526,342 | 4,520,707 |
| CarsDB | 4,025,802 | 4,451,905 |
| Encuentra24 | 8,588,858 | 8,770,001 |
| Hoppler | 2,110,383 | 1,916,935 |
| iMyanmarhouse | 3,363,530 | 3,247,990 |
| LankaPropertyWeb | 836,241 | 672,001 |
| Meqasa | 2,173,577 | 2,378,154 |
| TechAfrica | 776,551 | 901,708 |
| PropertyPro | 1,415,063 | 1,645,222 |
| Corporate (and consolidation) | 22,485,808 | 25,469,151 |
| Total segment assets | 50,302,155 | 53,973,774 |
| Consolidated total assets | 50,302,155 | 53,973,774 |

The segment assets disclosed in the table above include goodwill and other intangible assets. Further details on the amount of goodwill and intangible assets attributable to each segment are set out in Notes 6 and 7.

| | Segment liabilities | |
|---------------------------------------|---------------------|-------------------|
| | 30 Jun 2019 \$ | 31 Dec 2018 \$ |
| Autodeal | 545,081 | 305,196 |
| CarsDB | 112,145 | 55,976 |
| Encuentra24 | 1,493,854 | 931,523 |
| Hoppler | 571,594 | 404,223 |
| iMyanmarhouse | 197,572 | 179,838 |
| LankaPropertyWeb | 56,020 | 73,426 |
| Meqasa | 100,781 | 60,306 |
| TechAfrica | 137,675 | 77,435 |
| PropertyPro | 140,753 | 133,036 |
| Corporate (and consolidation) | 545,200 | 577,753 |
| Total segment liabilities | 3,900,675 | 2,798,712 |
| Consolidated total liabilities | 3,900,675 | 2,798,712 |

4. Cash and cash equivalents and term deposits

| | 30 Jun 2019 \$ | 31 Dec 2018 \$ |
|--------------------------|-------------------|-------------------|
| Cash at bank and in hand | 14,883,101 | 19,273,330 |
| Term deposits | 46,944 | 24,224 |

Term deposits above mature in September 2019 (2018: March 2019).

5. Significant balances

| | | 30 Jun 2019 \$ | 31 Dec 2018 \$ |
|---|------------|-------------------|-------------------|
| Trade receivables | | 2,235,886 | 1,302,840 |
| Other receivables | | 215,878 | 233,661 |
| Prepayments | | 76,803 | 62,885 |
| Deposits | | 396,981 | 553,082 |
| Trade and other receivables | | 2,925,548 | 2,152,468 |
| Other financial assets | 5.1 | 936,170 | 888,920 |
| Right-of-use assets | 2 | 380,512 | - |
| Trade payables | | 625,028 | 349,406 |
| Other payables | | 680,398 | 609,748 |
| Accruals | | 1,110,798 | 981,518 |
| Trade and other payables (current liabilities) | | 2,416,224 | 1,940,672 |
| Contingent consideration at fair value | 5.2 | - | 124,999 |
| Short term lease liabilities | | 264,071 | 1,628 |
| Non-current lease liabilities | | 126,656 | - |
| Total lease liabilities | 2 | 390,727 | 1,628 |
| Non current borrowings | 5.3 | 183,320 | 182,178 |
| Borrowings | | 183,320 | 182,178 |

5.1 Included in Other financial assets are the fair value of the following:

Convertible loan notes issued by Pakwheels Pte Ltd ("Pakwheels"), an associate company of US\$655,123 (AUD equivalent \$936,170). The comparative balance as at 31 December 2018 was US\$625,956 (AUD equivalent \$888,920). This loan is accounted for at fair value through profit or loss.

Interest at 10% per annum on a monthly rest basis accrued six months from the date of issue of the convertible loan notes. The whole of the outstanding loan balance will be automatically converted into ordinary shares in Pakwheels should equity financing from the sale of new equity exceed a minimum amount stipulated in the agreement. If that minimum amount is not achieved by Pakwheels through equity financing, the majority of noteholders have the option to convert any part of their outstanding loan balances into equity at a prevailing fair value at the time of conversion.

The convertible loan notes mature on 3 October 2022.

5.2 As at 31 December 2018, the comparative contingent consideration consists of US\$88,021 (AUD equivalent \$124,999) paid to the vendor of Afribaba on 24 January 2019 upon the complete liquidation of the legal entities in the Afribaba Group. This liability is recognised at fair value through profit or loss.

5.3 Non-current borrowings of \$183,320 (2018: \$182,178) consist of a loan of US\$128,285 (2018: US\$128,285) which is non-interest bearing and is contingent upon the sale of Encuentra24.

6. Intangible assets

Intangible assets are allocated to the cash generating units for which they relate, as follows:

| | 30 Jun 2019 \$ | 31 Dec 2018 \$ |
|--------------------------------|-------------------|-------------------|
| Autodeal | 1,383,893 | 1,522,254 |
| CarsDB | 60,190 | 97,984 |
| Encuentra24 | 1,352,995 | 1,758,419 |
| Hoppler | 398,291 | 479,526 |
| iMyanmarhouse | 128,113 | 181,048 |
| LankaPropertyWeb | 235,229 | 97,385 |
| Meqasa | 467,785 | 692,653 |
| TechAfrica | 370,749 | 546,107 |
| PropertyPro | 136,584 | 201,359 |
| Total Intangible Assets | 4,533,829 | 5,576,735 |

7. Goodwill

| | Half year ended 30 Jun 2019 \$ | Year ended 31 Dec 2018 \$ |
|---|--------------------------------------|---------------------------------|
| Opening balance | 17,572,298 | 16,464,825 |
| Adjustments relating to business combinations acquired in the prior period | - | (5,299) |
| Disposals | - | (499,353) |
| Exchange difference | 110,129 | 1,612,125 |
| Balance at period end | 17,682,427 | 17,572,298 |

Goodwill relates to cash generating units as follows:

| | 30 Jun 2019 \$ | 31 Dec 2018 \$ |
|-----------------------|-------------------|-------------------|
| Autodeal | 2,446,943 | 2,431,703 |
| CarsDB | 3,477,074 | 3,455,419 |
| Encuentra24 | 5,683,324 | 5,647,928 |
| Hoppler | 806,249 | 801,228 |
| iMyanmarhouse | 2,168,022 | 2,154,516 |
| LankaPropertyWeb | 387,383 | 384,970 |
| Meqasa | 1,574,181 | 1,564,376 |
| TechAfrica | 197,235 | 196,006 |
| PropertyPro | 942,016 | 936,152 |
| Total Goodwill | 17,682,427 | 17,572,298 |

The recoverable amounts of each cash generating unit (CGU) is determined based on fair value less cost of disposal calculations, derived from management's measured and reasonable expectation of selling price achievable in the open market at a revenue multiple appropriate for the market the CGU operates. Management reviews the carrying amounts of CGUs, which include carrying amounts of goodwill and intangible assets, for indicators of impairment on an annual basis, or more frequently when there is any indication that the CGUs may be impaired.

8. Investments in associates

| | Half year ended 30 Jun 2019 \$ | Year ended 31 Dec 2018 \$ |
|-----------------------------------|--------------------------------------|---------------------------------|
| Opening balance | 7,781,691 | 7,966,202 |
| Additions | 1,289,485 | 3,805,615 |
| Impairment | - | (1,625,635) |
| Share of total comprehensive loss | (937,172) | (3,254,303) |
| Exchange differences | 70,236 | 889,812 |
| Balance at period end | 8,204,240 | 7,781,691 |

8. Investments in associates (cont'd)

Details of the associated companies during the half year are as follows.

| Name of Operating Company | Principal activities | Country of business/ incorporation | Equity holding | | Accounting method at 30 Jun 2019 |
|--------------------------------------|---|------------------------------------|-------------------|-------------------|----------------------------------|
| | | | As at 30 Jun 2019 | As at 31 Dec 2018 | |
| Infocasas | Investment holding | British Virgin Island | 31.89% | 31.33% | Equity Accounted |
| Infocasas SA | Operator of online property classifieds portal | Uruguay | 31.89% | 31.33% | |
| Relaxed SA | Operator of online property classifieds portal | Paraguay | 31.89% | 31.33% | |
| Publicidad e Inmobiliaria IC Bolivia | Operator of online property classifieds portal (infocasas.com.uy) | Bolivia | 31.89% | 31.33% | |
| Kupatana AB ("Kupatana") | Online classified advertising, event management, and investment holding | Sweden | 33.09% | 33.09% | Equity Accounted |
| Kupatana Ltd | Online classified advertising and event management | Tanzania | 33.09% | 33.09% | |
| Kupatana Ltd | Online classified advertising and event management | Uganda | 33.09% | 33.09% | |
| Buyandsell Tanzania AB | Online classified advertising and event management | Sweden | 33.09% | 33.09% | |
| Moteur.MA ("Moteur") | Online classified advertising and event management (Moteur.ma) | Morocco | 56.31% | 56.31% | Equity Accounted |
| Propzy | Investment holding | Singapore | 20.41% | 20.41% | Equity Accounted |
| Propzy Vietnam Co., Ltd | Operator of online property classifieds portal | Vietnam | 20.41% | 20.41% | |
| Propzy Services Co., Ltd. | Operator of online property classifieds portal | Vietnam | 20.41% | 20.41% | |
| Pakwheels | Investment holding | Singapore | 36.84% | 36.84% | Equity Accounted |
| Pakwheels (Private) Ltd | Online classified advertising and event management (PakWheels.com) | Pakistan | 36.84% | 36.84% | |
| Zameen | Investment holding | United Kingdom | 30.00% | 30.00% | Equity Accounted |
| Zameen Media Pvt Ltd | Online classified advertising and event management (Zameen.com) | Pakistan | 30.00% | 30.00% | |

8. Investments in associates (cont'd)

i) A summary of the Group's investment in associated companies is as follows:

| Half Year ended 30 June 2019 | | | | | | | | | | |
|------------------------------|-------------------|--------------------|------------|---------------------|-------------------|-------------------------------------|------------------|---------------------|---------------------|-----------------------------|
| Operating company | 1 Jan 19 | Cost of investment | | | 30 Jun 2019 | Share of total comprehensive income | | | | Carrying amount 30 Jun 2019 |
| | | Addition | Impairment | Exchange difference | | 1 Jan 19 | Addition | Exchange difference | 30 Jun 2019 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Zameen | 8,520,600 | 1,054,500 | - | 70,649 | 9,645,749 | (6,888,833) | (122,735) | (34,171) | (7,045,739) | 2,600,010 |
| Propzy | 2,028,716 | - | - | 12,713 | 2,041,429 | (656,309) | (571,510) | (8,755) | (1,236,574) | 804,855 |
| Pakwheels | 4,970,350 | - | - | 31,150 | 5,001,500 | (2,526,558) | (201,547) | (18,496) | (2,746,601) | 2,254,899 |
| Infocasas | 1,353,355 | 234,985 | - | 12,360 | 1,600,700 | (163,201) | (14,703) | (2,080) | (179,984) | 1,420,716 |
| Moteur | 1,462,703 | - | - | 9,167 | 1,471,870 | (319,132) | (26,677) | (2,301) | (348,110) | 1,123,760 |
| | <u>18,335,724</u> | <u>1,289,485</u> | <u>-</u> | <u>136,039</u> | <u>19,761,248</u> | <u>(10,554,033)</u> | <u>(937,172)</u> | <u>(65,803)</u> | <u>(11,557,008)</u> | <u>8,204,240</u> |

| Year ended 31 December 2018 | | | | | | | | | | |
|-----------------------------|-------------------|------------------|--------------------|---------------------|-------------------|-------------------------------------|--------------------|---------------------|---------------------|---------------------------|
| Operating company | 1 Jan 18 | Addition | Cost of investment | | 31 Dec 18 | Share of total comprehensive income | | | | Carrying amount 31 Dec 18 |
| | | | Impairment | Exchange difference | | 1 Jan 18 | Addition | Exchange difference | 31 Dec 18 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Zameen | 6,185,280 | 1,554,015 | - | 781,305 | 8,520,600 | (4,545,838) | (1,787,590) | (555,405) | (6,888,833) | 1,631,767 |
| Propzy | - | 1,845,430 | - | 183,286 | 2,028,716 | - | (632,589) | (23,720) | (656,309) | 1,372,407 |
| Pakwheels | 4,510,100 | - | - | 460,250 | 4,970,350 | (1,760,324) | (553,994) | (212,240) | (2,526,558) | 2,443,792 |
| Kupatana | 2,668,741 | - | (1,625,635) | 109,903 | 1,153,009 | (1,013,918) | (81,410) | (57,681) | (1,153,009) | - |
| Infocasas | 1,228,036 | - | - | 125,319 | 1,353,355 | (51,173) | (101,411) | (10,617) | (163,201) | 1,190,154 |
| Moteur | 940,678 | 406,170 | - | 115,855 | 1,462,703 | (195,380) | (97,309) | (26,443) | (319,132) | 1,143,571 |
| | <u>15,532,835</u> | <u>3,805,615</u> | <u>(1,625,635)</u> | <u>1,775,918</u> | <u>19,488,733</u> | <u>(7,566,633)</u> | <u>(3,254,303)</u> | <u>(886,106)</u> | <u>(11,707,042)</u> | <u>7,781,691</u> |

8. Investments in associates (cont'd)

ii) The movement of share of total comprehensive income is as follows:

| Half Year ended 30 June 2019 | | | | | | | | | |
|------------------------------|------------------------------------|------------------|-----------------------|---------------------|-------------------------------------|------------------|---------------------|------------------|-------------------------------------|
| Operating Company | Share of associates profit or loss | | | | Share of other comprehensive income | | | | Share of total comprehensive income |
| | 1 Jan 19 | Addition | Foreign exchange loss | 30 Jun 19 | 1 Jan 19 | Addition | Exchange difference | 30 Jun 19 | 30 Jun 19 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Zameen | (7,324,068) | (14,157) | (850,302) | (8,188,527) | 435,235 | 741,724 | (34,171) | 1,142,788 | (7,045,739) |
| Propzy | (643,124) | (570,109) | (5,307) | (1,218,540) | (13,185) | 3,906 | (8,755) | (18,034) | (1,236,574) |
| Pakwheels | (2,920,836) | (232,503) | (374,281) | (3,527,620) | 394,278 | 405,237 | (18,496) | 781,019 | (2,746,601) |
| Infocasas | (166,741) | (16,730) | (15,907) | (199,378) | 3,540 | 17,934 | (2,080) | 19,394 | (179,984) |
| Moteur | (315,367) | (26,049) | - | (341,416) | (3,765) | (628) | (2,301) | (6,694) | (348,110) |
| | <u>(11,370,136)</u> | <u>(859,548)</u> | <u>(1,245,797)</u> | <u>(13,475,481)</u> | <u>816,103</u> | <u>1,168,173</u> | <u>(65,803)</u> | <u>1,918,473</u> | <u>(11,557,008)</u> |

| Half Year ended 30 June 2018 | | | | | | | | | |
|------------------------------|------------------------------------|--------------------|-----------------------|--------------------|-------------------------------------|----------------|---------------------|----------------|-------------------------------------|
| Operating Company | Share of associates profit or loss | | | | Share of other comprehensive income | | | | Share of total comprehensive income |
| | 1 Jan 18 | Addition | Foreign exchange loss | 30 Jun 18 | 1 Jan 18 | Addition | Exchange difference | 30 Jun 18 | 30 Jun 18 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Zameen | (4,568,270) | (548,123) | (641,642) | (5,758,035) | 22,432 | 591,563 | (264,447) | 349,548 | (5,408,487) |
| Propzy | - | (135,869) | (4,696) | (140,565) | - | 3,420 | (3,531) | (111) | (140,676) |
| Pakwheels | (1,885,812) | (223,890) | (196,785) | (2,306,487) | 125,488 | 182,480 | (104,667) | 203,301 | (2,103,186) |
| Kupatana | (1,095,850) | (75,295) | (1,959) | (1,173,104) | 81,932 | (4,154) | (57,683) | 20,095 | (1,153,009) |
| Infocasas | (41,535) | (38,335) | (21,714) | (101,584) | (9,638) | 22,092 | (3,959) | 8,495 | (93,089) |
| Moteur | (221,610) | (52,710) | - | (274,320) | 26,230 | (3,019) | (12,734) | 10,477 | (263,843) |
| | <u>(7,813,077)</u> | <u>(1,074,222)</u> | <u>(866,796)</u> | <u>(9,754,095)</u> | <u>246,444</u> | <u>792,382</u> | <u>(447,021)</u> | <u>591,805</u> | <u>(9,162,290)</u> |

8. Investments in associates (cont'd)

- iii) The tables below provide the summarised financial position of associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments (such as amortisation charges of intangible assets identified at investment) and modifications for differences in accounting policy.

The summarised financial position of the associated companies at the period end, are as follows:

| 30 Jun 19 | | | | | | | | | | | | |
|-------------------|---------------------------|----------------------|----------------------|--------------------|---------------------------------|-----------------------|---------------------------|---------------------------|-------------------------|-------------------------------|-------------------------------|-------------|
| Operating Company | Assets | | | | | Liabilities | | | | | | Net assets |
| | Current assets | | | Non-current assets | | Current liabilities | | | Non-current liabilities | | | |
| | Cash and cash equivalents | Other current assets | Total current assets | Non-current assets | Intangible assets on investment | Financial liabilities | Other current liabilities | Total current liabilities | Financial liabilities | Other non-current liabilities | Total non-current liabilities | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Zameen | 4,989,695 | 7,688,161 | 12,677,856 | 2,983,772 | 940,233 | 12,030,079 | 1,583,569 | 13,613,648 | - | - | - | 2,988,213 |
| Propzy | 2,878,217 | 873,894 | 3,752,111 | 104,880 | 977,678 | 6,741,789 | - | 6,741,789 | - | - | - | (1,907,120) |
| Pakwheels | 35,592 | 627,518 | 663,110 | 145,026 | 82,075 | 2,976,044 | 43,237 | 3,019,281 | - | - | - | (2,129,070) |
| Infocasas | 831,474 | 879,830 | 1,711,304 | 229,420 | 398,068 | 594,417 | 190,410 | 784,827 | 304,879 | - | 304,879 | 1,249,086 |
| Moteur | 281,826 | 308,067 | 589,893 | 59,969 | 23,696 | 174,567 | 8,335 | 182,902 | - | - | - | 490,656 |
| | 9,016,804 | 10,377,470 | 19,394,274 | 3,523,067 | 2,421,750 | 22,516,896 | 1,825,551 | 24,342,447 | 304,879 | - | 304,879 | 691,765 |

| 31 Dec 18 | | | | | | | | | | | | |
|-------------------|---------------------------|----------------------|----------------------|--------------------|---------------------------------|-----------------------|---------------------------|---------------------------|-------------------------|-------------------------------|-------------------------------|-------------|
| Operating Company | Assets | | | | | Liabilities | | | | | | Net assets |
| | Current assets | | | Non-current assets | | Current liabilities | | | Non-current liabilities | | | |
| | Cash and cash equivalents | Other current assets | Total current assets | Non-current assets | Intangible assets on investment | Financial liabilities | Other current liabilities | Total current liabilities | Financial liabilities | Other non-current liabilities | Total non-current liabilities | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Zameen | 1,956,228 | 5,153,510 | 7,109,738 | 2,098,938 | 1,241,708 | 5,334,795 | 1,769,239 | 7,104,034 | - | - | - | 3,346,350 |
| Propzy | 360,342 | 847,844 | 1,208,186 | 119,298 | 1,182,986 | 1,743,082 | 140,451 | 1,883,533 | - | - | - | 626,937 |
| Pakwheels | 30,028 | 699,225 | 729,253 | 206,850 | 122,993 | 2,573,677 | 50,371 | 2,624,048 | - | - | - | (1,564,952) |
| Kupatana | 20,029 | 170,661 | 190,690 | 13,995 | - | 211,294 | - | 211,294 | - | - | - | (6,609) |
| Infocasas | 395,523 | 696,124 | 1,091,647 | 241,380 | 481,971 | 459,607 | 255,983 | 715,590 | 303,802 | - | 303,802 | 795,606 |
| Moteur | 325,646 | 280,741 | 606,387 | 66,777 | 33,946 | 160,243 | 11,655 | 171,898 | - | - | - | 535,212 |
| | 3,087,796 | 7,848,105 | 10,935,901 | 2,747,238 | 3,063,604 | 10,482,698 | 2,227,699 | 12,710,397 | 303,802 | - | 303,802 | 3,732,544 |

8. Investments in associates (cont'd)

The summarised financial performance of associated companies for the financial year, are as follows:

| Operating Company | Half year 2019 | | | | | Half year 2018 | | | | |
|-------------------|--|--------------------------------------|----------------------------|-----------------------------------|----------------------------|--|--------------------------------------|----------------------------|-----------------------------------|----------------------------|
| | Net loss before unrealised foreign exchange (losses) | Unrealised foreign exchange (losses) | Other comprehensive income | Amortisation of intangible assets | Total comprehensive income | Net loss before unrealised foreign exchange (losses) | Unrealised foreign exchange (losses) | Other comprehensive income | Amortisation of intangible assets | Total comprehensive income |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Zameen | 259,381 | (2,834,339) | 2,472,415 | (306,573) | (409,116) | (1,420,428) | (2,138,805) | 1,971,877 | (406,650) | (1,994,006) |
| Propzy | (2,582,488) | (26,003) | 19,137 | (210,793) | (2,800,147) | (1,205,782) | (32,158) | 23,973 | (87,469) | (1,301,436) |
| Pakwheels | (589,874) | (1,015,963) | 1,099,991 | (41,242) | (547,088) | (528,429) | (534,161) | 495,330 | (79,308) | (646,568) |
| Kupatana | - | - | - | - | - | (228,324) | (6,675) | (14,187) | (28,831) | (278,017) |
| Infocasas | 31,602 | (49,991) | 56,322 | (86,136) | (48,203) | (43,532) | (69,308) | 70,514 | (78,826) | (121,152) |
| Moteur | (35,892) | - | (1,115) | (10,368) | (47,375) | (98,523) | - | (6,166) | (9,488) | (114,177) |
| | (2,917,271) | (3,926,296) | 3,646,750 | (655,112) | (3,851,929) | (3,525,018) | (2,781,107) | 2,541,341 | (690,572) | (4,455,356) |

Total revenue generated by operating entities in the period during which they were accounted by the Group as associate companies was \$25,630,810 (2018: \$12,200,995).

Associated companies reported using the equity accounting method at the period end generated half year revenues of \$25,630,810 (2018: \$12,296,093) as follows:

| Operating Company | Half year 2019 \$ | Half year 2018 \$ |
|-------------------|----------------------|----------------------|
| Zameen | 20,334,022 | 9,738,248 |
| Propzy | 1,943,967 | 249,357 |
| Pakwheels | 883,658 | 1,028,528 |
| Infocasas | 2,223,624 | 1,086,304 |
| Other associates | 245,539 | 193,656 |
| | 25,630,810 | 12,296,093 |

9. Share capital

| | 2019 Shares | 2018 Shares | 2019 \$ | 2018 \$ |
|-----------------------------------|----------------|----------------|------------|-------------|
| Fully paid ordinary shares | | | | |
| At 1 January | 244,120,362 | 220,657,967 | 74,169,794 | 60,118,042 |
| Issued for cash | - | 22,157,668 | - | 14,402,484 |
| Issued to employees and directors | 1,067,991 | 1,024,727 | 536,556 | 545,065 |
| | 245,188,353 | 243,840,362 | 74,706,350 | 75,065,591 |
| Less: Transaction costs | - | - | (54,153) | (1,056,616) |
| At 30 June | 245,188,353 | 243,840,362 | 74,652,197 | 74,008,975 |

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

During the half year ended 30 June 2019, 967,991 (2018: 918,099) ordinary shares were issued to employees as share based payments with a value of \$476,556 (2018: \$477,675), of which, 720,000 (2018: 745,000) shares with a value of \$360,000 (2018: \$372,500) were issued upon the exercise of employee Share Rights.

A further 100,000 (2018: 106,628) ordinary shares were issued to Directors as share based payments with a value of \$60,000 (2018: \$67,390).

During the half year ended 30 June 2018, through a fully underwritten entitlement offer to eligible shareholders, 22,157,668 ordinary shares were issued for cash of \$14,402,484.

10. Business Combinations

10.1 Decrease in equity interest in Meqasa

On 7 March 2019, following an issue of 10,836 shares for cash consideration of US\$48,000 the Group's equity interest in Meqasa decreased by 0.69% from 80.77% to 80.08%.

11. Discontinued operations

During the half year ended 30 June 2018, there were disposals and deemed disposals of three controlled entities, as follows:

- i) On 21 January 2018, the Group disposed of its equity interest in Carwangu of 60.05% for cash consideration of US\$2 (AUD equivalent of \$3). This generated a loss on disposal of \$25,900.
- ii) On 9 February 2018, the Group disposed of its equity interest in CasaMozambique of 41.67% for cash consideration of US\$1 (AUD equivalent of \$1). This generated a gain on disposal of \$189,213.
- iii) Upon investment of US\$2,000,000 by an external strategic investor into Propzy on 10 April 2018, the Group entered into a new shareholder agreement affecting its unfettered rights to direct the business activities of the operating entity. As such, a disposal of the operating entity was deemed to have occurred generating a gain on deemed disposal of \$541,673.

12. Unexercised call options and convertible loan notes

At the date of this report, the Group held unexercised call options and convertible loan notes in the following operating companies:

| Operating company | Option expiring | Consideration US\$ | Increase in shareholding % | Group equity holding % after exercise of option |
|-------------------|-----------------|---|----------------------------|---|
| Infocasas | November 2019 | Multiple of trailing twelve month revenue | 19.67% | 51% |

| Operating company | Conversion prior to Maturity Date | Consideration US\$ | Interest rate per annum | Balance for conversion at Period End US\$ | Current shareholding % | Maximum Group equity holding % after conversion |
|-------------------|-----------------------------------|--------------------|-------------------------|---|------------------------|---|
| TechAfrica | 2 November 2022 | 440,000 | 10.00% | 391,632 | 75.00% | 87.80% |
| Pakwheels | 3 October 2022 | 600,000 | 10.08% | 655,123 | 36.84% | Variable* |

*Note 5.1 – Other financial assets

13. Notes to the condensed consolidated statement of cash flows

| | Half year ended | |
|---|--------------------|--------------------|
| | 30 Jun 2019 | 30 Jun 2018 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Net loss before tax | (6,142,836) | (4,460,623) |
| Adjustments for: | | |
| Amortisation of intangible assets | 1,685,081 | 1,446,913 |
| Depreciation | 127,020 | 94,448 |
| Gain on disposal of property, plant and equipment | (564) | - |
| Impairment of loan to and investment in associate | - | 1,784,591 |
| Net loss allowance on doubtful debts | 15,942 | - |
| Net foreign exchange difference | (206,900) | (1,903,868) |
| Share of net loss of associates | 2,105,345 | 1,941,018 |
| Interest income | (269,194) | (77,582) |
| Interest expense | 42,949 | 6,551 |
| Non-cash employee benefits expense – share based payments | 174,151 | 276,214 |
| Fair value of right to cancel call option | - | (1,891,540) |
| Gains on disposal of subsidiaries | - | (704,986) |
| | (2,469,006) | (3,488,864) |
| Change in operating assets and liabilities: | | |
| Trade and other receivables | (394,725) | (525,845) |
| Trade and other payables | 380,204 | 393,254 |
| Cash used in operations | (2,483,527) | (3,621,455) |
| Interest paid | (42,949) | (6,551) |
| Interest received | 228,780 | 71,419 |
| Net cash used in operating activities | (2,297,696) | (3,556,587) |

14. Contingencies

Various claims arise in the ordinary course of business against Frontier Digital Ventures Limited and its subsidiaries. The amount of the liability (if any) at 30 June 2019 cannot be ascertained and the Directors believe that any resulting liability would not materially affect the financial position of the Group.

15. Subsequent events

There have been no transactions or events of a material and unusual nature between the end of the reporting period and the date of this report that will, in the opinion of the Directors of the Company, significantly affect the operations of the consolidated entity, the results of those operations, or state of affairs of the consolidated entity in future years.

Independent Auditor's Review Report to the Members of Frontier Digital Ventures Limited

We have reviewed the accompanying half-year financial report of Frontier Digital Ventures Limited and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2019, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising Frontier Digital Ventures Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 24.

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 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 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 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Frontier Digital Ventures Limited and controlled entities, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Anneke Du Toit
Partner

Melbourne, 26 August 2019

Corporate Directory

| Registered Office | Share Registry |
|--|---|
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| Principal Place of Business | Company Secretary |
| 39-8 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur, Malaysia Tel: +60 3 2201 0790 | Mertons Corporate Services Pty Ltd Mark Licciardo Email: markl@mertons.com.au Belinda Cleminson Email: belindac@mertons.com.au |
| The Board | |
| Anthony Klok Shaun Antony Di Gregorio Mark Licciardo | Independent Director, non-executive Chairman Non-independent executive Director and Chief Executive Officer Independent, non-executive Director and Company Secretary |
| Chief Executive Officer | Chief Financial Officer |
| Shaun Antony Di Gregorio Email: shaundig@frontierdv.com | Shiao Mae Chan Email: shiao@frontierdv.com |
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| ASX Listing Code | |
| FDV | |