

AppsVillage Australia Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	AppsVillage Australia Limited
ACN:	626544796
Reporting period:	For the half-year ended 30 June 2019
Previous period:	For the half-year ended 30 June 2018

2. Results for announcement to the market

The Company incurred a loss of \$235,392 for the half-year period ended 30 June 2019 (30 June 2018: \$nil).

Dividends

No dividends declared or paid as at 30 June 2019.

AASB 16 'Leases' had no impact on the current period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(235,391)</u>	<u>-</u>

4. Control gained over entities

Name of entities (or group of entities)	None
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5. Loss of control over entities

Name of entities (or group of entities)	None
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6. Details of associates and joint venture entities

Name of associate / joint venture	None
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7. Audit qualification or review

Details of review dispute or qualification (if any):

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

Signed by Executive Director

Signed



Date: 30 August 2019

Max Bluvband
Director
Israel

APPSVILLAGE AUSTRALIA LIMITED

ACN 626544796

Interim Report

For the six months ended 30 June 2019

AppsVillage Australia Limited

30 June 2019

Corporate Directory

Directors

Yoav Ziv
Non-Executive Chairman

Max Bluvband
Executive Director and Chief Executive Officer

Leanne Graham
Non-Executive Director

Jonathan Hart
Non-Executive Director

Registered office

C/-Steinepreis Paganin
Level 4
16 Milligan Street
PERTH WA 6000

Company Secretary

Jonathan Hart

Share Registry

Automic Registry Services
Level 2
267 St Georges Terrace
PERTH WA 6000

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Solicitors

Steinpreis Paganin
16 Milligan Street
PERTH WA 6000

Stock Exchange Listing

Australian Securities Exchange
ASX Code: APV

Appsvillage Australia Limited

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Appsvillage Australia Limited
Directors' report
30 June 2019

Directors

The following persons were directors of Appsvillage Australia Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Yoav Ziv (appointed May 2019)
Max Bluvband (appointed May 2019)
Leanne Graham (appointed May 2019)
Jonathan Hart (appointed May 2019)
Nathan Barbarich (resigned May 2019)

Company Secretary

Jonathan Hart

General information

Appsvillage Australia Limited (Company) was incorporated on 1 June 2018 for the purpose of identifying technology acquisitions showing potential for growth and development.

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

The directors present their report, together with the financial statements, of Appsvillage Australia Limited (referred to hereafter as the 'company') for the half-year ended 30 June 2019.

Principal activities

The Company was incorporated for the purposes of entering into an agreement to acquire 100% of the shares in Israeli company, Appsvillage Ltd ('APP') and conduct an initial public offering ('IPO') on the Australian Stock Exchange. APP is a software-as-a-service ('Saas') company that commenced activities in 2016 that allows small to medium sized businesses organizations, professionals, and individuals to easily and inexpensively create, launch and manage their own branded mobile app for their businesses, to enable marketing and sales for their products and services on their customers' mobile devices.

Review of operations

During the relevant period, the Company incurred a loss of \$235,392 (\$30 June 2018: Nil). The focus of the company was to progress the IPO. During the period, the company raised initial funding via a convertible bridge loan which will convert upon successful listing of the company. A loan was made to APP during the period to further fund their activities whilst the IPO progressed.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial half-year.

A description of the nature of the entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Subsequent Events

A Share Swap Agreement signed with Appsvillage Ltd was executed on 27th August 2019, on consummation of an IPO and successful listing of the company on the Australian Stock Exchange.

Appsvillage Australia Limited (APV) was admitted to the Official List of ASX Limited on the 23rd August 2019.

Convertible notes issued by the Company converted to shares at a deemed issue price of \$0.14 per share. Hence, the convertible notes classified as liability converted into ordinary shares.

The fundraising under the prospectus which was completed on 26 August 2019 saw the Company raise \$5,000,000 as its final subscription which will be used to fund the Company's operations into the foreseeable future.

Other than as stated above, there have been no other matters or circumstances, which have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- a) The operations, in financial years subsequent to 30 June 2019, of the entity, or
- b) The results of those operations, or
- c) The state of affairs, in financial years subsequent to 30 June 2019, of the entity.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Max Bluvband
Director

30 August 2019
Israel

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF APPSVILLAGE AUSTRALIA LIMITED

As lead auditor for the review of AppsVillage Australia Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2019

AppsVillage Australia Limited
Interim statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2019

	Note	30 Jun 2019	30 Jun 2018
Revenues		-	-
Cost of Sales		-	-
Gross Profit		-	-
Expenses			
Operating expenses		-	-
Finance expenses	5	(235,392)	-
Profit / (loss) before income tax		(235,392)	-
Income tax expense		-	-
Profit / (loss) for the period		(235,392)	-
Other comprehensive income / (loss) for the period			
<i>Items that may be reclassified to profit or loss:</i>		-	-
- Nil			
Total comprehensive profit / (loss) for the period		(235,392)	-

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

AppsVillage Australia Limited
Interim statement of financial position
As at 30 June 2019

	Note	30 Jun 2019	31 Dec 2018
Assets			
Current assets			
Cash and cash equivalents		13,334	1
Loan receivable	4	451,000	-
Other receivables and prepayments	3	84,915	-
		<u>549,249</u>	<u>1</u>
Total current assets		549,249	1
Non-current assets			
		-	-
Total assets		549,249	1
Liabilities			
Current liabilities			
Convertible notes	5	-	-
		784,640	-
Total current liabilities		784,640	-
Non-current liabilities			
		-	-
Total liabilities		784,640	-
Net assets/(liabilities)		(235,391)	1
Equity			
Issued capital		1	1
Reserves		-	-
Accumulated profit (loss)		(235,392)	-
Total equity/(Net asset deficiency)		(235,391)	1

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

AppsVillage Australia Limited
Interim statement of changes in equity
For the half-year ended 30 June 2019

	Issued capital	Reserves	Accumulated profit (loss)	Total Equity
Balance at 1 June 2018	-	-	-	-
Changes during the period				
Capital Issue	1	-	-	1
Profit (loss) for the year	-	-	-	-
Balance at 30 June 2018	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
	Issued capital	Reserves	Accumulated profit (loss)	Total equity /(deficiency)
Balance at 1 January 2019	1	-	-	1
Profit (loss) for the year	-	-	(235,392)	(235,392)
<i>Transactions with owners in their capacity as owners:</i>				
Nil	-	-	-	-
Balance at 30 June 2019	<u>1</u>	<u>-</u>	<u>(235,392)</u>	<u>(235,391)</u>

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

AppsVillage Australia Limited
Interim statement of cash flows
For the half-year ended 30 June 2019

	Note	30 Jun 2019	30 Jun 2018
Cash flows from operating activities			
Payments to suppliers and employees	3	(84,915)	-
Net cash from operating activities		(84,915)	-
Cash flows from investing activities			
Loan to third party	4	(451,000)	-
Net cash used in investing activities		(451,000)	-
Cash flows from financing activities			
Proceeds from convertible loan	5	549,248	-
Proceeds from issue of shares		-	1
Net cash used in financing activities		549,248	1
Net increase in cash and cash equivalents		13,333	1
Cash and cash equivalents at the beginning of the financial half-year		1	
Cash and cash equivalents at the end of the financial half-year		<u>13,334</u>	<u>1</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Convertible Notes

Convertible Notes issued by the Company are mandatorily convertible to shares at a deemed discounted issue price of \$0.14 to the initial public offering (IPO) share price.

The number of shares to be issued is contingent on the IPO share price and therefore the convertible notes are recognised as a liability at fair value and the difference between the amount of the liability and the cash received is recognised as a financing cost.

New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 16 Leases

The entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

There is no impact on the financial performance and position of the entity from the adoption of AASB 16.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the consolidated statement of financial position.

Deferred IPO Costs

All costs directly attributable to the Initial Public Offering (IPO) have been recorded as current deferred IPO costs.

Convertible Note

A convertible security was issued by the Company to raise funds for business operations. The convertible security is recognised as a financial liability through profit or loss. On initial recognition, the fair value of the convertible security will equate to the proceeds received and subsequently the liability is measured at fair value each reporting period. The fair value movements are recognised in the profit or loss as finance costs.

Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting year; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year. All other liabilities are classified as non-current.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Subsequent to 30 June 2019, a fundraising under a prospectus was completed on 26 August 2019, with the Company raising \$5,000,000 as its final subscription which will be used to fund the Company's operations into the foreseeable future.

Note 2. Contingent liabilities

The company does not have any contingent liabilities as of 30 June 2019 (30 June 2018: nil).

Note 3. Other Receivables and Prepayments

	30 Jun 2019	31 Dec 2018
	\$	\$
Deferred IPO Costs	84,915	-

During the period ended 30 June 2019, AppsVillage Australia Limited incurred costs directly attributable to the Initial Public Offering (IPO), which have been recorded as deferred IPO costs.

Note 4. Loan receivable

	30 Jun 2019	31 Dec 2018
	\$	\$
Loan receivable	451,000	-

During the period ended 30 June 2019, AppsVillage Australia Limited raised \$549,248 through the issue of convertible notes (refer to Note 5 for further information). Of this amount raised, \$451,000 was loaned by AppsVillage Australia Limited to a third party in Israel ("the Company") to be used for various working capital. Immediately prior to consummation of an IPO or M&A Event, the outstanding Loan Amount (if not previously repaid pursuant to the terms hereof, and without any interest that may be applicable thereto) shall be automatically converted into a number of fully paid ordinary shares in the capital of the Company, at a price per share reflecting a pre-conversion Company valuation of US\$8,000,000 (eight million US Dollars), or the Company valuation used for consummation of the IPO M&A Event (as applicable), if lower, calculated on a fully diluted as-converted basis immediately prior to such IPO or M&A Event (as applicable). In the event of conversion, all interest on the Loan Amount shall be repaid in cash at the same time as conversion occurs.

The loan is repayable on an event of default.

Twelve (12) months from the date of the Closing, the outstanding Loan Amount shall be automatically converted into a number of the most senior shares of the Company at such time, at a price per share representing a pre-conversion Company valuation of US\$8,000,000, calculated on a fully diluted as-converted basis as of immediately prior to such conversion.

The loan amount bears an interest rate of the higher of:

- (i) 2% per annum compounded annually; and
- (ii) The minimum rate prescribed by law.

Note 5. Convertible notes

	30 June 2019	31 Dec 2018
	\$	\$
Convertible notes – face value	549,248	-
Finance cost	235,392	-
	784,640	-

During the period the Company signed several Convertible Bridge Loan (“convertible note”) agreements, with several investors. Under the general terms of convertible note agreements it was determined that the loans are converted immediately prior to consummation of an IPO or M&A event. The outstanding convertible notes of \$549,248 face value, would be automatically converted into a number of fully paid ordinary shares in the capital of the Company. No interest is payable on the convertible notes and they are unsecured.

The convertible notes will convert into ordinary shares at a deemed conversion price is \$0.14 per share upon successful IPO, and have been classified as a current liability. A finance cost of \$235,392 has been expensed relating to the conversion premium on the differential between the convertible noteholders \$0.14 conversion price and the expected \$0.20 initial public offering (IPO) share price.

Note 6. Issued capital

	30 June 2019	31 Dec 2018
	\$	\$
Paid up capital – ordinary shares	1	1

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Company does not have authorised capital or par value in respect of the shares.

Note 7. Commitments

The Company did not have any contractual commitments as at 30 June 2019 (30 June 2018: nil).

Note 8. Related Parties

There were no other transactions with related parties during the half-year other than those that were on the same basis as stated in the 31 December 2018 financial report.

Note 9. Events after the reporting period

A Share Swap Agreement signed with AppsVillage Ltd was executed on 27th August 2019, on consummation of an IPO and successful listing of the company on the Australian Stock Exchange.

AppsVillage Australia Limited (APV) was admitted to the Official List of ASX Limited on the 23rd August 2019.

Convertible notes issued by the Company converted to shares at a deemed issue price of \$0.14 per share. Hence, the convertible notes classified as liability converted into ordinary shares.

AppsVillage Australia Limited
Notes to the financial statements
30 June 2019

The fundraising under the prospectus which was completed on 26 August 2019 saw the Company raise \$5,000,000 as its final subscription which will be used to fund the Company's operations into the foreseeable future.

Other than as stated above, there have been no other matters or circumstances, which have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- a) The operations, in financial years subsequent to 30 June 2019, of the entity, or
- b) The results of those operations, or
- c) The state of affairs, in financial years subsequent to 30 June 2019, of the entity.

AppsVillage Australia Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Max Bluvband
Director

30 August 2019
Israel

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AppsVillage Australia Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AppsVillage Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

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 Company is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, 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 Company'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 Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, stylized 'BDO' logo.

Dean Just
Director

Perth, 30 August 2019