



APPSVILLAGE AUSTRALIA LIMITED

ABN: 50 626 544 796

INTERIM REPORT

30 JUNE 2020

AppsVillage Australia Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	AppsVillage Australia Limited
ABN:	50 626 544 796
Reporting period:	For the half-year ended 30 June 2020
Previous period:	For the half-year ended 30 June 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				US\$
Revenues from ordinary activities	up	132.0%	to	552,341
Loss per share attributable to the owners of AppsVillage Australia Limited	down	58.7%	to	3.09
Profit for the half year attributable to the owners of AppsVillage Australia Limited	up	138%	to	(2,062,097)

3. NET TANGIBLE ASSETS PER SHARE

Net tangible asset backing per ordinary security as at Balance Date	Not Applicable	-	-
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4. DIVIDENDS

No Dividends have been paid or declared during the interim report.

5. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Not Applicable

Loss of control over entities

Not Applicable

6.DETAILS OF ASSOCIATE AND JOINT VENTURE ENTITIES

Not Applicable

7. FOREIGN ENTITIES

Not Applicable

8. COMMENTS

Following the COVID 19 Lockdown having significantly impacted the Small-Medium-Businesses ("**SMB**") ability to operate their stores.

Despite this:

- YoY the Platform subscribers increased by 113% vs. same period in 2019; and
- YoY Annualized Recurring Revenues increased by 82% vs. same period in 2019.

Operational update

Since listing, APV has demonstrated its ability to rapidly scale customer and revenue growth and has now pivoted to focus on executing its long-term growth strategy. This strategy specifically focuses on delivering profitable customer growth by significantly improving customer value and Return-on-Investment ("**ROI**"). In doing so, APV will deliver reduced customer acquisition costs and improve customer retention rates.

AppsVillage commenced execution of this strategy during the quarter and has focused heavily on improving the usability and efficacy of its Facebook advertising and promotional campaign software. Pilot and preliminary testing has delivered positive results and the Company remains confident in its ability to add increasing value to its customers as it progresses its strategy.

Launch of JARVIS, APV's artificial intelligence Facebook advertising agent

AppsVillage launched the second generation of its Facebook advertising campaign management software, JARVIS, for intelligent automation of online advertising.

JARVIS was launched to serve as a virtual marketing manager for SMBs, enabling intelligent management of online advertisements and promotion campaigns.

The algorithm leverages information for the SMBs existing Facebook page and previous campaigns to construct bespoke future campaign parameters that will yield improved customer reach, call to actions and user conversion results.

More specifically, JARVIS will offer SMBs:

- A revamped database of possible campaign graphic designs for constructing individually adapted ads for higher conversion rates;
- Specific reach and audience targeting by cross segmentation such as age, geolocation and interests;
- Intelligent analytics constructs including automated custom campaign views, traffic, engagement, call to actions and redemptions;
- Continuous conversion tracking with real-time adaptation of campaign parameters for enhanced business development, sales, and lead generation;
- High-frequency cost optimization algorithms to provide optimal budget use against online bids for advertising space assets;
- Advanced bid strategies allow to scale while keeping profitability; and
- Cross network promotions, working with top tier premium networks and keeping the quality of traffic to high standards.

Announced on 15 July 2020 JARVIS has delivered preliminary results that exceed industry benchmarks by up to 300% across the shopping and retail and beauty and fitness sectors.

These results are very encouraging as the Company moves forward and demonstrates the efficacy of the platform.

Freemium pass offered to Australian SMBs

During the quarter, AppsVillage launched a free pass, providing exclusive access to the AppsVillage platform for Australian SMBs, for a period of six weeks. This came as a result of the recent economic downturn from the COVID-19 outbreak that materially impacted the financial performance of small businesses.

As part of the free pass, Australian SMBs were able to access a portion of the APV platform, including:

- Sale of products and services using the all-in-one Ecommerce module of AppsVillage;
- Use the platform to automate highly targeted advertising campaigns through Facebook;
- Use of AppsVillage Artificial Intelligence for automated creation of promotion graphics for online advertising, and;
- Establish loyalty programs for returning customers.

9. Audit qualification or review

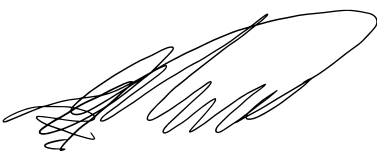
Details of audit/review dispute or qualification (if any):

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

10. Attachments

Details of attachments (if any):

The Interim Report of AppsVillage Australia Limited for the half-year ended 30 June 2020 is attached.

Signed 

Date: 31 August, 2020

Mr Max Bluvband

Chief Executive Officer

AppsVillage Australia Limited

ABN 50 626 544 796

Interim Report - 30 June 2020

AppsVillage Australia Limited
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of AppsVillage Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

Board of 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:

Baharam Nour Omid	Non-Executive Chairman (appointed at 10 June 2020)
Yoav Ziv	Non-Executive Director
Max Bluvband	Executive Director
Shahar Hajdu	Executive Director
Andrew Whitten	Non-Executive Director & Company Secretary (appointed at 10 June 2020)
Leanne Graham	Non-Executive Director (resigned at 10 June 2020)
Jonathan Hart	Non-Executive Director (resigned at 10 June 2020)

Principal activities

AppsVillage Australia Limited is a software-as-a-service ('SaaS') company that commenced activities in 2016.

AppsVillage provides an easy and inexpensive SaaS solution that allows small-to-medium businesses to create and manage their own mobile application as a means of connecting with their customers and growing their business.

AppsVillage's technology has automated the design, development, maintenance and marketing of mobile apps, allowing any business to build, preview and launch their own application without have any code writing or digital marketing knowledge.

AppsVillage launched the second generation of its Facebook advertising campaign management software, JARVIS, for intelligent automation of online advertising. JARVIS was launched to serve as a virtual marketing manager for SMBs, enabling intelligent management of online advertisements and promotion campaigns. The algorithm leverages information for the SMBs existing Facebook page and previous campaigns to construct bespoke future campaign parameters that will yield improved customer reach, call to actions and user conversion results.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to US\$2,062,097 (30 June 2019: US\$1,491,851), Including non-cash share base payment of US\$226,253 (30 June 2019: Nil)

COVID – 19 Pandemic

The World Health Organization announced that the new coronavirus disease (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown at this stage, but it may have an impact on activities and potentially a post balance date impact.

Significant changes in the state of affairs

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

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Events after the reporting period

Capital Raising

The company has successfully completed a placement of institutional and private investors of AUD\$2.14 million (US\$1.53 million) before cost. This amount will further increase by AUD\$0.334 million (US\$ 0.240 million) via an offer to eligible shareholders of new fully paid ordinary shares under a share purchase plan (SPP).

COVID – 19 Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

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
Chief Executive Office

31 August 2020

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 2020, 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.

This declaration is in respect of AppsVillage Australia Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2020

AppsVillage Australia Limited

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30 June 2020

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General information

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in US dollars in which the consolidated entity derives its revenue.

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

Registered office

Level 5
126 Philip Street
Sydney NSW 2000
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2020.

AppsVillage Australia Limited
Consolidated Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2020

		Consolidated	
	Note	30 Jun 2020	30 Jun 2019
		US\$	US\$
Revenue from contracts with customers	2	552,341	238,074
Expenses			
Cost of revenues - commissions		(67,678)	(32,534)
Research and development		(380,656)	(166,239)
Selling and marketing		(1,470,326)	(1,038,775)
General and administrative		(457,719)	(253,994)
Share-based payments	4	(226,253)	(73,960)
Other expenses		(13,496)	(845)
Loss before finance expenses		(2,063,787)	(1,328,273)
Finance Income	3	4,195	-
Finance expense		(2,505)	(163,578)
Loss before income tax		(2,062,097)	(1,491,851)
Income tax expense		-	-
Loss after income tax for the half-year		(2,062,097)	(1,491,851)
Other comprehensive (loss) income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference		(5,908)	13,587
Total comprehensive loss for the half-year attributable to owners of the company		(2,068,005)	(1,478,264)
		Cents	Cents
Basic loss per share attributable to owners of the Company (cents per share)		(3.09)	(7.48)

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

AppsVillage Australia Limited
Consolidated Statement of financial position
As at 30 June 2020

	Consolidated	
Note	30 Jun 2020	31 Dec 2019
	US\$	US\$
Assets		
Current assets		
Cash and cash equivalents	545,966	2,662,198
Other Assets	36,297	28,223
Trade and other receivables	87,508	138,884
Total current assets	<u>669,771</u>	<u>2,829,305</u>
Non-current assets		
Property, plant and equipment	10,463	10,116
Right-of-use assets	59,730	-
Total non-current assets	<u>70,193</u>	<u>10,116</u>
Total assets	<u>739,964</u>	<u>2,839,421</u>
Liabilities		
Current liabilities		
Trade and other payables	481,116	736,034
Employee provisions	121,611	93,577
Contract liability	261,474	347,978
Lease liabilities	24,346	-
Total current liabilities	<u>888,547</u>	<u>1,177,589</u>
Non-current liabilities		
Lease liabilities	31,337	-
Total non-current liabilities	<u>31,337</u>	<u>-</u>
Total liabilities	<u>919,884</u>	<u>1,177,589</u>
Net assets/(liabilities)	<u>(179,920)</u>	<u>1,661,832</u>
Equity		
Issued capital	7,967,290	7,967,290
Reserves	1,172,883	952,538
Accumulated losses	<u>(9,320,093)</u>	<u>(7,257,996)</u>
SHAREHOLDERS' EQUITY/(DEFICIT)	<u>(179,920)</u>	<u>1,661,832</u>

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

AppsVillage Australia Limited
Consolidated Statement of changes in equity
For the half-year ended 30 June 2020

	Issued Capital	Accumulated losses	Share-based payment reserve	Foreign Currency Translation Reserve	Predecessor accounting reserve	Mandatorily convertible bridge loans	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2019	304,314	(2,240,759)	298,258	-	-	2,023,577	385,390
Loss for the period	-	(1,491,851)	-	-	-	-	(1,491,851)
Other comprehensive income	-	-	-	13,587	-	-	13,587
Total comprehensive loss for the year	-	(1,391,851)	-	13,587	-	-	(1,478,264)
Transactions under capital restructure	-	-	-	-	-	-	-
Mandatorily convertible bridge loans	-	-	-	-	-	-	-
Share based payments	-	-	73,960	-	-	-	73,960
Balance at 30 June 2019	304,314	(3,732,610)	372,218	13,587	-	2,023,577	(1,018,914)
Balance at 1 January 2020	7,967,290	(7,257,996)	951,397	160,343	(159,202)	-	1,661,832
Loss for the period	-	(2,062,097)	-	-	-	-	(2,062,097)
Other comprehensive (loss)/income	-	-	-	(5,908)	-	-	(5,908)
Total comprehensive Income/(loss) for the year	-	(2,062,097)	-	(5,908)	-	-	(2,068,005)
<i>Transactions with owners in their capacity as owners:</i>							
Share based payments – Note 4	-	-	226,253	-	-	-	226,253
Balance at 30 June 2020	7,967,290	(9,320,093)	1,177,650	154,435	(159,202)	-	(179,920)

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

AppsVillage Australia Limited
Consolidated Statement of cash flows
For the half-year ended 30 June 2020

	Consolidated	
	30 Jun 2020	30 Jun 2019
	US\$	US\$
Cash flows from operating activities		
Receipts from customers	466,154	404,317
Payments to suppliers and employees	(2,552,876)	(1,317,599)
Interest received	(1,959)	(459)
	<u>(2,088,681)</u>	<u>(913,741)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(2,657)	(3,097)
	<u>(2,657)</u>	<u>(3,097)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Investments in restricted cash	(8,074)	109,855
Repayment of lease liability	(10,508)	-
Proceeds from loans	-	83,501
Proceeds of convertible loans	-	371,472
	<u>(18,582)</u>	<u>564,828</u>
Net cash (used in)/generated from financing activities		
Net increase/(decrease) in cash and cash equivalents	(2,109,920)	(352,010)
Cash and cash equivalents at the beginning of the financial half-year	2,662,198	453,655
Effects of exchange rate changes on cash and cash equivalents	(6,312)	9,669
	<u>545,966</u>	<u>111,314</u>
Cash and cash equivalents at the end of the financial half-year		

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

Note 1: General Information

AppsVillage Australia Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The Group's registered office and principal place of business is disclosed in the corporate directory.

This half-year financial report was authorized for issue by the directors on 24 August 2020.

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include full disclosure of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended that this half-year report be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company up to the date of this report in accordance with the continuous disclosure requirements arising under the ASX Listing Rules.

Basis of measurement and reporting conventions including capital reorganization

The half-year report has been prepared on an accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The half-year report is presented in United States dollars (US\$) and all values are rounded to the nearest dollar unless otherwise stated.

Note 2: Application of new and revised Australian Accounting Standards

2.1 Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

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

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Amendment	Effective for annual reporting Periods beginning on or after
AASB 17 <i>Insurance Contracts</i>	1 January 2021

Note 3. Significant accounting policies

The principal accounting policies adopted are consistent with the accounting policies adopted in AppsVillage Australia Limited last annual financial statements for the year ended 31 December 2019.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realization of assets and the settlement of liabilities in the ordinary course of business. During the period ended 30 June 2020, the consolidated entity incurred losses of \$2,062,097 (30 June 2019: \$1,491,851), net cash outflows from operating activities of \$2,088,681 (30 June 2019: \$913,741), and at 30 June 2020 with working capital deficiency of \$225,374 (31 December 2019 with working capital surplus of \$1,651,716) and cash on hand of \$545,966 (31 December 2019: \$2,662,198).

On 31 January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

The Board and Management will continue to actively pursue opportunities as they arise however the consolidated entity is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year. If the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

In context of this operating environment, the ability of the consolidated entity to continue as a going concern is dependent on securing additional funding through debt or equity to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there will be sufficient funds available to continue to meet the consolidated entity's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the consolidated entity for the following reasons:

- subsequent to 30 June 2020, the consolidated entity has successfully completed a capital raising of AUD\$2.14 million (US\$ 1.53 million) before cost; in additions, the consolidated entity made an offer to eligible shareholders of new fully paid ordinary shares under a share purchase plan (SPP) to raise further AUD\$0.334 million (US\$0.240 million);
- the level of expenditure can be managed;
- the consolidated entity is continuing its efforts to secure further growth in sales revenue as proven in the past and confident of generating additional sales revenue within the next 12 months; and
- the consolidated entity is continuing to explore alternative options in an effort to mitigate the possible impact of COVID-19.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the consolidated entity's operations on the basis as outlined above and believe there will be sufficient funds for the consolidated entity to meet its obligations and liabilities for at least twelve months from the date of this report.

Critical accounting judgements, estimates and assumptions

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that COVID-19 has had, or may have on the company based on known information. The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Other than as addressed in the Directors' Report and in specific notes, there does not currently appear to be any material impact on the financial statements with respect to events or conditions which may impact the Group unfavourably as at the reporting date.

Note 4. Revenue

The Group operates in one operating segment. In the following table sales are attributed to geographic distribution based on the location of the customer:

	30 Jun 2020 US\$	30 Jun 2019 US\$
Israel	9,051	12,557
United States	287,300	118,359
Other countries	255,990	107,158
Total revenue to external customers	552,341	238,074

Total revenue in both financial years are generated from provision of service to customers. The revenue is recognised over time in both periods.

Note 5. Expenses

	30 Jun 2020 US\$	30 Jun 2019 US\$
Loss before income tax from continuing operations includes the following specific expenses:		
Payroll and related expenses	502,101	183,549
Professional services	187,987	204,313
Depreciation of plant and equipment	2,310	845
Exchange rate differences	673	3,917
Finance expenses:		
- Interest income	4,195	(483)
- Interest expenses	(2,505)	942
Total finance expenses (income)	1,690	459
Share based payments expense	226,253	73,960

During the period the consolidated entity undertook a share-based payment transaction which is detailed in Note 4.

AppsVillage Australia Limited
Notes to the financial statements
30 June 2020

NOTE 6: SHARE BASED PAYMENTS

During the half year ended 30 June 2020, the Company recorded the following share-based payment:

The issue of 4,500,000 options with an exercise price of AUD\$0.42 and a life of 3 years to AppsVillage advisors ("Advisor's Options"), which was approved at the company's 2019 AGM held on 16 June 2020.

Fair Value

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the terms of the option, the share price at grant date and expected price volatility of the underlying share value. The value of the service performed could not be reliably determined and accordingly the fair value of the equity instruments granted has been determined. The Black Scholes inputs and valuations were as follows:

Options	Advisor Options
Number of options	4,500,000
Grant date	16 June 2020
Issue date	23 June 2020
Exercise price AUD \$	\$0.42
Expected volatility	100%
Implied option life	3 years from issue date
Expected dividend yield	Nil
Risk free rate	0.248%
Valuation per option AUD \$	\$0.0735
Exchange rate	0.6844
Valuation per option USD \$	\$0.05
Total valuation USD \$	\$226,253

Vesting upon Issuance

The granted options are vested immediately and as a result @226,253 has been recognized in the in the statement of profit and loss for the half-year ended 30 June 2020.

Note 7: Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

Note 8: Contingent Liability

As of 30 June 2020, the Company was not party to any material litigation, claims or suit whose outcome could have a material effect on the financial statements (31 December 2019: Nil).

Note 9: Commitments

As of 30 June 2020, the Company had no commitments (31 December 2019: Nil).

Note 10. Events after the reporting period

Capital Raising

The company has successfully completed a placement of institutional and private investors of AUD\$2.14 million (USD\$1.53 million) before cost. This amount will further increase by AUD\$0.334 million (US\$ 0.240 million) via an offer to eligible shareholders of new fully paid ordinary shares under a share purchase plan (SPP).

COVID – 19 Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

AppsVillage Australia Limited
Directors' declaration
30 June 2020

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 consolidated entity's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity 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
Chief Executive Officer

31 August, 2020

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) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary 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 accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 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 the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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.

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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over the BDO logo.

Dean Just

Director

Perth, 31 August 2020