

**ASX Code: FDV**

29 July 2020

## **2Q 2020 Quarterly Activity Report and Appendix 4C**

Frontier Digital Ventures Limited ("FDV", ASX: FDV) is pleased to release its Quarterly Activity Report and Appendix 4C for the June quarter 2020 ("2Q 2020") and provide an update in relation to the COVID-19 pandemic.

- **1H 2020 revenue on an FDV ownership basis of A\$9.8m, down 7% on pcp due to the impact from the temporary coronavirus lockdowns**
- **10 of the 12 operating companies recorded improved EBITDA in 2Q 2020 over 1Q 2020, with 5 companies achieving positive EBITDA despite the temporary lockdowns**
- **Results highlight FDV's value as a strategic partner, with firm action taken to permanently reduce cost bases at the onset of the COVID-19 crisis**
- **Website traffic and leads are recovering strongly, including in Pakistan where the timing of the temporary lockdowns had more of an impact this quarter**
- **FDV's balance sheet is stronger than ever, with cash of A\$16.3m at 30 June 2020, plus an additional A\$6.5m raised from the strategic placement announced on 13 July 2020**
- **Strong operational and financial performance provides the key foundations for growth, with FDV actively assessing a range of potential acquisition opportunities**

**FDV's Founder and CEO, Shaun Di Gregorio said:**

*"We are delighted to report that 10 of the 12 operating companies demonstrated an improvement in profitability this quarter, with 5 achieving positive EBITDA. The temporary lockdowns have led to permanent cost reductions, and the return of website traffic and leads in June positions our portfolio strongly for the future.*

*There is a high correlation between the timing of the temporary lockdowns and economic activity. Pakistan went into lockdown later than other countries and consequently the performance of Zameen and Pakwheels has lagged in this quarter. We are very comfortable with these businesses given their leading market positions and the improving coronavirus situation we are now seeing in Pakistan.*

*FDV's portfolio of market leaders is very well placed in the current environment, as the power of incumbency increases, and market leaders become more dominant. FDV has been leveraging its online classifieds expertise and learnings from across the portfolio to provide valuable oversight and strategic support to its operating companies. FDV's reputation as a strategic partner continues to grow globally, evidenced by Encuentra24's recent combination with OLX's Central American platforms.*

*We remain focused on long-term value creation for shareholders, despite the temporary COVID-19 headwinds. Strong operational and financial performance provides the key foundations for growth, with FDV actively assessing acquisition opportunities that would strengthen its position as the leading online classifieds player in emerging markets."*

## IMPROVED PROFITABILITY DESPITE TEMPORARY COVID-19 LOCKDOWNS

Table 1 shows that 10 of the 12 operating companies reported improved EBITDA in 2Q 2020 relative to 1Q 2020 and 5 operating companies recorded positive EBITDA. The divergence seen with the 2 businesses located in Pakistan, Zameen and Pakwheels, was due primarily to the timing of the temporary lockdowns, which occurred later in Pakistan than in other countries and which therefore had more of an impact this quarter. Pleasingly, the coronavirus situation there is now improving.

**Table 1: Quarterly EBITDA<sup>1</sup> during COVID-19 by business (Proforma unaudited, FDV basis)**

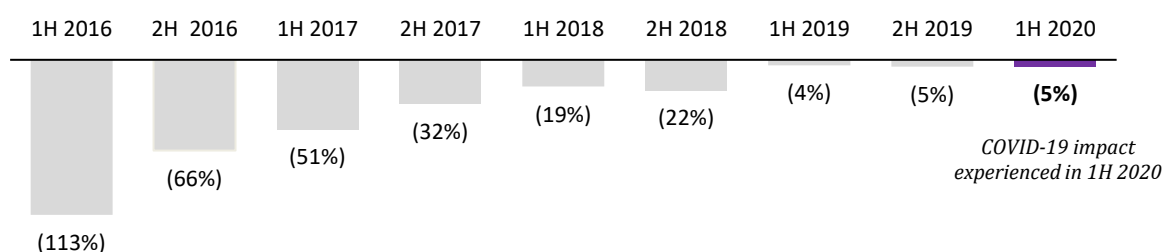
|                          | FDV ownership (%) | 2Q 2020 EBITDA A\$ (FDV basis) | 1Q 2020 EBITDA A\$ (FDV basis) | EBITDA growth on pcp (in absolute terms) |
|--------------------------|-------------------|--------------------------------|--------------------------------|--|
| InfoCasas                | 52%               | 53,281                         | (49,303)                       |  |
| AutoDeal                 | 56%               | 47,922                         | 11,778                         |  |
| West Africa <sup>2</sup> | N/A               | 21,253                         | (40,380)                       |  |
| iMyanmarhouse            | 53%               | 9,139                          | 6,986                          |  |
| Encuentra24              | 42%               | 8,620                          | (15,408)                       |  |
| LankaPropertyWeb         | 53%               | (7,506)                        | (22,073)                       |  |
| CarsDB                   | 65%               | (29,657)                       | (32,759)                       |  |
| Hoppler                  | 40%               | (37,837)                       | (50,027)                       |  |
| Moteur                   | 56%               | (43,457)                       | (43,739)                       |  |
| Pakwheels                | 37%               | (106,087)                      | (68,365)                       |  |
| Zameen                   | 30%               | (245,545)                      | 180,291                        |  |
| <b>Total EBITDA</b>      |                   | <b>(329,874)</b>               | <b>(123,000)</b>               |  |

Notes:

- Results figures quoted for entities with continuing operations as at 30 June 2020
- West Africa includes PropertyPro (Nigeria; 39% owned) and MeQasa (Ghana; 72% owned)

The portfolio EBITDA loss as a percentage of revenue as shown in Figure 1 held steady at 5% on an FDV ownership basis. Pleasingly, FDV was able to maintain EBITDA margins, despite the temporary lockdowns.

**Figure 1: Portfolio EBITDA margin<sup>1</sup> (% pro-forma unaudited, FDV basis)**



Notes:

- Results figures quoted for entities with continuing operations as at 30 June 2020

Tables 2 and 3 show half yearly revenues on both a 100% basis and FDV ownership basis. In 1H 2020, approximately 7 of the 12 operating companies annualised at >A\$1.0m of revenue.

**Table 2: Half yearly revenues by business<sup>1</sup> (pro-forma unaudited, 100% basis)**

|                          | FDV<br>ownership<br>(%) | 1H 2020<br>Revenue<br>A\$ (100% basis) | 1H 2019<br>Revenue<br>A\$ (100% basis) | Growth<br>(% in A\$) |
|--------------------------|-------------------------|--|--|----------------------|
| Zameen                   | 30%                     | 18,053,610                             | 20,323,496                             | (11%)                |
| Encuentra24              | 42%                     | 3,097,617                              | 3,986,902                              | (22%)                |
| InfoCasas                | 52%                     | 2,136,713                              | 2,222,801                              | (4%)                 |
| iMyanmarhouse            | 53%                     | 884,157                                | 982,941                                | (10%)                |
| AutoDeal                 | 56%                     | 841,061                                | 826,001                                | +2%                  |
| Pakwheels                | 37%                     | 589,716                                | 883,262                                | (33%)                |
| CarsDB                   | 65%                     | 498,998                                | 408,269                                | +22%                 |
| West Africa <sup>2</sup> | N/A                     | 361,156                                | 357,828                                | +1%                  |
| LankaPropertyWeb         | 53%                     | 280,370                                | 241,465                                | +16%                 |
| Hoppler                  | 40%                     | 205,634                                | 497,716                                | (59%)                |
| Moteur                   | 56%                     | 140,535                                | 245,430                                | (43%)                |
| <b>Total revenue</b>     |                         | <b>27,089,568</b>                      | <b>30,976,112</b>                      | <b>(13%)</b>         |

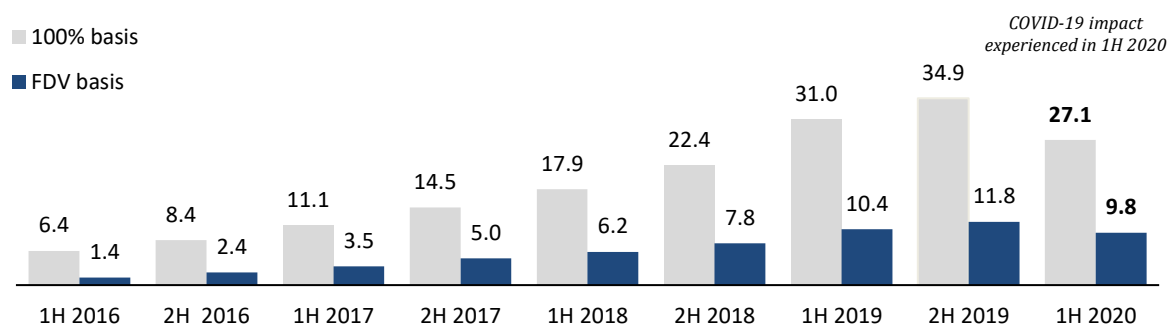
**Table 3: Half yearly revenues by business<sup>1</sup> (pro-forma unaudited, FDV basis)**

|                          | FDV<br>ownership<br>(%) | 1H 2020<br>Revenue<br>A\$ (FDV basis) | 1H 2019<br>Revenue<br>A\$ (FDV basis) | Growth<br>(% in A\$) |
|--------------------------|-------------------------|---------------------------------------|---------------------------------------|----------------------|
| Zameen                   | 30%                     | 5,416,084                             | 6,097,050                             | (11%)                |
| Encuentra24              | 42%                     | 1,303,135                             | 1,677,249                             | (22%)                |
| InfoCasas                | 52%                     | 1,114,082                             | 703,729                               | +58%                 |
| AutoDeal                 | 56%                     | 469,228                               | 304,317                               | +54%                 |
| iMyanmarhouse            | 53%                     | 423,377                               | 419,070                               | +1%                  |
| CarsDB                   | 65%                     | 323,404                               | 264,602                               | +22%                 |
| Pakwheels                | 37%                     | 217,263                               | 325,411                               | (33%)                |
| West Africa <sup>2</sup> | N/A                     | 180,472                               | 201,928                               | (11%)                |
| LankaPropertyWeb         | 53%                     | 143,899                               | 115,312                               | +25%                 |
| Hoppler                  | 40%                     | 82,731                                | 200,243                               | (59%)                |
| Moteur                   | 56%                     | 79,137                                | 138,204                               | (43%)                |
| <b>Total revenue</b>     |                         | <b>9,752,814</b>                      | <b>10,447,115</b>                     | <b>(7%)</b>          |

Notes:

1. Results figures quoted for entities with continuing operations as at 30 June 2020
2. West Africa includes PropertyPro (Nigeria; 39% owned) and MeQasa (Ghana; 72% owned)

**Figure 2: Portfolio revenue<sup>1</sup> since IPO (A\$m, pro-forma unaudited)**



Notes:

1. Results figures quoted for entities with continuing operations as at 30 June 2020

## PORTFOLIO PROGRESSION

During the quarter, FDV saw strong growth in the capability of its local management teams to manage the challenging economic conditions. FDV was particularly pleased with the performance of the 4 businesses where it has recently increased its stake above the 50% level, being Infocasas, AutoDeal, iMyanmarhouse and LankaPropertyWeb. These were 4 of the more profitable operating companies this quarter.

In July 2020, Encuentra24 combined its business with OLX Group's online classifieds platforms in Central America. The combined business spans 6 countries, with Encuentra24 benefiting from consolidating its position in its 2 largest markets, Panama and Costa Rica, and gaining access to Guatemala and El Salvador. The OLX platforms relaunched under the Encuentra24 brand and FDV has retained accounting control of the combined business.

## CORPORATE UPDATE

During the quarter, FDV had cash receipts from customers of A\$2.4m and net operating cash outflows of A\$0.2m. FDV held A\$16.3m in cash and cash equivalents as at 30 June 2020. Subsequent to quarter end, FDV further strengthened its balance sheet through a A\$6.5m strategic placement to North American institutional investors in July 2020, with shares issued at a 1.3% premium to the 15-day VWAP. Pleasingly, FDV was included in the ASX All Ordinaries Index on 22 June 2020 following the quarterly rebalance of the S&P/ASX Indices.

FDV and its operating companies have enacted significant cost reduction measures to optimise cash runways through the temporary lockdowns. The businesses have been effective in adapting to the challenging conditions by streamlining operations and cost bases. FDV will continue to monitor activity while maintaining the flexibility to scale up operations accordingly.

## OUTLOOK FOR 2H 2020

FDV has seen a steady return of website traffic and leads across many of its operating companies in June, with the increase in commercial activity linked to the easing of temporary restrictions. The measures taken this quarter, particularly around permanent cost reductions, should position our portfolio well in future periods.

The market leading positions of our operating companies put FDV in a position of strength in the current environment. Strong operational and financial performance provides the key foundations for growth, with FDV actively assessing a range of potential acquisition opportunities. FDV intends to maintain a strong balance sheet during this period, with the flexibility to adapt to the changing market conditions providing a strong competitive advantage.

#### UPDATE ON ZAMEEN

Zameen is the leading property portal in Pakistan. Operating conditions have proved challenging in Pakistan due to the temporary lockdowns and revenue was depressed this quarter, contracting 11% in 1H 2020 on pcp to A\$18.1m (100% basis). Pleasingly, COVID-19 containment measures have begun to take effect and the country has experienced a decline in cases since the peak seen in early June. This, along with the significant economic stimulus, has seen a recovery in online consumer traffic.

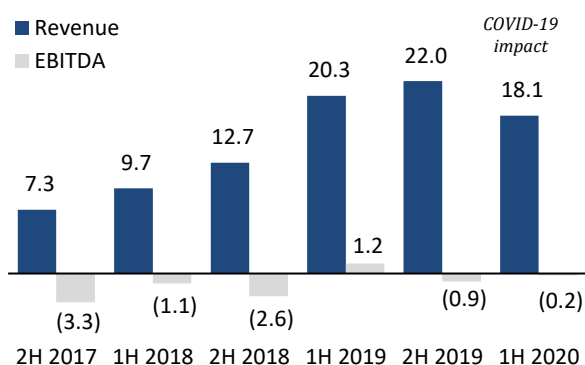
During 2Q 2020, Zameen issued a convertible note of US\$5m with a 3-year term, which was fully taken up by existing shareholders. FDV subscribed for US\$0.75m, which at most would result in FDV's shareholding falling from 30.0% to 29.6% upon conversion. The ongoing support from existing shareholders is reflective of the broad investor confidence in Zameen's business.

In April 2020, Emerging Markets Property Group (EMPG) announced its merger with OLX Group (a subsidiary of JSE-listed Naspers) in 4 countries: Pakistan, Egypt, Lebanon, and UAE. EMPG currently owns 70.0% of Zameen (along with other assets), while FDV is the only other shareholder in Zameen through its current 30.0% shareholding. This transaction was funded through a US\$150 million funding round in EMPG, which was led by OLX Group and its existing shareholders. According to media reports the deal values EMPG at over US\$1 billion post-transaction.

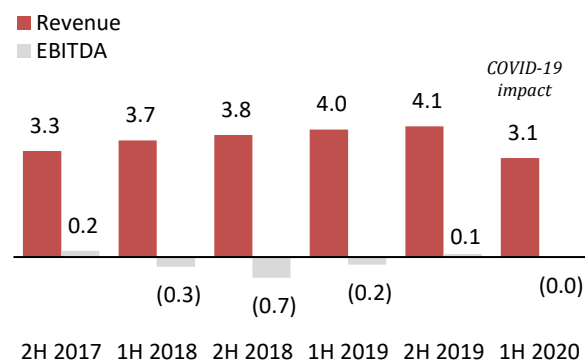
#### UPDATE ON ENCUESTRA24

Encuentra24, a leading general classified and online marketplace covering Central America, has adapted well to the challenging business conditions. Encuentra24 reported a significant improvement in EBITDA for 1H 2020 in addition to being EBITDA positive in 2Q 2020 (100% basis). This was a positive result given the deterioration in economic conditions which emerged at the end of 1Q 2020. Pleasingly, revenues in June have recovered. While conditions remain challenging in Central America, Encuentra24's leading position in its markets and recent combination with OLX Group, positions it well for future periods.

**Figure 3: Revenue and EBITDA**  
A\$m pro-forma unaudited, 100% basis



**Figure 4: Revenue and EBITDA**  
A\$m pro-forma unaudited, 100% basis

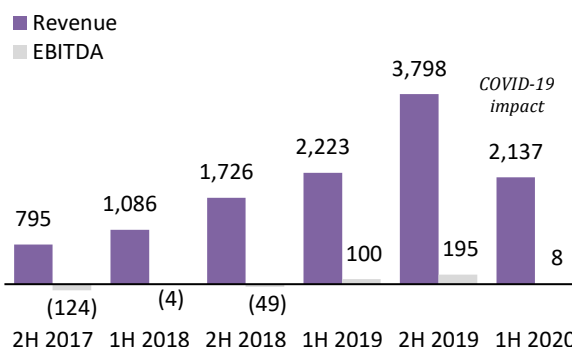


## UPDATE ON INFOCASAS

InfoCasas continues to maintain its position as the #1 property portal in Uruguay, Paraguay, and Bolivia. While conditions remain challenging in South America, InfoCasas has proven its ability to quickly adapt to changing business conditions. InfoCasas recorded a marginal 4% decline in revenues in 1H 2020 on pcp to A\$2.1m (100% basis) and has successfully implemented cost saving initiatives as the temporary lockdowns subdued business activity. Signs of a recovery were evident in June 2020 as revenue increased 22% from the April lows (100% basis).

**Figure 5: Revenue and EBITDA**

A\$'000, pro-forma unaudited, 100% basis

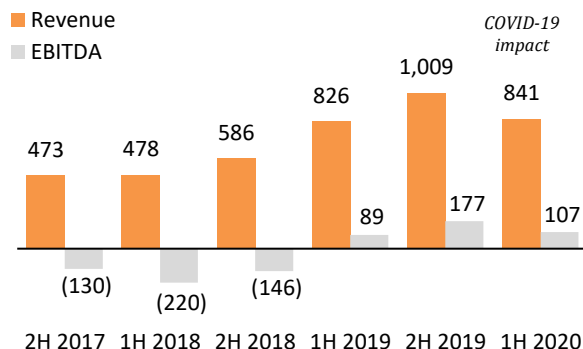


## UPDATE ON AUTODEAL

AutoDeal, the leading operator of online car classified portals in the Philippines, performed strongly throughout 1H 2020. This result was due to significant cost saving measures instituted by AutoDeal, while revenues of A\$841k (100% basis) were relatively stable. Government restrictions in the Philippines remain variable with the recent reimposition of partial restrictions in Manila, however FDV is pleased with AutoDeal's ability to adapt to the changing market conditions and still maintain strong operating performance.

**Figure 6: Revenue and EBITDA**

A\$'000, pro-forma unaudited, 100% basis

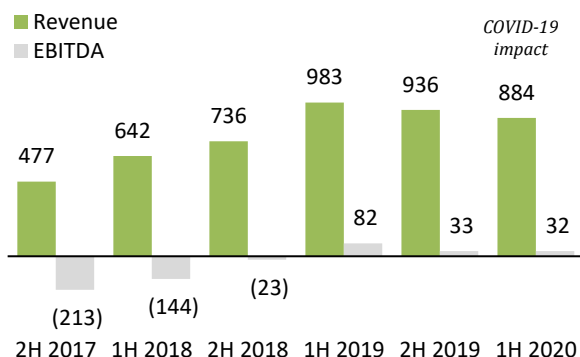


## UPDATE ON IMYANMARHOUSE

iMyanmarhouse remains the dominant property classifieds platform in Myanmar. The business is recovering well following the temporary lockdowns and as international travel restrictions ease across Myanmar. Prudent cost saving measures implemented at the onset of the temporary lockdowns has seen the company remain profitable across the first half of 2020 (100% basis). While 1H 2020 revenues contracted 10% on pcp to A\$884k, iMyanmarhouse has seen a strong rebound with June revenue approximately doubling from the lows in May (100% basis). With a leaner cost base, iMyanmarhouse has set a strong foundation for future growth.

**Figure 7: Revenue and EBITDA**

A\$'000, pro-forma unaudited, 100% basis



- ENDS -

This announcement is authorised for release by the Board of Directors of Frontier Digital Ventures Limited.

For more information, please contact:

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**About FDV Limited**

FDV 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, FDV 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 12 market leading companies, operating businesses across 18 markets. With the extensive support offered to the local operating companies, coupled with their own energy and work ethic, FDV is bringing outstanding companies of global significance to their full potential and setting a new global standard of excellence in the field.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Frontier Digital Ventures Ltd

**ABN**

25 609 183 959

**Quarter ended ("current quarter")**

30 June 2020

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 2,443                              | 8,073  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | -                                  | -  |
| (b) product manufacturing and operating costs             | (872)                              | (2,849)  |
| (c) advertising and marketing                             | (406)                              | (1,584)  |
| (d) leased assets   | -                                  | -  |
| (e) staff costs   | (1,290)                            | (4,096)  |
| (f) administration and corporate costs                    | (111)                              | (712)  |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | 39                                 | 44   |
| 1.5 Interest and other costs of finance paid              | -                                  | -  |
| 1.6 Income taxes paid                                     | (9)                                | (14)   |
| 1.7 Government grants and tax incentives                  | -                                  | -  |
| 1.8 Other (provide details if material)                   | -                                  | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(206)</b>                       | <b>(1,138)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire:                                  |                                    |  |
| (a) entities  | -                                  | -  |
| (b) businesses  | -                                  | (708)  |
| (c) property, plant and equipment                         | (20)                               | (73)   |
| (d) investments   | -                                  | -  |
| (e) intellectual property                                 | -                                  | -  |
| (f) other non-current assets                              | (213)                              | (313)  |



| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from disposal of:                            |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) businesses  | -                          | -                                     |
|                                      | (c) property, plant and equipment                     | -                          | -                                     |
|                                      | (d) investments                                       | -                          | 7,093                                 |
|                                      | (e) intellectual property                             | -                          | -                                     |
|                                      | (f) other non-current assets                          | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities               | (1,163)                    | (1,163)                               |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                     |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(1,396)</b>             | <b>4,836</b>                          |

|             |   |           |            |
|-------------|---|-----------|------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |           |            |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -         | -          |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -         | -          |
| 3.3         | Proceeds from exercise of options   | -         | -          |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | (2)       | (96)       |
| 3.5         | Proceeds from borrowings  | 12        | 272        |
| 3.6         | Repayment of borrowings   | -         | -          |
| 3.7         | Transaction costs related to loans and borrowings                                       | -         | -          |
| 3.8         | Dividends paid  | -         | -          |
| 3.9         | Other (provide details if material)   | -         | -          |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>10</b> | <b>176</b> |

|           |  |         |         |
|-----------|--|---------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |         |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 19,425  | 12,458  |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (206)   | (1,138) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (1,396) | 4,836   |

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above) | 10                         | 176                                   |
| 4.5                                  | Effect of movement in exchange rates on cash held                | (1,551)                    | (50)                                  |
| 4.6                                  | <b>Cash and cash equivalents at end of period</b>                | <b>16,282</b>              | <b>16,282</b>                         |

| 5.  | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances  | 9,108                      | 11,478                      |
| 5.2 | Call deposits  | 7,174                      | 7,947                       |
| 5.3 | Bank overdrafts  | -                          | -                           |
| 5.4 | Other (provide details)  | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>16,282</b>              | <b>19,425</b>               |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

17

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Note to 6.1

Relates to payment of Director's fees and payment to Director's associate company for the Company Secretarial fees

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|-------------------------------------|
| -  | -                                   |
| -  | -                                   |
| -  | -                                   |
| -  | -                                   |

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

**8. Estimated cash available for future operating activities**

**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

(206)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

16,282

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

16,282

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

79.0

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2020

Authorised by: the Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.